Roxy-Pacific
Holdings Limited

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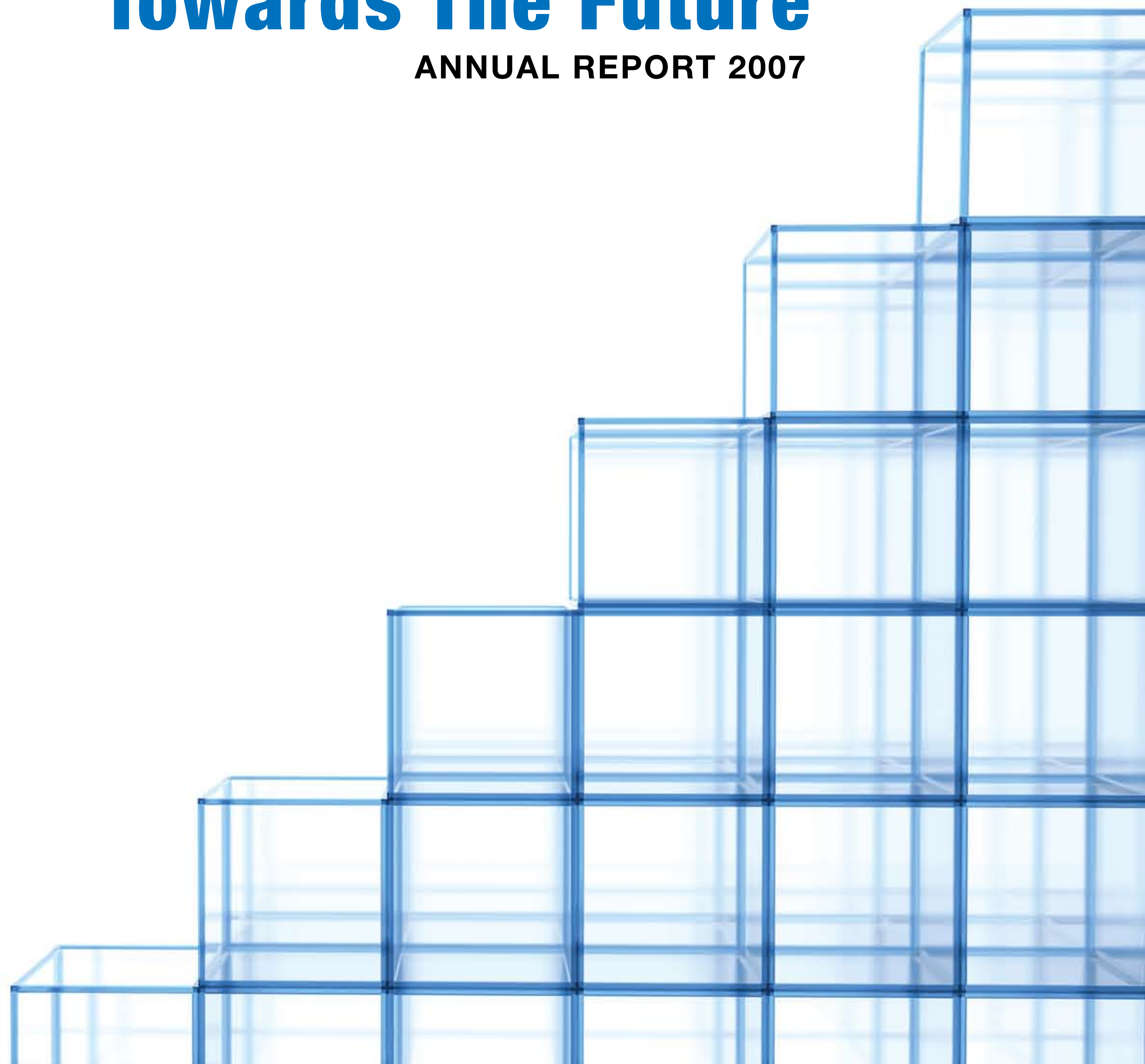
ROXY-PACIFIC HOLDINGS LIMITED

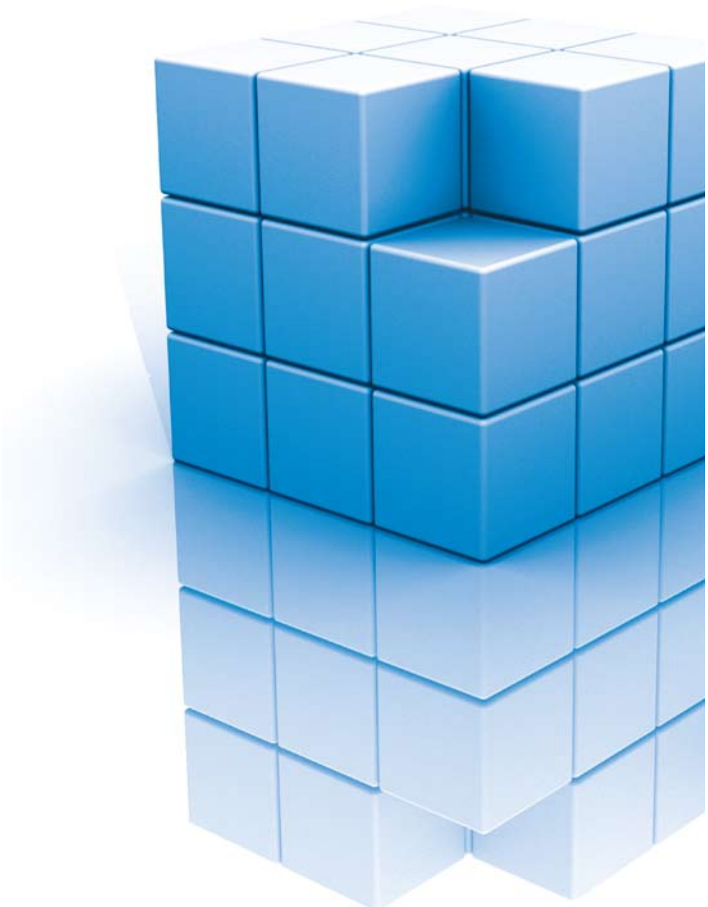
ANNUAL REPORT 2007

Roxy-Pacific
Holdings Limited

Building Steadily Towards The Future

ANNUAL REPORT 2007





Corporate Profile

Roxy-Pacific Holdings Limited is a homegrown specialty property and hospitality group with a track record that extends back to 1967.

Listed on the SGX Mainboard in March 2008, the Group's main activities include the development and sale of residential properties ("Property Development") and the ownership of Grand Mercure Roxy Hotel and other investment properties ("Hotel Ownership and Property Investment").

In Property Development, Roxy-Pacific is a established brand name for small and medium size residential developments with unique design features. The Group's developments offer desirable living environments which epitomises quality and innovation and are targeted at middle to upper middle income buyers.

Between 2004 and 2007, the Group developed and launched nine freehold projects comprising 303 units of small to medium size developments with a sales value of $238.5 million, mainly in the eastern region of Singapore.

The Group also owns the Grand Mercure Roxy Hotel, a 558 room hotel managed by the international hotel operator, Accor Group. Strategically located in the East Coast area, the hotel is close to the CBD, the Changi airport and the upcoming Marina Bay Resort Casino. In 2007, the hotel enjoyed a high Average Occupancy Rate ("AOR") of 92.5%.

Our sizeable property portfolio in Singapore embraces Residential Estates, Hotel and Shopping Centres and Roxy-Pacific's brand is a hallmark for Quality and Value.

Corporate Information

BOARD OF DIRECTORS :	Teo Hong Lim (Executive Chairman and Chief Executive Officer) Chris Teo Hong Yeow (Managing Director) Teo Hong Hee (Executive Director) Michael Teo Hong Wee (Executive Director) Koh Seng Geok (Executive Director) Winston Tan Tien Hin (Non-executive Director) Hew Koon Chan (Lead Independent Director) Tay Kah Poh (Independent Director) Edmund Lee Yu Chiang (Independent Director)
COMPANY SECRETARIES :	Foo Soon Soo FCIS, FCPA (Singapore), FCPA (Australia), LLB (Hons) (London) Koh Seng Geok CPA
REGISTERED OFFICE :	50 East Coast Road #03-11 Roxy Square Shopping Centre, Singapore 428769
COMPANY REGISTRATION NUMBER :	196700135Z
SHARE REGISTRAR AND SHARE : TRANSFER OFFICE	KCK CorpServe Pte. Ltd. 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721
AUDIT COMMITTEE:	Hew Koon Chan (Chairman) Tay Kah Poh Winston Tan Tien Hin
NOMINATING COMMITTEE:	Tay Kah Poh (Chairman) Hew Koon Chan Winston Tan Tien Hin
REMUNERATION COMMITEE:	Edmund Lee Yu Chiang (Chairman) Tay Kah Poh Winston Tan Tien Hin
AUDITORS:	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce and Industry Building, Singapore 179365 (Partner-in-charge: Chin Sin Beng, CPA)
BANKERS	DBS Bank Ltd The Hong Kong & Shanghai Banking Corporation Limited United Overseas Bank Limited Standard Chartered Bank Hong Leong Finance Limited Oversea-Chinese Banking Corporation Limited

Chairman's Message

Dear Fellow Shareholders,

On behalf of the Board of Directors, we are pleased to present Roxy-Pacific's maiden annual report for the financial year ended 31 December 2007 ("FY2007").

Roxy-Pacific marked its first year as a publicly listed company on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") with a sterling set of financial results. In FY2007, net profit rose 272% to $19.3 million, driven by a strong rise in revenue of 110% to $102.7 million

SEGMENT HIGHLIGHTS

During the year under review, the Group registered commendable growth in its key operating segments, driven by the positive outlook for Singapore's residential, hotel and retail market.

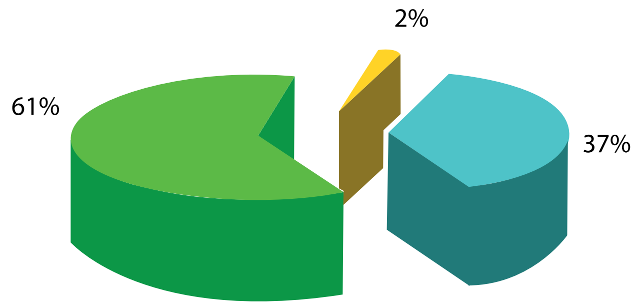
Property Development: Our focus is to provide quality and well-designed homes to home buyers from the mid-tier and mass market segments. This focus has rewarded us well with revenue from this segment, recording a 257% increase to $64.2 million in FY2007 from $18.0 million in FY2006. Higher selling prices resulted in improved gross profit margin for this segment to 21.0% in FY2007, from 10.0% in FY2006.

Hotel Ownership and Property investment: Revenue from the Group's Hotel Ownership and Property Investment segment registered a 25.0% increase in revenue to $38.5 million in FY2007. The Group's Grand Mercure Roxy Hotel saw both occupancy and room rates improve in FY2007. Revenue per available room ("RevPAR") increased 32.8% to $142.9 in FY2007. As a result, the Group's gross profit margin in this segment also increased in FY2007 to 74.0% from 71.0% in FY2006.

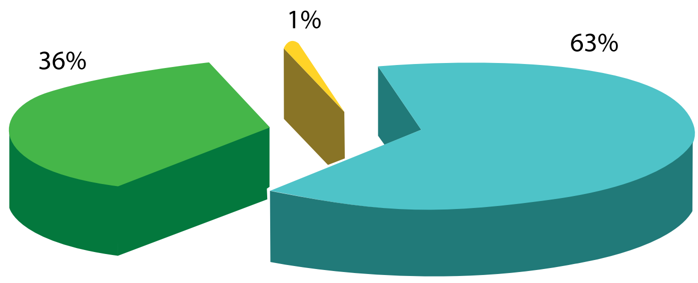
FINANCIAL POSITION AND USE OF IPO FUNDS

As at the end of FY2007, the Group's cash position was a healthy $33.7 million, with interest cover robust at 6.5x, up significantly from 3.0x in the prior year. Net Asset Value per share also grew 53% to 10.9 cents per share.

Chairman's Message



FY 06 Revenue by Segment



FY 07 Revenue by Segment

Property Development | Property Investment | Hotel Ownership

Of the approximately $36.2 million raised during the IPO in March 2008, the Group intends to spend approximately $15 million to expand our Property Development business and approximately $10 million to enhance our hotel and investment properties in Roxy Square Shopping Centre. The balance will be used to reduce our short-term bank borrowings and for working capital purposes.

OUTLOOK

Looking ahead, the outlook for the Group's Property Development and Hotel Ownership and Property Investment segments remains positive. Barring any unforeseen circumstances, the Group expects to be at least as profitable in FY2008 as in FY2007 as it continues to build upon its established base and enhance its brand.

Singapore's GDP grew an estimated 7.7% in FY2007 and growth is expected to remain at robust high rates in the foreseeable future. As Singapore focuses on efforts to establish itself as an international business centre, tourist and convention destination, the prospects for Roxy-Pacific's business in both Property Development, Hotel Ownsership and Property investment is promising.

The initiatives underpinning the future growth of the Group's business include the targeted long term population of 6.5 million in Singapore (from 4.7 million today) and the completion of two multi-billion dollar Integrated Resort casinos by 2010, which are expected to provide a boost to Singapore's economy.

Additionally, Singapore's profile is also expected to grow significantly with the staging of international events like the Formula One Grand Prix and Volvo Ocean races in 2008 and the inaugural Youth Olympics in 2010. Apart from attracting increasing visitor arrivals, the positive international coverage is also expected to attract more foreign investors to Singapore. Currently, Singapore attracts a substantial amount of residential property investment from investors from the U.S., Hong Kong, Australia, Germany, Japan, the Middle East and Indonesia.

PROPERTY DEVELOPMENT

Singapore's continued economic growth, combined with rising wages and lower interest rates is anticipated to underpin positive fundamentals for the Singapore property development market this year. Despite current weaknesses in the worldwide financial and property markets, the Group remains positive of property prices and transaction levels for FY2008.

In particular, the Group will continue to focus on developments with unique design features for the mid-tier and mass market and plans to launch eight residential projects with approximately 290 units in FY2008. These units will be built on properties from our existing land bank and leverage on our brand equity of desirable living environments that epitomises quality and innovation. These launches will be targeted at the mid to upper income segments, where the Group anticipates to receive warm responses due to their unique features and good locations. We remain optimistic that our focus in this market segment will continue to support the growth in the Property Development segment in the years ahead.

Chairman's Message

Launched in March 2008, The Ambrosia, which is uniquely designed with private swimming pools, has been very well received

These projects together with current ongoing projects are expected to contribute significantly to the Group's revenue and profits for FY2008 and FY2009.

HOTEL OWNERSHIP AND PROPERTY INVESTMENT

The Group's Hotel Ownership and Property Investment segment is also set to benefit from the strong outlook for the hotel sector in 2008. As part of a successful branding campaign of Singapore as a business, convention and tourist destination, Singapore welcomes several inaugural major international events such as the Singapore Flyer and the Formula One ("F1") Grand Prix race in 2008. The Singapore Tourism Board's ("STB") has set a target to attract 10.8 million visitor arrivals and achieve $15.5 billion in tourism receipts in 2008, up from last year's 10.3 million arrivals and $13.8 billion in receipts.

To further capture the booming hotel demand and as part of our asset enhancement initiatives, the Group has commenced a program to create new meeting and function spaces as well as to upgrade the hotel's restaurants. This initiative has added 19 hotel rooms, bringing the total number of hotel rooms to 558. The Group is optimistic that higher Revenue per Available Room and higher food and beverage collections will contribute to improved revenue in FY2008.

The Group's retail space in Roxy Square Shopping Centre is expected to continue to do well in 2008. Last year, occupancy rate averaged over 90%, and rental reversions are expected to be positive in FY2008.

DIVIDEND

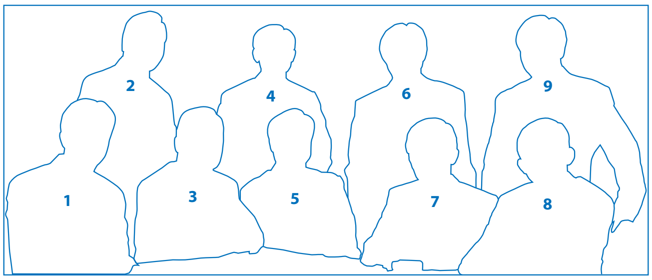
To reward our shareholders for their confidence and support, the Board of Directors propose a final cash dividend of 1.0 cent per ordinary share.

ACKOWLEDGEMENTS

On behalf of the board, I wish to express my deepest appreciation to our management team and dedicated staff for their commitment and contribution in steering the company to greater heights, as well as thanking our shareholders, customers and business associates for their commitment and support.

Teo Hong Lim
Executive Chairman and Chief Executive Officer

Board of Directors



1. Edmund Lee Yu Chiang

has been an Independent Director of our Company since 17 December 2007. He is currently the Chairman and Chief Executive Officer of DBS Vickers Securities (Singapore) Pte Ltd. Prior to this appointment, he was the President and Chief Executive Officer of Vickers Ballas Holdings Pte Ltd (now known as DBS Vickers Securities Holdings Pte Ltd) from February 2001 to October 2001. Mr Lee was also the Managing Director of Vickers Ballas & Co. Pte Ltd from June 1999 to October 2001. Before joining the DBS group, Mr Lee was a corporate banking Account Manager with Algemene Bank Nederland NV, Singapore and a Credit Analyst with Banque Nationale de Paris, Singapore. Mr Lee graduated with a Bachelor of Arts in Economics from the University of California.

2. Winston Tan Tien Hin

has been a Non-executive Director of our Company since 14 December 2006. He is currently the Managing Director of Corporate Brokers International Pte. Ltd., a corporate investment and intermediary company in relation to funding, corporate contacts, mergers and acquisitions, mediation and brokering. Amongst others, his previous appointments include that as the General Manager of Deutsche Bank AG (Singapore Branch) and that as a Vice-President in Citibank N.A. Mr Tan graduated from the University of Singapore with a Bachelor of Science (Physics) degree.

3. Teo Hong Hee

joined our Group in 1988 and has been an Executive Director since 30 August 1989. He currently heads our Property Investment arm. Apart from overseeing the management of our investment properties, his other areas of responsibility are in human resource management and administration for the Group. Mr Teo graduated from the University of Southern California with a Bachelor of Science (Business Administration) degree.

4. Hew Koon Chan

was appointed as our Company's Lead Independent Director on 17 December 2007. He is currently the Managing Director of Integer Capital Pte Ltd, a company which is in the business of business advisory and consultancy services. Mr Hew's previous appointments include that as an investment director in Seavi Venture Services Pte Ltd which is a private equity firm. He was previously a process engineer in Texas Instruments Singapore (Pte) Ltd. Mr Hew graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) degree and he also holds a Certified Diploma in Accounting and Finance conferred by the Chartered Association of Certified Accountants.

5. Chris Teo Hong Yeow

joined our Group in 1993 and his main task was in the planning and facilities design of Grand Mercure. He has been an Executive Director since 4 January 1999 and was appointed as our Managing Director on 16 July 2001. Mr Teo is primarily responsible for all aspects of our Hotel Ownership business, including ongoing evaluation, investment and improvement of the hotel. Mr Teo graduated from the Michigan State University with a Bachelor of Arts (Hotel, Restaurant and Institutional Management) degree. Mr Teo has more than 20 years of experience in the hospitality industry. He previously held managerial appointments in international hotels in Asia, such as the Oriental Hotel in Singapore, the Amanpuri in Phuket, Thailand and the Amandari in Bali, Indonesia.

6. Teo Hong Lim

our Executive Chairman and Chief Executive Officer and a Director since 20 May 1993, sets our Group's strategies and leads the overall management. Mr Teo graduated from the National University of Singapore with an Honours degree in Accountancy. He worked for three years as Assistant Treasurer in DBS Bank Ltd before joining our Company.

7. Tay Kah Poh

was appointed as an Independent Director of our Company on 17 December 2007. He currently holds the position of the Senior Vice President of Pacific Star Holdings Pte. Ltd. Before joining the Pacific Star Group, Mr Tay held a 12-year long stint as an Executive Director, Consultancy and Research at Knight Frank Pte Ltd, Singapore. He was also a lecturer at the National University of Singapore's Real Estate Department. Prior to that, he was a Valuer with DBS Land Limited (now known as CapitaLand Limited). Mr Tay holds a Master of Arts in Business Administration from the University of Georgia (Athens), United States of America and a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.Currently, he serves as a member of the Strata Titles Board, a quasi-judicial body that mediates disputes between owners of strata properties.

8. Koh Seng Geok

joined our Group in February 2000 as the Financial Controller of Grand Mercure. He has been an Executive Director since 1 September 2001. He was also appointed as one of our Company Secretaries. Mr Koh is primarily responsible for the financial, banking and accounting aspects of our Group. He also oversees our Group's corporate secretarial and legal matters. Mr Koh graduated from the National University of Singapore with a Bachelor of Accountancy degree and he is a non-practising member of the Institute of Certified Public Accountants. He also holds a Masters in Business Administration from the University of Leicester. Prior to joining our Group, Mr Koh worked as an auditor in Deloitte And Touche and Haw Par Brothers International Limited, and held appointments as the Finance Manager of Goldtron Electronics Pte Ltd and Equant Integration Services Pte Ltd respectively.

9. Michael Teo Hong Wee

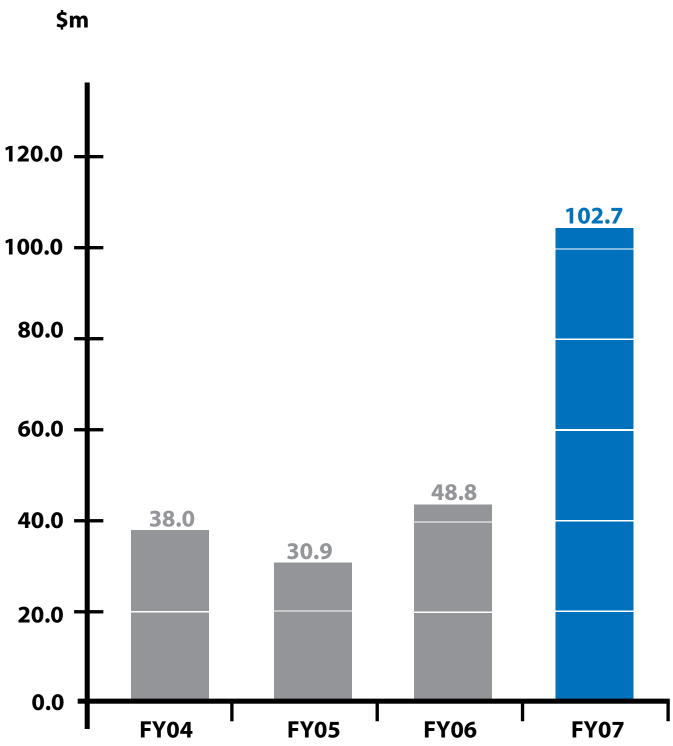
has been our Executive Director since 14 November 1991 and has played, and continues to play, an important role in the architectural conceptualisation, design and planning of all of our development projects. In particular, he was heavily involved in the development of the second phase of Roxy Square and of our hotel, Grand Mercure, from their respective pre-construction stage to completion. Currently, he heads our Property Development arm and oversees the progress of all our development projects. Mr Teo graduated from the University of Southern California with a Bachelor of Architecture degree and had previously worked as a design architect trainee with Quek Associates.

Financial Highlights

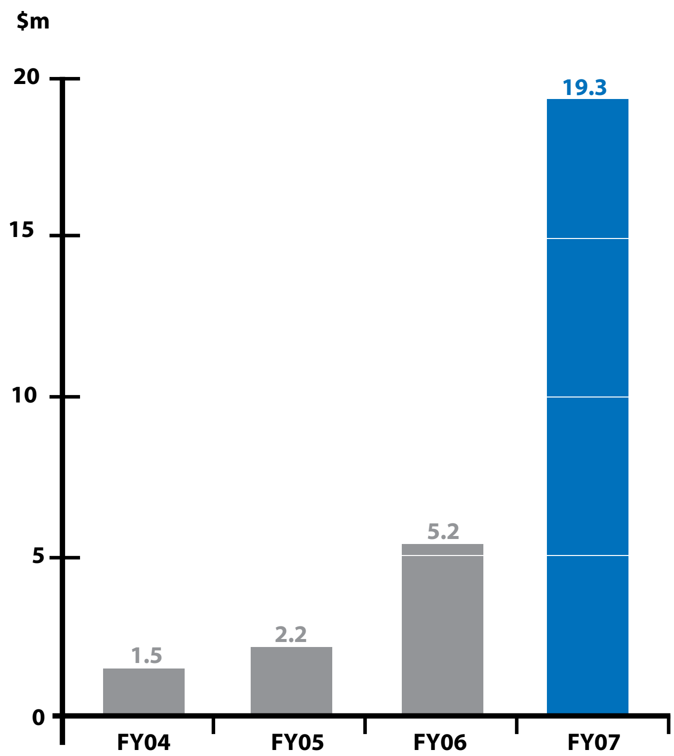
FY2007 Results

($million)	FY07	FY06	% Change
Revenue	102.7	48.8	▲ 110%
Gross Profit	41.9	23.8	▲ 76%
Gross Margin (%)	40.8	48.8	▼ 8%
PBT	23.9	7.5	▲ 219%
PAT	19.3	5.2	▲ 272%
EPS (cts)	3.79	1.02	▲ 272%
NAV/share (cts)	10.95	7.15	▲ 53%

Strong Rise in Revenue



Robust Net Profit Growth



Financial and Operations Review

REVIEW OF OPERATIONS

On 12 March 2008, Roxy-Pacific was successfully listed on the SGX-ST Mainboard, marking a new chapter in our corporate history.

TURNOVER REVIEW

FY2007's 110.4% increase in Group revenue to $102.7 million was driven by strong performances from the Group's key segments of Property Development and Hotel Ownership and Property Investment.

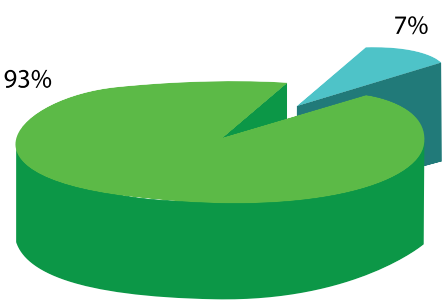
Property Development: Revenue from the Group's Property Development segment recorded a 257% increase to $64.2 million in FY2007 from $18.0 million in FY2006. The increase in revenue from this segment was a result of the progressive recognition of revenue from the sales of the Group's seven development projects in FY2007. The projects include The Nclave, The Treeline, The Montage, St. Patrick's Loft, Axis@Siglap, The Marque@Irrawaddy and The Medley. The revenue from this segment contributed 62.5% of Group revenue in FY2007 compared to 36.8% in FY2006.

Hotel Ownership and Property Investment: Revenue from the Group's Hotel Ownership and Property Investment segment registered a 25.0% increase in revenue to $38.5 million in FY2007 from $30.8 million in FY2006 as compared to 86.1% in FY2006. The Group's Grand Mercure Roxy Hotel continued to enjoy improved occupancy and room rates. Average Occupancy Rate ("AOR") was 92.5% as compared to 86.1% in FY2006 and Average Room Rate ("ARR") was $154.4, up 24.0% from the prior year. As a result, revenue per available room ("RevPAR") increased 33.0% to $142.9 in FY2007. The revenue from this Segment accounted for 37.5% of Group revenue in FY2007.

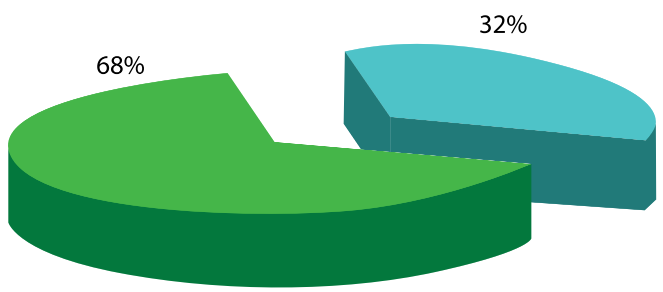
GROSS PROFIT

The Group's gross profit increased to $41.9 million in FY2007 from $23.8 million in FY2006, a gain of 76%. Gross margins in Property Development and Hotel Ownership and Property Investment both improved. Gross margins in Property Development grew to 21.0% in FY2007, from 10.0% in FY2006 while gross margins from Hotel Ownership and Property Investment increased in FY2007 to 74.0%, from 71.0% in FY2006.

The higher revenue share from the Group's Property Development segment, which has a lower gross profit margin, resulted in a decrease in Group gross profit margin to 41.0% in FY2007 from 49.0% in FY2006.



FY 06 Gross Margins by Segment



FY 07 Gross Margins by Segment

Property Development | Hotel Ownership & Property Investment

Financial and Operations Review

PBT AND NPAT

The Group's profit before tax increased 219.0% to $23.9 million as a result of higher contribution from its Property Development segment, improved operating performance of its hotel and fair value gain on its investment properties.

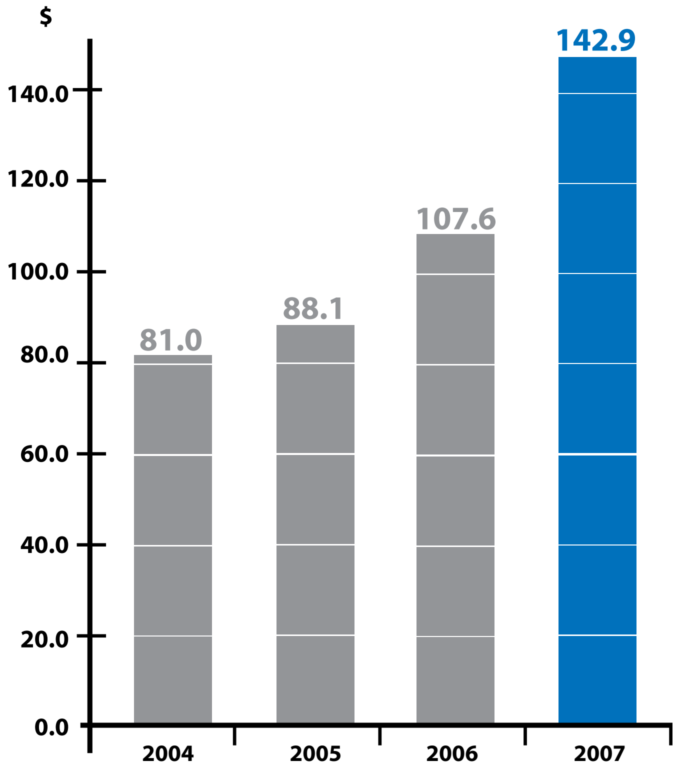
Other operating income increased $3.2 million to $3.8 million mainly due to gain on revaluation of investment properties of $3.3 million in FY2007.

In line with the improved hotel revenue and higher profitability of the Group, administrative expenses increased $3.0 million to $6.6 million due to higher credit card commission, higher payroll and related costs and provision for performance bonus to directors. Other operating expenses also increased by $1.3 million to $9.4 million due to higher costs from the replacement of hotel furniture, fittings and equipments and overall staff remuneration.

Finance costs increased by $0.5 million to $4.4 million due to interest costs incurred on additional revolving loans drawn to meet the Group's working capital requirement for its development projects.

Overall, the Group's Net Profit After Tax rose a sterling 272% to $19.3 million, with Earnings per Share posting stellar rise from 1.02 to 3.79 cents per share.

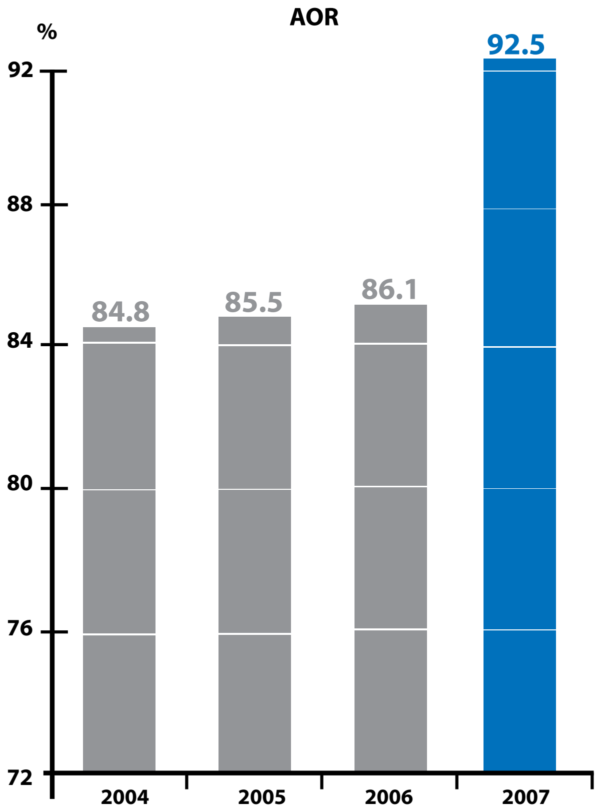
Increasing Room Yield (RevPAR)

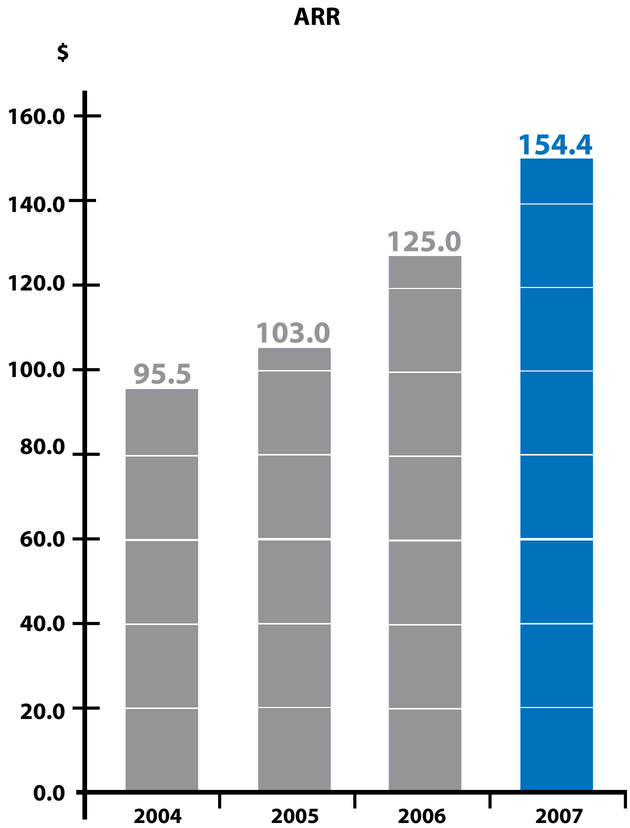


- Good, increasing RevPAR averaging $104.9 in last 4 years.
- 32.8% increase in RevPAR in FY2007 to $142.9

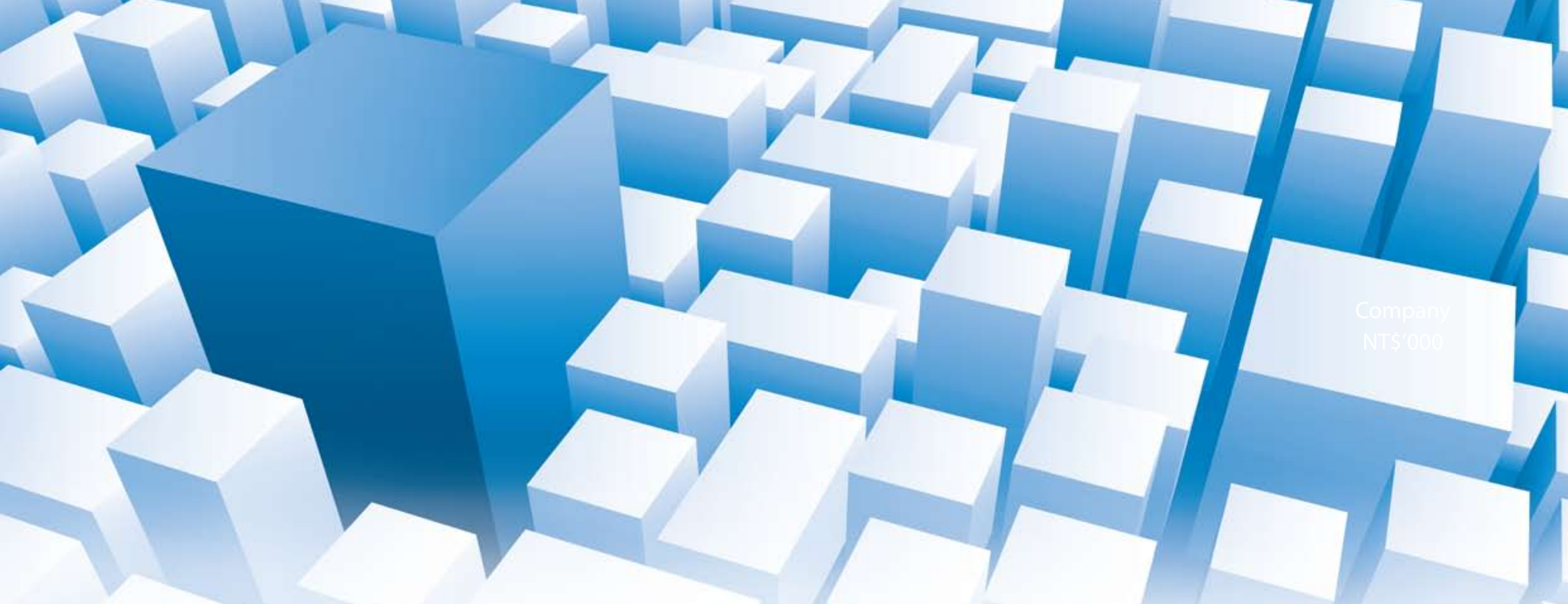
Financial and Operations Review

High AOR and ARR





- High AOR averaging 87.2% in last 4 years
- Good, increasing ARR averaging $119.5 in last 4 years
- About 23% increase in ARR in FY2007



Financial Contents

Statement of Corporate Governance

Roxy-Pacific Holdings Limited (the "Company") was admitted to the Official list of the SGX-MainBoard on 12 March 2008. The Company is committed to achieving and maintaining high standards of corporate governance principles and processes in managing the business and affairs, so as to improve the performance, accountability, and transparency of the Company.

This corporate governance report sets out how the Company has effectively applied the principles of good corporate governance in a disclosure-based regime where accountability of the Board to the Company's shareholders and the Management to the Board provides the framework for achieving a mutually beneficial tripartite relationship aimed at creating and growing sustainable shareholders' value.

Board Matters

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises five Executive Directors, one Non-Executive Director and three Independent Directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

1. Mr Teo Hong Lim (Executive Chairman and CEO)
2. Mr Chris Teo Hong Yeow (Executive Director and Managing Director)
3. Mr Teo Hong Hee (Executive Director)
4. Mr Michael Teo Hong Wee (Executive Director)
5. Mr Koh Seng Geok (Executive Director)
6. Mr Winston Tan Tien Hin (Non-Executive Director)
7. Mr Hew Koon Chan (Lead Independent Director)
8. Mr Tay Kah Poh (Independent Director)
9. Mr Edmund Lee Yu Chiang (Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, sets directions and goals for the Management. It supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Regular meetings are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Board has formed Board Committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

The Board intends to conduct regular scheduled meetings and as and when necessary to address any specific significant matters that may arise. Subsequent to the year end, a Board of Directors' meeting was held with all Board members present since our admission to Official list of the SGXMainBoard on 12 March 2008.

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

Statement of Corporate Governance

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of nine Directors, three of whom are Independent Directors.

The criterion for independence is based on the definition given in the Code of Corporate Governance ("Code"). The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the Directors is given in the 'Board of Directors' section of the annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 22 and 23 of this annual report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Company has not adopted the recommendation of the Code to have separate appointments of Chairman and CEO as Mr Teo Hong Lim is the Executive Chairman and CEO of the Company. He has executive responsibilities for the Group's performance and also ensures the responsibilities as set out in the Code are properly discharged. In view of Mr Teo's concurrent appointment as the Executive Chairman and Chief Executive Officer, the Company has appointed Mr Hew Koon Chan as its Lead Independent Director pursuant to the recommendations in Commentary 3.3 of the Code.

As the Chairman, Mr Teo Hong Lim is primarily responsible for the overall management, strategic planning and business development of the Group.

In assuming his roles and responsibilities, Mr Teo consults with the Board, Audit, Nominating and Remuneration Committees on major issues, and the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

The Nominating Committee ("NC") was constituted on 19 March 2008 and comprises 3 members, majority of whom including its Chairman are Independent Directors. The members of the NC are:

Mr Tay Kah Poh (Chairman)
Mr Hew Koon Chan
Mr Winston Tan Tien Hin

Statement of Corporate Governance

The primary function of the NC is to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval.

The NC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board on all Board appointments, re-appointments and re-nominations;
(b) To ensure that Independent Directors meet SGX-ST's guidelines and criteria; and
(c) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

The Articles of Association of the Company require that one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretaries and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretaries attend all Board meetings and meetings of the Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

Statement of Corporate Governance

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") was constituted on 19 March 2008 and comprises 3 members, majority of whom including its Chairman are Independent Directors. The members of the RC are:

- Mr Edmund Lee Yu Chiang (Chairman)
- Mr Tay Kah Poh
- Mr Winston Tan Tien Hin

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The RC's recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;
(b) To determine specific remuneration packages for each Executive Director; and
(c) To review the appropriateness of compensation for Non-Executive Directors.

The recommendations of the RC had been submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses, and benefits-in-kind shall be reviewed by the RC.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Remuneration Committee will take into consideration the pay and employment conditions within the industry and in comparable companies.

The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM.

To formalize arrangements for their services, the Company has entered into separate service agreements with all the Executive Directors. The service agreements is effective for a period of three years from the beginning of the month immediately following the admission of the Company to the Official List of the SGX-MainBoard, and cover the terms of employment, specifically salaries and bonuses. The Non-Executive Director has no service contract.

Statement of Corporate Governance

Disclosure on Remuneration

Principle 9: **Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.**

The details of the remuneration of Directors of the Group disclosed in bands for services rendered during the financial year ended 31 December 2007 are as follows:

	Number of Directors	
	2007	2006
$500,000 and above	4	-
$250,000 to $499,999	1	-
Below $250,000	4	6
Total	**9**	6

The summary compensation table for the Directors and top five key executives of the Group for the financial year ended 31 December 2007 is set out below:

Directors	Salary %	Bonus %	Directors' Fee %	Allowances and Other Benefits %	Total Compensation %
$500,000 and above					
Teo Hong Lim Executive Chairman	25	74	-	1	100
Chris Teo Hong Yeow Executive Director and Managing Director	24	75	-	1	100
Michael Teo Hong Wee Executive Director	25	73	-	2	100
Koh Seng Geok Executive Director	23	75	-	2	100
$250,000 to $499,999					
Teo Hong Hee Executive Director	31	67	-	2	100
Up to $250,000					
Winston Tan Tien Hin Non-Executive Director	-	-	-	-	-
Hew Koon Chan Lead Independent Director	-	-	-	-	-
Tay Kah Poh Independent Director	-	-	-	-	-
Edmund Lee Yu Chiang Independent Director	-	-	-	-	-

Statement of Corporate Governance

Key Executives of the Group	Salary %	Bonus %	Directors' Fee %	Allowances and Other Benefits %	Total Compensation %
$250,000 to $499,999					
Kevin Bossino	41	18	-	41	100
Up to $250,000					
Melvin Poon Tuck Meng	76	23	-	1	100
Steve Foo Yong Kit	63	22	-	15	100
Shermin Chan Poh Choo	65	22	-	13	100
Jean Ong Hong Koh	66	23	-	11	100

For the financial year ending 31 December 2007, the aggregate remuneration (including CPF contributions thereon and benefits) of employees who are related to our Directors is $226,638.

These employees are Teo Kok Leong, Teo Kok Thye, Lim Tsoh Liat, Loh Kwang Chew, Cheong Kwai Fun and Phua Lay Leng. Teo Kok Leong is the father of four of our Executive Directors, namely Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee. Teo Kok Thye, Lim Tsoh Liat and Loh Kwang Chew are uncles to Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee. Cheong Kwai Fun and Phua Lay Leng are both cousins to Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee.

No employee of the Company and its subsidiaries was an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded $150,000 during the financial year ended 31 December 2007.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") was constituted on 19 March 2008 and comprises 3 members, majority of whom including its Chairman are Independent Directors. The AC comprises the following members:

- Mr Hew Koon Chan (Chairman)
- Mr Tay Kah Poh
- Mr Winston Tan Tien Hin

Statement of Corporate Governance

The AC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group before submission to the Board;
(b) To review the audit plans of the Company with the external auditors and the external auditors' reports;
(c) To review the internal controls and procedures (including adequacy of the finance functions and the quality of finance staff) and co-operation given by the Company's management to the external auditors;
(d) To review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
(e) To make recommendations to our Board on the appointment, re-appointment and removal of the external auditor;
(f) To review interested person transactions and potential conflicts of interest;
(g) To undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising;
(h) To generally undertake such other functions and duties as may be required by the statute, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time; and
(i) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year.

The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Foo Kon Tan Grant Thornton was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Foo Kon Tan Grant Thornton be nominated for re-appointment as auditors at the forthcoming AGM.

The Company has in place a whistle-blowing framework where staff of the Company can access the Audit Committee Chairman to raise concerns about improprieties.

Internal Controls and Risk Management

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Audit Committee will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. In this respect, the Audit Committee will review the audit plans, and the findings of the auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

Based on the discussions with the auditors and the management's responses to the auditors' recommendations for improvements to the Group's internal controls, the Board is satisfied that there are adequate internal controls to safeguard the assets and ensure the integrity of financial statements

Statement of Corporate Governance

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has engaged Baker Tilly Consultancy (S) Pte Ltd as its internal auditors. The internal auditors reports directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to help:-

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;
(b) assess if operations of the business processes under review are conducted efficiently and effectively; and
(c) identify and recommend improvement to internal control procedures, where required.

The AC will review the audit plans of the internal auditors, ensures that adequate resources are directed to carry out those plans and will review the results of the internal auditors' examination of the Company's system of internal controls.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;
(b) Annual Report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group; and
(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM.").

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the AGMs to answer any questions relating to the work of these Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

Statement of Corporate Governance

Dealing In Securities

The Company has issued an Internal Compliance Code (the "Code") to all employees of the Group setting out the implications of insider trading.

Under this Code, Directors and Key Executive Officers of the Group are prohibited in dealing in the Company's securities two weeks prior to the announcement of the Company's quarterly results or one month prior to the announcement of the Company's yearly results, as the case may be, and ending on the date of the announcement of the results. All employees of the Group are reminded that any employee who is in possession of unpublished price-sensitive information at any time should not deal in the Company's securities. The open window period does not provide a safe harbour from insider trading laws. The law on insider trading applies at all times.

Interested Person Transactions

Disclosure of Interested Person Transactions is set out on page 62 of this Annual Report. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the Company has taken the following steps:

- The Board meets quarterly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9.

- The Audit Committee also meets once every three months to review if the Company will be entering into an interested person transaction, and if so, the Audit Committee ensures that the relevant rules under Chapter 9 are complied with.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Chief Executive Officer, any Director, or controlling shareholder.

Directors' Report

For the year ended 31 December 2007

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and balance sheet of the Company for the financial year ended 31 December 2007.

Names of directors

The directors in office at the date of this report are:

Teo Hong Lim	(Executive Chairman and CEO)	
Teo Hong Yeow	(Executive Director and Managing Director)	
Teo Hong Hee	(Executive Director)	
Teo Hong Wee	(Executive Director)	
Koh Seng Geok	(Executive Director)	
Winston Tan Tien Hin	(Non-Executive Director)	
Hew Koon Chan	(Lead Independent Director)	(appointed on 17 December 2007)
Tay Kah Poh	(Independent Director)	(appointed on 17 December 2007)
Edmund Lee Yu Chiang	(Independent Director)	(appointed on 17 December 2007)

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or of any other corporate body other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Number of ordinary shares			
	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.1.2007 or date of appointment, if later	**As at 31.12.2007 and 21.1.2008**	As at 1.1.2007 or date of appointment, if later	**As at 31.12.2007 and 21.1.2008**
The Company - Roxy-Pacific Holdings Limited (formerly known as Roxy-Pacific Holdings Pte. Ltd.)				
Teo Hong Lim	5,897	**59,280,000**	29,998	**300,930,000**
Teo Hong Yeow	1,506	**15,210,000**	-	**-**
Teo Hong Hee	1,458	**14,730,000**	-	**-**
Teo Hong Wee	1,558	**15,740,000**	-	**-**
Koh Seng Geok	359	**3,590,000**	-	**-**
Winston Tan Tien Hin	-	**-**	952	**9,520,000**
Hew Koon Chan	-	**-**	-	**-**
Tay Kah Poh	-	**-**	-	**-**
Edmund Lee Yu Chiang	-	**-**	-	**-**

Directors' Report
For the year ended 31 December 2007

Directors' interest in shares or debentures (cont'd)

	Number of ordinary shares			
	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.1.2007 or date of appointment, if later	**As at 31.12.2007 and 21.1.2008**	As at 1.1.2007 or date of appointment, if later	**As at 31.12.2007 and 21.1.2008**
Ultimate Holding corporation - Kian Lam Investment Pte Ltd				
Teo Hong Lim	6,101	**6,101**	-	**-**
Teo Hong Yeow	3,101	**3,101**	-	**-**
Teo Hong Hee	3,101	**3,101**	-	**-**
Teo Hong Wee	3,101	**3,101**	-	**-**
Related corporation - Sen Lee Development Pte Ltd				
Teo Hong Lim	3,390	**3,390**	182,000	**182,000**
Teo Hong Yeow	3,390	**3,390**	-	**-**
Teo Hong Hee	3,390	**3,390**	-	**-**
Teo Hong Wee	3,390	**3,390**	-	**-**

Mr Teo Hong Lim, by virtue of the provisions of Section 7 of the Companies Act, Cap.50, is deemed to be interested in the whole of the issued share capital of all the wholly-owned subsidiaries of Roxy-Pacific Holdings Limited.

Mr Winston Tan Tien Hin is deemed to be interested in our shares held by Winmark Investments Pte Ltd, a company wholly-owned by Mr Winston Tan Tien Hin and his wife.

There are no changes to the above shareholdings between the end of the financial year and 21 January 2008.

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 other than as disclosed in the financial statements.

Share options

a) **Options to take up unissued shares**
No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

b) **Options exercised**
No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

c) **Unissued shares under option**
There were no unissued shares of the Company and of the subsidiaries under option at the end of the financial year.

Directors' Report
For the year ended 31 December 2007

Audit Committee

The Audit Committee comprises the following members:

Hew Koon Chan (Chairman)
Tay Kah Poh
Winston Tan Tien Hin

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50. In performing its functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2007 as well as the auditors' report thereon; and

(iii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The committee is satisfied with the independence and objectivity of the external auditors and has recommended to The Board of Directors that the auditors, Foo Kon Tan Grant Thornton, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, have expressed their willingness to accept appointment.

On behalf of the Directors

TEO HONG LIM

KOH SENG GEOK

Dated: 18 March 2008

Statement by Directors

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

In the opinion of the directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the results of the business, changes in equity and the cash flows of the Group for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

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TEO HONG LIM

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KOH SENG GEOK

Dated: 18 March 2008

Auditors' Report

To the members of Roxy-Pacific Holdings Limited
(Formerly known as Roxy-Pacific Holdings Pte. Ltd.)

We have audited the accompanying financial statements of Roxy-Pacific Holdings Limited (formerly known as Roxy-Pacific Holdings Pte Ltd) ["the Company"] and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and of the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Managements' responsibility for the financial statements

The company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and the results, changes in equity and the cash flows of the Group the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 18 March 2008

Balance Sheets

For the year ended 31 December 2007

		The Group		The Company	
			Restated		
	Note	**31 December 2007**	31 December 2006	**31 December 2007**	31 December 2006
		$	$	**$**	$
Assets					
Non-Current					
Intangible assets	4	**2,040,238**	2,040,238	**-**	-
Property, plant and equipment	5	**65,596,673**	65,224,802	**-**	-
Subsidiaries	6	**-**	-	**35,443,112**	32,929,451
Investment properties	7	**30,640,000**	27,310,000	**-**	-
		98,276,911	94,575,040	**35,443,112**	32,929,451
Current					
Properties for sale under development	8	**162,836,111**	88,813,604	**-**	-
Inventories	9	**130,668**	155,204	**-**	-
Short-term investments	10	**-**	282,643	**-**	-
Trade receivables	11	**12,125,694**	4,783,460	**9,600**	-
Other receivables	12	**1,549,442**	422,674	**622,902**	74,475
Project accounts	13	**23,731,610**	8,154,677	**-**	-
Fixed deposits	14	**5,670,380**	4,677,146	**-**	-
Cash and bank balances		**4,311,289**	4,422,729	**142,108**	842,448
		210,355,194	111,712,137	**774,610**	916,923
Total assets		**308,632,105**	206,287,177	**36,217,722**	33,846,374
Equity					
Capital and Reserves					
Share capital	15	**9,190,007**	8,600,000	**9,190,007**	8,600,000
Additional paid up share capital	15	**1,923,652**	-	**1,923,652**	-
Retained profits		**44,557,035**	25,266,286	**22,605,518**	22,604,735
		55,670,694	33,866,286	**33,719,177**	31,204,735
Minority interests		**-**	2,513,659	**-**	-
Total equity		**55,670,694**	36,379,945	**33,719,177**	31,204,735
Liabilities					
Non-Current					
Bank loans (secured)	16	**155,397,450**	131,023,702	**-**	-
Deferred income taxes	17	**8,373,010**	3,519,570	**-**	-
		163,770,460	134,543,272	**-**	-
Current					
Trade payables		**4,832,885**	1,849,960	**-**	-
Other payables	18	**11,283,604**	5,000,672	**44,709**	15,485
Amount owing to subsidiaries	6	**-**	-	**2,453,836**	2,626,154
Provision for taxation	19	**-**	167,584	**-**	-
Short-term bank loans (secured)	16	**73,074,462**	28,345,744	**-**	-
		89,190,951	35,363,960	**2,498,545**	2,641,639
Total equity and liabilities		**308,632,105**	206,287,177	**36,217,722**	33,846,374

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

For the year ended 31 December 2007

	Note	**Year ended 31 December 2007 $**	Year ended 31 December 2006 $
Revenue	3	**102,706,514**	48,812,841
Cost of sales		**(60,763,344)**	(25,022,525)
Gross profit		**41,943,170**	23,790,316
Other operating income	21	**3,775,662**	596,839
Distribution costs		**(1,475,767)**	(1,378,328)
Administrative expenses		**(6,595,187)**	(3,617,299)
Other operating expenses		**(9,353,538)**	(8,079,057)
Other items	22	**-**	30,826
Finance cost	23	**(4,354,381)**	(3,819,808)
Profit before taxation	24	**23,939,959**	7,523,489
Taxation	25	**(4,649,210)**	(2,338,132)
Net profit for the year		**19,290,749**	5,185,357
Attributable to:			
Shareholders of the Company		**19,290,749**	4,838,958
Minority interests		**-**	346,399
		19,290,749	5,185,357
Earnings per share – Basic/Diluted (cents)	26	**3.79**	1.02

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Share capital $	Additional paid up share capital $	Revaluation reserve $	Retained profits $	Total attributable to the equity holders of the parent $	Minority interests $	Total equity $
Balance at 1 January 2006							
- as previously reported	8,600,000	-	1,612,417	22,782,760	32,995,177	2,752,993	35,748,170
- effect of FRS 40 adjusted retrospectively	-	-	(1,612,417)	1,612,417	-	-	-
- as restated	8,600,000	-	-	24,395,177	32,995,177	2,752,993	35,748,170
Revaluation gain	-	-	-	1,140,305	1,140,305	96,495	1,236,800
Total income recognised directly in equity	-	-	-	1,140,305	1,140,305	96,495	1,236,800
Net profit for the year	-	-	-	4,838,958	4,838,958	346,399	5,185,357
Total recognised income and expense for the year	-	-	-	5,979,263	5,979,263	442,894	6,422,157
Reclassification of prior year's dividends paid to minority shareholders	-	-	-	187,336	187,336	(187,336)	-
Dividend paid to shareholders	-	-	-	(4,800,000)	(4,800,000)	-	(4,800,000)
Reclassified from deferred tax (Note 17)	-	-	-	-	-	(63,293)	(63,293)
Disposal of subsidiaries	-	-	-	-	-	(85,277)	(85,277)
Dividend paid to a subsidiary's minority shareholders	-	-	-	-	-	(304,372)	(304,372)
Balance at 31 December 2006	8,600,000	-	-	25,761,776	34,361,776	2,555,609	36,917,385
Balance at 1 January 2007							
- as previously reported	8,600,000	-	2,752,722	23,009,054	34,361,776	2,555,609	36,917,385
- effect of FRS 40 adjusted retrospectively	-	-	(2,752,722)	2,752,722	-	-	-
- effect of FRS 12 on revaluation gains transferred (to) retained earnings	-	-	-	(495,490)	(495,490)	(41,950)	(537,440)
- as restated	8,600,000	-	-	25,266,286	33,866,286	2,513,659	36,379,945
Net profit for the year	-	-	-	19,290,749	19,290,749	-	19,290,749
Total recognised income and expenses for the year	-	-	-	19,290,749	19,290,749	-	19,290,749
Acquisition of additional interests In a subsidiary company	-	-	-	-	-	(2,513,659)	(2,513,659)
Issue of shares pursuant to acquisition of additional Interests in a subsidiary	590,007	-	-	-	590,007	-	590,007
Adjustment to consideration for the interests in a subsidiary	-	1,923,652	-	-	1,923,652	-	1,923,652
Balance at 31 December 2007	9,190,007	1,923,652	-	44,557,035	55,670,694	-	55,670,694

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Year ended 31 December 2007 $	Year ended 31 December 2006 $
Cash Flows from Operating Activities		
Profit before taxation	**23,939,959**	7,523,489
Adjustments for:		
Depreciation of property, plant and equipment	**1,625,457**	1,635,109
Interest income	**(316,564)**	(205,330)
Interest expense	**4,273,881**	3,648,308
Gain on revaluation of investment properties	**(3,330,000)**	-
Loss on disposal of property, plant and equipment	**30,739**	2,019
Gain on disposal of quoted equity investment	**(73,427)**	(22,483)
Loss/(gain) on revaluation of quoted equity investment	**23,549**	(33,366)
Operating profit before working capital changes	**26,173,594**	12,547,746
Decrease/(increase) in inventories	**24,536**	(2,256)
Increase in operating receivables	**(8,469,002)**	(2,080,334)
Increase in operating payables	**9,298,468**	1,469,744
Increase in properties for sale under development	**(74,022,507)**	(57,653,213)
Cash used in operations	**(46,994,911)**	(45,718,313)
Interest received	**316,564**	205,330
Interest paid	**(4,273,881)**	(3,648,308)
Income tax refund/(paid)	**4,033**	(33,088)
Net cash used in operating activities	**(50,948,195)**	(49,194,379)
Cash Flows from Investing Activities		
Proceeds from disposals of property, plant and equipment	**-**	550
Acquisition of property, plant and equipment	**(2,028,066)**	(413,651)
Acquisition of investment properties	**-**	(73,200)
Proceeds from sale of quoted equity investment	**332,521**	138,911
Proceeds from sale of subsidiary	**-**	140,280
Net cash used in investing activities	**(1,695,545)**	(207,110)
Cash Flows from Financing Activities		
Proceeds from borrowings	**69,102,467**	60,716,115
Dividends paid	**-**	(4,800,000)
Dividends paid by a subsidiary to its minority shareholders	**-**	(304,372)
Net cash generated from financing activities	**69,102,467**	55,611,743
Net increase in cash and cash equivalents	**16,458,727**	6,210,254
Cash and cash equivalents of a disposed subsidiary	**-**	(10,677)
Cash and cash equivalents of a written off subsidiary	**-**	(12,718)
Cash and cash equivalents at beginning of year	**17,254,552**	11,067,693
Cash and cash equivalents at end of year	**33,713,279**	17,254,552
Analysis of cash and cash equivalents		
Project accounts (Note 13)	**23,731,610**	8,154,677
Fixed deposits (Note 14)	**5,670,380**	4,677,146
Cash and bank balances	**4,311,289**	4,422,729
	33,713,279	17,254,552

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2007

1 General information

The Company (Registration Number 196700135Z) is incorporated and domiciled in the Republic of Singapore. The registered office is located at 50 East Coast Road #03-11, Roxy Square Shopping Centre, Singapore 428769.

The Company was listed on the Singapore Exchange Securities Trading Limited on 12 March 2008. The financial statements are presented in Singapore dollars, which is also the functional currency of the Company and its subsidiaries.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The financial statements of the Group and of the Company for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The holding company is Kian Lam Investment Pte Ltd which is domiciled in Singapore.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Critical judgments in applying accounting policies

Profit from development properties

The group recognises revenue from development properties based on the percentage of completion method. The cost of sales charged to the income statement is measured by reference to the stage of completion as certified by the architects or quantity surveyors and estimated total development costs. Significant judgement is required in determining the estimated total development costs which includes an estimation of the variation works from the main contractor. The group estimates the total project costs based on contracts awarded, if any, and the experience of qualified project managers.

Carrying value of development properties

Significant judgement is also required in assessing the recoverability of the carrying value of development properties. Analysis has been carried out based on assumptions regarding the selling price and costs of residential properties. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded and the experience of qualified project managers. Barring unforeseen circumstances, the carrying amount of the development properties as reflected in the balance sheet will be recoverable. The group will closely monitor the property price index and market sentiment, and adjustments will be made if future market activity indicates that such adjustments are appropriate.

Notes to the Financial Statements
For the year ended 31 December 2007

2(a) Basis of preparation (cont'd)

Critical judgments in applying accounting policies (cont'd)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segments as follows:

The Group	**2007** $	2006 $
Hotel Ownership	**1,672,066**	1,672,066
Property Development	**368,172**	368,172
Total	**2,040,238**	2,040,238

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using the estimate rates stated below:

	Hotel Ownership and property Investment	**Property Development**
Growth Rate	5%	5%
Discount Rate	6.7%	6.7%

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

These assumptions have been used for the analysis of each CGU. Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with industry reports. The discount rates used are pre-tax and reflect specific risks relating to the business segments.

Critical assumptions used and the accounting estimates in applying accounting policies

Impairment in Investment in Subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2007 is $65,596,673. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements
For the year ended 31 December 2007

2(a) Basis of preparation (cont'd)

Critical assumptions used and the accounting estimates in applying accounting policies (cont'd)

Income tax

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

2(b) Interpretations and amendments to published standards effective in 2007

On 1 January 2007, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application on that date. This includes the following FRS and INT FRS, which are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyper inflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

The Group has adopted all the new and amended FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2007. The adoption of these new/revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except as disclosed below and in the notes to the financial statements.

(A) Adoption of FRS 107

The Group has adopted FRS 107 with effect from annual periods beginning on or after 1 January 2007. The new standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital as required by the amendments to FRS 1 which are effective from annual periods beginning on or after 1 January 2007.

(B) Adoption of FRS 40

The Group has adopted FRS 40 on 1 January 2007 with effect from annual periods beginning on or after 1 January 2007. The effects on adoption are set out below.

Notes to the Financial Statements
For the year ended 31 December 2007

2(b) Interpretations and amendments to published standards effective in 2007 (cont'd)

In prior years, when an investment property was revalued, revaluation surpluses were taken to the asset revaluation reserve, unless they offset previous revaluation losses of the same investment that were taken to the income statement. Revaluation losses were taken to the asset revaluation reserve, to the extent that they offset previous revaluation surpluses of the same investment that were taken to the asset revaluation reserve.

In accordance with FRS 40, all revaluation gains and losses would now be taken directly to the income statement. All revised disclosure and presentation rules regarding investment properties have been applied retrospectively.

FRS 12 Income Taxes

Prior to 1 January 2007, a deferred tax liability on the revaluation surplus of investment properties was not recognised. Upon adoption of FRS 40, the Group has re-evaluated the requirement to account for the deferred tax liability arising from the revaluation surplus on its investment properties and has accounted for the related deferred tax liability on 1 January 2007.

The effects to the Balance Sheet are as follows:

	Group Year ended 31 December 2006	
	As previously reported $	As restated $
Retained profits	23,009,054	25,266,286
Revaluation reserve	2,752,722	-
Deferred tax liability	2,982,129	3,519,570
Minority interests	2,555,609	2,513,659
Net asset value per ordinary share (cents)	7.26	7.15

2(c) FRS not effective

At the date of authorisation of these financial statements, the following FRS and INT FRS relevant to the Company were issued but not yet effective:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 2 (Revised)	Inventories
FRS 7 (Amendment)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 11 (Amendment)	Construction Contracts
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Amendment)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 33 (Amendment)	Earnings Per Share
FRS 34 (Amendment)	Interim Financial Reporting
FRS 36 (Revised)	Impairment of Assets
FRS 38 (Revised)	Intangible Assets
FRS 105 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
FRS 108	Operating Segments
INT FRS 101	Changes in Existing Decommissioning Restoration and Similar Liabilities
INT FRS 104	Determining Whether an Arrangement Contains a Lease
INT FRS 111	FRS 102 – Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

Notes to the Financial Statements

For the year ended 31 December 2007

2(c) FRS not effective (cont'd)

The directors do not anticipate that the adoption of other FRS and INT FRS in future periods will have a material impact on the consolidated financial statements of the Group.

2(d) Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 6.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Any accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are represented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

Property, plant and equipment and depreciation

(a) Measurement

(i) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

(b) Depreciation

Freehold land is not depreciated.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Buildings	50 years
Furniture and equipment	3 to 10 years
Other assets	10 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before that expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Acquisition and disposal

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives as they are considered finite. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Investment properties

Investment properties, principally comprising shop units, are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined on annual basis by an independent professional valuer. Changes in fair values are recognised in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Investment properties (cont'd)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets

Financial assets, other than cash and hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

Financial assets are derecognized when the rights to the cash flows have expired or have been transferred, and the Company has substantially transferred all risks and rewards of ownership.

Notes to the Financial Statements
For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables are included in trade and other receivables in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognized in equity is included in the income statement for the period.

When a decline in the fair value of an available-for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the income statement even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from equity and recognised in income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

Impairment losses recognised in income statement for equity investments classified as available-for-sale are not subsequently reversed through income statement. Impairment losses recognised in income statement for debt instruments classified as available-for-sale are subsequently reversed in income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

The carrying amount of current receivables and payables are assumed to approximate their fair values.

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Development properties for sale

Development properties for sale are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors. Development properties held for sale are stated at the lower of cost and their estimated net realisable value. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Unsold development properties

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less total costs to complete development and selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the development costs incurred todate to the estimated total development costs for the property. When it is probable that the total development costs and land costs will exceed the total revenue, the expected loss is recognised as an expense immediately. The aggregated costs incurred and the profit/(loss) recognised in each development property that has been sold are compared against progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on development properties, under "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development properties, under "trade and other payables".

Subsidiaries

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decisions the group controls.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Notes to the Financial Statements
For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The company's financial liabilities include borrowings, bank loans and overdraft, trade and other payables. They are included in balance sheet items "non-current financial liabilities", "current financial liabilities" and "trade and other payables".

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance cost" in the income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the balance sheet are included in current borrowings in the balance sheet even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date. Borrowings to be settled within the group's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lesses) is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Revenue recognition

Revenue of the Group comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Rendering of services

Revenue from the rendering of services for hotel operations is recognised over the period in which the services are rendered.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

(e) Sale of development properties

Revenue is recognized on the percentage of completion method for all sold development units.

Revenue and profits from sale of development properties are recognised on the percentage of completion method based on architect's certification of construction work completed in respect of development units sold. Had income from sale of development properties been recognised on the completion of construction method, the effect on the current year financial statements are as follows:

		Decrease $
i)	Retained profits as at 1.1.2007	1,331,226
ii)	Revenue	45,205,949
iii)	Profit for the year	8,315,876
iv)	Development properties as at 1.1.2007	1,637,733
v)	Development properties as at 31.12.2007	11,912,986

Income taxes

The liability method of tax effect accounting is adopted by the Company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Income taxes (cont'd)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of non-financial assets

The carrying amounts of non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Functional currencies

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars to the nearest dollar, which is also the functional currency of the Company.

Foreign currency translation

Monetary items

Foreign currency monetary items measured at fair value are translated into the functional currency at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Except for the situation described below, exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

Where a monetary item in substance forms part of the Company's net investment in the foreign subsidiaries and associates, exchange differences arising on such a monetary item are recorded directly to exchange fluctuation reserve to the extent that the net investment is represented by net assets in the foreign entity until the disposal of the investments

Non-monetary items

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gains or losses are recognised in the income statement, such as equity investments held at fair value through profit or loss or investment properties carried at fair value, are reported as part of the fair value gains or losses in "other gains/losses - net".

Changes in the fair value of monetary securities denominated in foreign currencies classified as available-for-sale are analysed into currency translation differences on the amortised cost of the securities, and other changes. Currency translation differences on the amortised cost are recognised in the income statement, and other changes are recognised in fair value reserve within equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of foreign subsidiaries and associates are translated at the rate of exchange ruling at the balance sheet date. The income statement of foreign subsidiaries and associates are translated using the average monthly rates. Foreign currency translation adjustments arising are recorded directly in exchange fluctuation reserves.

Notes to the Financial Statements
For the year ended 31 December 2007

2(d) Summary of significant accounting policies (cont'd)

Segment reporting

A segment is a distinguishable component of the group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the group's geographical and business segments. The primary format, business segments, is based on the group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the group. Information for geographical segments is based on the geographical location of the principal places of business.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 31.

Employee benefits

<u>Pension obligations</u>

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the income statement in the period to which the contributions relate.

<u>Employee leave entitlements</u>

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

<u>Key management personnel</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors (and certain key executive officers) are considered key management personnel.

Notes to the Financial Statements
For the year ended 31 December 2007

3 Principal activities and revenue

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are as stated in Note 6.

The Group	**2007** **$**	2006 $
Rendering of hotel services	**37,303,845**	29,667,264
Rental income	**1,206,124**	1,180,906
Property development	**64,196,545**	17,964,671
	102,706,514	48,812,841

4 Intangible assets

The Group	**2007** **$**	2006 $
Balance at beginning and end of year, at cost	**2,040,238**	2,040,238

5 Property, plant and equipment

The Group	Freehold land $	Buildings on freehold land $	Other assets $	Upgrading in progress $	Total $
Cost					
At 1 January 2006	9,302,142	61,674,071	5,950,423	-	76,926,636
Additions	-	384,628	29,023	-	413,651
Disposals	-	(765,596)	(62,590)	-	(828,186)
At 31 December 2006	9,302,142	61,293,103	5,916,856	-	76,512,101
Additions	-	-	49,778	1,978,288	2,028,066
Disposals	-	-	(95,257)	-	(95,257)
At 31 December 2007	9,302,142	61,293,103	5,871,377	1,978,288	78,444,910
Accumulated depreciation					
At 1 January 2006	-	6,607,625	3,322,077	-	9,929,702
Depreciation for the year	-	1,228,454	406,655	-	1,635,109
Disposals	-	(217,491)	(60,021)	-	(277,512)
At 31 December 2006	-	7,618,588	3,668,711	-	11,287,299
Depreciation for the year	-	1,230,075	395,382	-	1,625,457
Disposals	-	-	(64,519)	-	(64,519)
At 31 December 2007	-	8,848,663	3,999,574	-	12,848,237
Net book value					
At 31 December 2007	9,302,142	52,444,440	1,871,803	1,978,288	65,596,673
At 31 December 2006	9,302,142	53,674,515	2,248,145	-	65,224,802

Notes to the Financial Statements

For the year ended 31 December 2007

5 Property, plant and equipment (cont'd)

(a) The freehold land and buildings are mortgaged to secure bank borrowings. At 31 December 2007, the market value of freehold land together with the buildings on freehold land was estimated to be $309,260,000 (2006 - $202,410,000). The valuation was carried out on 11 January 2008 by an independent professional valuer, on an open market value and existing use basis.

(b) Freehold land and buildings comprise:
The Grand Mercure Roxy Hotel comprising 17 storeys with a basement with a floor area of 15,171.5 sq metres at 50 East Coast Road, Singapore.

Unit 03-11 of Roxy Square Shopping Centre with a floor area of 247 sq metres at 50 East Coast Road, Singapore.

6 Subsidiaries

The Company	**2007** **$**	2006 $
Unquoted equity investments, at cost	**35,443,112**	32,929,451
Amount owing to subsidiaries	**2,453,836**	2,626,154

Amount owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The subsidiaries are:

Name	**Country of incorporation/ principal place of business**	**Cost of investment**		**Effective percentage of equity held**		**Principal activities**
		2007 **$**	2006 $	**2007**	2006	
Held by the Company						
Roxy-Pacific Developments Pte Ltd	Singapore	**32,733,947**	30,220,288	**100%**	92.19%	Hotel owning and development, property investment and development
Roxy Homes Pte Ltd	Singapore	**2,709,163**	2,709,163	**100%**	100%	Property developer
Roxy Land Pte Ltd*	Singapore	**2**	-	**100%**	-	Property developer
		35,443,112	32,929,451			

* Not required to be audited by the law of the country of incorporation. This subsidiary is currently dormant.

Notes to the Financial Statements

For the year ended 31 December 2007

6 Subsidiaries (cont'd)

On 3 March 2007, the Company entered into a share swap agreement with all the minority shareholders (collectively the "Vendors") of its subsidiary company, Roxy-Pacific Developments Pte Ltd, to acquire from the Vendors their 2,123,133 shares of approximately 7.81% in Roxy-Pacific Developments Pte Ltd., for a consideration of $590,007. The acquisition was completed on 17 December 2007 after receipt of the Eligibility-to-List Letter dated 12 December 2007 from the SGX-ST and paid by the issue of 3,265 new original shares before sub-division mentioned in Note 15 (the "Original Shares") in the Company issued at approximately $180.71 per new Original Share.

The number of new Original Shares to be issued as consideration shares was determined on a willing buyer and seller basis. The issue price of such new Original Shares was at $180.71 which is arrived at by taking the share capital of the Company as at 31 December 2006 and divided by the number of Original Shares then issued and outstanding.

Subsequent to the end of the financial year, the Company made a fair value adjustment to the consideration paid to the Vendors from $180.71 to $769.88 per new Original Share issued to the Vendors. The revised consideration represents the attributable revised net asset value as at 31 December 2006 of its subsidiary company, Roxy-Pacific Developments Pte Ltd.

7 Investment properties

The Group	**2007** **$**	2006 $
At beginning of year	**27,310,000**	26,000,000
Additions	**-**	73,200
Revaluation gain on investment property recognised in income statement	**3,330,000**	1,236,800
At end of year	**30,640,000**	27,310,000

The properties are valued at $30,640,000 on 11 January 2008 by an independent firm of professional valuers. Valuations are made annually based on open market values and existing use. It is the intention of the directors to hold the investment properties for the long-term.

The investment properties are leased to non-related parties under-operating leases.

The investment properties are charged by way of a legal mortgage for the borrowings extended to the Group (Note 16).

The Group	**2007** **$**	2006 $
50 units of Roxy Square (Phase I & Phase II) shops at 50 East Coast Road Singapore	**30,640,000**	27,310,000

Notes to the Financial Statements

For the year ended 31 December 2007

7 Investment properties (cont'd)

These investment properties are held on freehold tenure and the total floor area of the 50 units comprise 3,137 sq. metres.

The following amounts are recognised in the income statement:

The Group	2007 $	2006 $
Rental income	**1,206,124**	1,180,906
Direct operating expenses arising from investment properties that generated rental income	**457,727**	434,349
Property tax and other direct operating expenses arising from investment properties that did not generate rental income	**-**	-

8 Properties for sale under development

The Group	2007 $	2006 $
Land cost	**160,064,440**	89,151,148
Development expenditure	**27,076,209**	7,276,224
	187,140,649	96,427,372
Attributable profit	**11,912,986**	1,637,733
	199,053,635	98,065,105
Progress billings	**(36,217,524)**	(9,251,501)
	162,836,111	88,813,604
Loan interest capitalised during the year at interest rate of 4% - 5.9% (2006 - 4% - 5.9%)	**4,157,994**	2,779,905

The above properties for sale under development are pledged as security against short-term and long-term loans (Note 16).

Properties for sale under development as at 31 December 2007 are as follows:

Location	Description	Approximate land area (Sq. metres)
Lots 6046M, 6047W, 3385V & 3386P of Mukim 26 at St. Patrick's Road	Development site for 37 apartment units	2,779
Lots 3144W, 3146P & 7405W of Mukim 26 at 66 & 68 Lorong G Telok Kurau	Development site for 37 apartment units	2,589
Lot 5884T of Mukim 26 at East Coast Terrace	Development site for 40 apartment units	2,395
Lots 389C, 390X, 391C, 99440N, 99439L, 99438X & 99437N of Mukim 29 at 1,3,5,7,9,11,11A/B Irrawaddy Road.	Development site for 48 apartment units	1,552
Lots 2555C, 6479W, 6480C, 6481M and 6482W of Mukim 26 at 50 Lorong M Telok Kurau	Development site for 33 apartment units	2,108

Notes to the Financial Statements

For the year ended 31 December 2007

8 Properties for sale under development (cont'd)

Properties for sale under development as at 31 December 2007 are as follows (cont'd):

Location	Description	Approximate land area (Sq. metres)
Lots 4396X, 4397L, 4398C & 4399M of Mukim 26 at 110/112 Lorong G Telok Kurau	Development site for 34 apartment units	2,286
Lots 2617P, 95462M, 95463M & 2615W-PT of Mukim 26 at 114, 116 & 118 Lorong H Telok Kurau	Development site for Proposed 35 apartment units and 1 townhouse	3,094
Lots 99637W, 99653M, 99654W, 99655V TS 29 & 471P-PT TS 29 at Bhamo Road	Development site for Proposed 80 apartment units	2,637
Lots 5852P, 5853T, 7545T & 7546A-PT MK 26 at Lorong N Telok Kurau/East Coast Road	Development site for Proposed 39 apartment units	3,660
Lots 5776V & 5777P MK26 at Chapel Road	Development site for Proposed 16 apartment units	1,031
Lots 7566X & 7567L MK 26 at Lorong H Telok Kurau	Development site for Proposed 15 apartment units	873
Lots 4138P, 4139T, 4874K, 4875N, 4970C & 7207PT MK 22 at Florence Road	Development site for Proposed 34 apartment units	2,418
Lots 2599L, 5124A, 5125K & 5126N MK 26 at Lorong H Telok Kurau	Development site for Proposed 25 apartment units	1,746
Lots 99638V, 179L, 99639P, 99640W, 99641V, 99642P, 99643T, 99644A, 99635C, 99645K, 99646N, 99647X, 99648L & 401L-PT TS29 at Prome Road	Development site for Proposed 45 apartment units	1,818

Properties for sale under development as at 31 December 2006 are as follows:

Location	Description	Approximate land area (Sq. metres)
Lots 6046M, 6047W, 3385V & 3386P of Mukim 26 at St. Patrick's Road	Development site for 37 apartment units	2,779
Lots 3144W, 3146P & 7405W of Mukim 26 at 66 & 68 Lorong G Telok Kurau	Development site for 37 apartment units	2,589
Lot 5884T of Mukim 26 at East Coast Terrace	Development site for 40 apartment units	2,395
Lots 891N, 892X, 893L, 5758W & 9478A of Mukim 26 at 81/83 Lorong N Telok Kuaru	Development site for 30 apartment units	2,039

Notes to the Financial Statements
For the year ended 31 December 2007

8 Properties for sale under development (cont'd)

Properties for sale under development as at 31 December 2006 are as follows (cont'd):

Location	Description	Approximate land area (Sq. metres)
Lots 389C, 390X, 391C, 99440N, 99439L, 99438X & 99437N of Mukim 29 at 1,3,5,7,9,11,11A/B Irrawaddy Road.	Development site for 48 apartment units	1,552
Lots 2555C, 6479W, 6480C, 6481M and 6482W of Mukim 26 at 50 Lorong M Telok Kurau	Development site for 33 apartment units	2,108
Lots 4396X, 4397L, 4398C & 4399M of Mukim 26 at 110/112 Lorong G Telok Kurau	Development site for 34 apartment units	2,286
Lots 2617P, 95462M, 95463M & 2615W-PT of Mukim 26 at 114, 116 & 118 Lorong H Telok Kurau	Development site for Proposed 35 apartment units and 1 townhouse	3,094

Had the completion of construction method been adopted, the financial effects as required under Recommended Accounting Practice 11, Pre-completion Contracts for the Sale of Development Property, are as follows:

The Group	**2007** **$**	2006 $
(a) Consolidated Income statement		
Decrease in profit after taxation arising from:		
-decrease in sales of development properties	**45,205,949**	4,527,682
-decrease in cost of development properties sold	**(35,034,098)**	(2,996,258)
-decrease in taxation expense	**(1,855,974)**	(200,198)
	8,315,877	1,331,226
Decrease in basic/diluted earnings per share (cents) (Note 1)	**1.64**	0.26

Note 1: For comparative purposes, the basic and diluted earnings per share for the financial year ended 31 December 2007 and 31 December 2006 are computed based on profit after taxation and share capital of 508,560,000 shares.

(b) Balance sheet		
Decrease in retained profits:		
-At beginning of year	**1,331,226**	-
-Net profit	**8,315,877**	1,331,226
-At end of year	**9,647,103**	1,331,226
Decrease in development properties:		
-At beginning of year	**1,637,733**	-
-At end of year	**11,912,986**	1,637,733
Decrease in income tax liabilities:		
-At beginning of year	**200,198**	-
	1,855,974	200,198

Notes to the Financial Statements

For the year ended 31 December 2007

9 Inventories

The Group	2007 $	2006 $
Hotel supplies, at cost	**130,668**	155,204

10 Short-term investments

The Group	2007 $	2006 $
Balance at beginning	**282,643**	365,705
Additions	**-**	106,557
Disposals	**(259,094)**	(222,985)
Fair value (losses)/gain	**(23,549)**	33,366
Balance at end	**-**	282,643
Designated as:		
Held for trading	**-**	282,643

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid prices.

Financial assets at fair value through profit or loss are as follows:

The Group	2007 $	2006 $
Designated as held for trading		
Quoted equity investments		
- SGX	**-**	259,585
- Hong Kong	**-**	23,058
	-	282,643

11 Trade receivables

	The Group		The Company	
The Group	**2007 $**	2006 $	**2007 $**	2006 $
Trade receivables	**12,246,478**	4,881,914	**9,600**	-
Provision for impairment	**(120,784)**	(98,454)	**-**	-
	12,125,694	4,783,460	**9,600**	-
Movements on provision:				
Balance at beginning	**98,454**	128,874	**-**	-
Allowance for the year	**22,330**	-	**-**	-
Write-back provision	**-**	(30,420)	**-**	-
Balance at end	**120,784**	98,454	**-**	-

Notes to the Financial Statements

For the year ended 31 December 2007

11 Trade receivables (cont'd)

The ageing analysis of trade receivables is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
The Group	**$**	$	**$**	$
Not past due	**11,741,745**	4,377,756	**-**	-
Past due 0 to 3 months but not impaired	**249,705**	333,710	**9,600**	-
Past due 3 to 6 months but not impaired	**40,417**	44,974	**-**	-
Past due over 6 months but not impaired	**93,827**	27,020	**-**	-
	12,125,694	4,783,460	**9,600**	-

12 Other receivables

	The Group		The Company	
	2007	2006	**2007**	2006
	$	$	**$**	$
Amount due from a subsidiary company	**-**	-	**3,039**	-
Tax recoverable	**32,613**	-	**-**	-
Receivable from contractors	**276,247**	101,461	**-**	-
Recoverable expenses	**619,358**	73,975	**619,357**	73,975
Others	**-**	21,350	**-**	-
	895,605	196,786	**619,357**	73,975
Deposits	**91,740**	81,050	**-**	-
Prepayments	**520,276**	144,838	**506**	500
Fixed deposit interest receivable	**9,208**	-	**-**	-
	1,549,442	422,674	**622,902**	74,475

The ageing analysis of other receivables is as follows:

	The Group		The Company	
	2007	2006	**2007**	2006
	$	$	**$**	$
Not past due	**1,549,442**	422,674	**622,902**	74,475

13 Project accounts

The project account consists of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for development expenditure incurred on property developed for sale. These monies are:

	2007	2006
The Group	**$**	$
Cash at bank	**13,731,610**	5,154,677
Fixed deposits	**10,000,000**	3,000,000
	23,731,610	8,154,677

Notes to the Financial Statements

For the year ended 31 December 2007

14 Fixed deposits

Short-term deposits of the Group have an average maturity of 1 month (2006 - 1.125 months) from the end of the financial year. The weighted average effective interest rate of these deposits as at 31 December 2007 was 1.87% (2006 - 2.97%) per annum.

15 Share capital

The Group and The Company	**2007** **$**	2006 $
Issued and fully paid:		
Balance at beginning	**8,600,000**	8,600,000
Issue of ordinary shares	**590,007**	-
Balance at end	**9,190,007**	8,600,000
Number of shares at year end	**508,560,000**	47,591

In FY2007, the Company made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in and for quotation of all its shares already issued and the new shares which form part of the invitation (the "Invitation") as spelled out in its Prospectus dated 29 February 2008.

On 3 March 2007, the Company entered into a share swap agreement with all the minority shareholders (collectively the "Vendors") of its subsidiary company, Roxy-Pacific Developments Pte Ltd, to acquire from the Vendors their 2,123,133 shares of approximately 7.81% in Roxy-Pacific Developments Pte Ltd. The acquisition was completed on 17 December 2007 after receipt of the Eligibility-to-List Letter dated 12 December 2007 from the SGX-ST and paid by the issue of 3,265 new original shares before sub-division mentioned below (the "Original Shares") in the Company issued at approximately $180.71 per new Original Share.

The number of new Original Shares to be issued as consideration shares was determined on a willing buyer and seller basis. The issue price of such new Original Shares was at $180.71 which is arrived at by taking the share capital of the Company as at 31 December 2006 and divided by the number of Original Shares then issued and outstanding.

Following the issue and allotment of the 3,265 new Original Shares referred to in the above paragraph, the Company sub-divided each Original Share in our issued share capital into 10,000 Shares.

	Number of Original Shares / Shares	**Paid-up Share Capital (S$)**
Issued and fully paid Original Shares of $100 each as at 1 January and 31 December 2006	**47,591**	8,600,000
Issue and allotment of Original Shares fully paid pursuant to the share swap agreement	**3,265**	590,007
	50,856	9,190,007
Sub-division of each Original Share into 10,000 Shares on 17 December 2007	**508,560,000**	9,190,007
Share capital as at 31 December 2007	**508,560,000**	9,190,007

Notes to the Financial Statements

For the year ended 31 December 2007

15 Share capital (cont'd)

At an extraordinary general meeting held on 17 December 2007, the Shareholders approved that authority be given to our Directors to issue 128,000,000 new shares which are the subject of the Invitation, on the basis that such new shares, when allotted, issued and fully paid, will rank pari passu in all respects with the existing issued and paid-up shares.

On 12 March 2008, the Company was admitted to the Official List of the SGX-ST and trading in its shares commenced.

The issued and paid-up capital immediately after the Invitation is as follows:

	Number of Original Shares / Shares	Paid-up Share Capital (S$)
Pre-Invitation issued and paid-up share capital	508,560,000	9,190,007
Issue and allotment of new shares pursuant to the Invitation on 11 March 2008	128,000,000	38,400,000
Fair value adjustment to the consideration paid to Vendors pursuant to the share swap agreement (Note 1)	-	1,923,652
Post-Invitation issued and paid-up share capital	636,560,000	49,513,659

Note 1: Subsequent to the issue and allotment of new shares on 11 March 2008, the Company made a fair value adjustment to the consideration paid to the Vendors from $180.71 to $769.88 per new Original Share issued to the Vendors. The revised consideration represents the attributable revised net asset value as at 31 December 2006 of its subsidiary company, Roxy-Pacific Developments Pte Ltd.

16 Bank borrowings

The Group	2007 $	2006 $
Bank loans (current)	**53,379,702**	23,651,502
Short-term bank loan (current)	**19,694,760**	4,694,242
	73,074,462	28,345,744
Bank loans (non-current)	**155,397,450**	131,023,702
	228,471,912	159,369,446

The bank loans are secured by:

(a) legal mortgage of the Group's investment properties in Note 7;

(b) assignment of rental income from investment properties in Note 7;

(c) proceeds from sale of investment properties in Note 7;

(d) joint guarantee of four directors and the Company;

(e) freehold land and building in Note 5;

(f) development properties for sale in Note 8;

(g) proceeds from sale of development properties for sale in Note 8;

Notes to the Financial Statements

For the year ended 31 December 2007

16 Bank borrowings (cont'd)

Interest was charged at normal commercial rates on these loans at rates varying from 2.75% to 5.94% (2006 - 2.5% to 4.84%) per annum at the balance sheet date.

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

Interest is repriced every 1 to 12 months for those on floating rate. The outstanding bank loans of the Group exposed to interest rate were as follows:

The Group	**2007** **$**	2006 $
Bank borrowings		
- Fixed rate	**151,116,498**	104,277,397
- Floating rate	**77,355,414**	55,092,049
	228,471,912	159,369,446
Fair value	**226,457,328**	157,335,554

17 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

The Group	**2007** **$**	Restated 2006 $
Balance at beginning	**3,519,570**	747,114
Reclassified from minority interest	**-**	63,293
Reclassified from current taxation	**204,230**	-
Under-provision of deferred taxation in respect of prior years	**615,656**	-
Transfer from income statement (Note 25)	**4,033,554**	2,171,722
Effect of FRS 12 on investment properties	**-**	537,441
Balance at end	**8,373,010**	3,519,570

Notes to the Financial Statements

For the year ended 31 December 2007

17 Deferred income taxes (cont'd)

The balance comprises tax on the following temporary differences:

	2007			Restated 2006		
	Excess of net book value over tax written down value of property, plant and equipment	**Fair value gains**	**Total**	Excess of net book value over tax written down value of property, plant and equipment	Fair value gains	**Total**
	$		**$**	$	$	**$**
The Group						
Balance at beginning	**3,519,570**	**-**	**3,519,570**	810,407	-	810,407
Charged to the						
- income statement (Note 25)	**4,049,810**	**599,400**	**4,649,210**	2,171,722	-	2,171,722
- equity	**-**	**-**	**-**	-	537,441	537,441
Reclassification	**204,230**	**-**	**204,230**	-	-	-
Balance at end	**7,773,610**	**599,400**	**8,373,010**	2,982,129	537,441	3,519,570

18 Other payables

	The Group		The Company	
	2007	2006	**2007**	2006
	$	$	**$**	$
Rental deposits	**333,991**	348,165	**-**	-
Other deposits	**491,465**	319,900	**-**	-
Other creditors	**492,610**	32,135	**34,109**	5,000
Provision for construction cost	**564,733**	335,543	**-**	-
Deferred liquidated damages	**-**	148,500	**-**	-
Hotel management fees payable	**1,431,638**	1,477,395	**-**	-
Provision for directors' performance bonus	**2,385,615**	-	**-**	-
Goods and Services tax payable	**453,857**	296,074	**-**	-
Accrued operating expenses	**5,129,695**	2,042,960	**10,600**	10,485
	11,283,604	5,000,672	**44,709**	15,485

19 Provision for taxation

The Group	**2007** **$**	2006 $
Movements in provision for taxation:		
Balance at beginning	**167,584**	474
Tax refund / (payment)	**4,033**	(33,088)
Reclassification to tax recoverable	**32,613**	-
Reclassification to deferred taxation	**(204,230)**	-
Current provision	**-**	200,198
Balance at end	**-**	167,584

Notes to the Financial Statements

For the year ended 31 December 2007

20 Segment information by operations

Segment information is presented in respect of the Group's business segments. No segment information for geographical segments is presented as the Group's operations are in Singapore. The primary reporting segment - business segments, is based on the Group's management and internal reporting structure.

The Group comprises the following main business segments:

1) Hotel ownership segment is involved in hotel operations

2) Property development segment is involved in the development and sale of residential properties

3) Property investment and others is involved in properties held for rental yields and investment holding

	Hotel Ownership		Property development		Property investment and others		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$	$	**$**	$	**$**	$	**$**	$
Revenue	**37,303,845**	29,667,264	**64,196,545**	17,964,671	**1,206,124**	1,180,906	**102,706,514**	48,812,841
Segment results	**15,177,553**	9,417,516	**13,289,163**	1,972,016	**2,746,966**	458,926	**31,213,682**	11,848,458
Operating profit							**27,977,776**	10,996,467
Interest income							**316,564**	205,330
Interest expenses							**(4,354,381)**	(3,648,308)
Provision for taxation							**23,939,959**	7,523,489
Income tax expenses							**(4,649,210)**	(2,338,132)
Profit for the year							**19,290,749**	5,185,357
Segment assets	**70,902,236**	68,386,330	**197,166,556**	101,010,657	**32,983,524**	29,391,005	**301,052,316**	198,787,992
Segment liabilities	**40,831,682**	39,606,135	**183,601,308**	107,943,209	**20,155,411**	18,670,734	**244,588,401**	166,220,078
Capital expenditure	**1,975,139**	411,278	**-**	-	**52,927**	2,373	**2,028,066**	413,651
Depreciation and impairment	**1,571,871**	1,586,477	**-**	-	**53,586**	48,632	**1,625,457**	1,635,109
Non-cash expenses other than depreciation	**30,739**	2,019	**-**	-	**-**	-	**30,739**	2,019

20.1 Sales by market

The group's consolidated sales are solely generated in Singapore.

20.2 Segment revenue and expense

All segment revenue and expenses are directly attributable to the segments.

20.3 Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventory and property, plant and equipment, net of allowances and provisions. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of accounts, wages, and accrued liabilities. Segment assets and liabilities do not include current tax payable and deferred taxation.

Notes to the Financial Statements
For the year ended 31 December 2007

21 Other operating income

The Group	2007 $	2006 $
Gain on revaluation of investment properties	**3,330,000**	-
Gain on disposal of quoted equity investment	**49,878**	55,849
Foreign exchange gain	**47,368**	41,791
Finance income	**316,564**	205,330
Gain on disposal of development land	**-**	216,420
Waiver of loans from third parties	**-**	11,491
Abortive option fee	**12,094**	21,358
Rental income from development lands acquired with tenancy	**2,000**	18,500
Management fees charged to a corporate shareholder	**2,400**	-
Management fees charged to companies in which certain directors have interests	**7,200**	-
Others	**8,158**	26,100
	3,775,662	596,839

22 Other items

The Group	2007 $	2006 $
Profit share of disposed subsidiary	**-**	33,229
Expenses incurred on deregistration of a subsidiary	**-**	(2,403)
	-	30,826

23 Finance cost

The Group	2007 $	2006 $
Interest expense on bank borrowings	**4,273,881**	3,648,308
Commitment fees	**80,500**	171,500
	4,354,381	3,819,808

Notes to the Financial Statements

For the year ended 31 December 2007

24 Profit before taxation

The Group	**2007** **$**	2006 $
Profit before taxation is arrived at		
after charging:		
Directors fees	**-**	-
Auditor remuneration		
- auditors of the Company	**48,740**	40,514
Allowance for doubtful debts	**22,330**	-
Bad debts written off (trade)	**2,520**	50,194
Depreciation of property, plant and equipment (Note 5)	**1,625,457**	1,635,109
Loss on disposal of plant and equipment	**30,739**	2,019
Staff costs		
Directors remuneration other than fees		
- directors of the Company	**3,182,451**	816,890
- directors of a subsidiary	**-**	-
- CPF contributions	**53,453**	35,100
Key Management Personnel (other than Directors)		
- Salaries, wages and other related costs	**570,117**	427,712
- CPF contributions	**74,154**	44,678
Other than directors and key management personnel:		
- Salaries, wages and other related costs	**7,260,562**	6,155,130
- CPF contributions	**614,945**	538,999
- other personnel expenses	**744,255**	625,803
and crediting:		
Foreign exchange gain	**47,368**	41,791
Gain on revaluation of investment properties	**3,330,000**	-
Gain on disposal of quoted equity investment	**49,878**	55,849
Finance income (interest income)	**316,564**	205,330

Notes to the Financial Statements

For the year ended 31 December 2007

25 Income tax expense

The Group	2007 $	2006 $
Current taxation	-	(200,198)
Deferred taxation (Note 17)	**(4,033,554)**	(2,171,722)
Current year tax charge	**(4,033,554)**	(2,371,920)
(Under)/over provision of deferred taxation in respect of prior years	**(615,656)**	33,788
	(4,649,210)	(2,338,132)
Profit before taxation	**23,939,959**	7,523,489
Tax at statutory rate of 18% (2006: 20%)	**(4,309,193)**	(1,504,697)
Change in tax rate of 2% (2006: Nil)	**359,482**	-
Expenses not deductible for tax purposes	**(83,843)**	(867,223)
Current year tax charge	**(4,033,554)**	(2,371,920)
Prior year taxation	**(615,656)**	33,788
	(4,649,210)	(2,338,132)

As at 31 December 2007, there are estimated net unabsorbed losses of approximately $1,398,432 (2006 - $1,298,018) for the Group, which were subject to agreement with the tax authorities. These unabsorbed tax losses could be carried forward for offsetting against future taxable income provided that the provisions of Section 37 of the Singapore Income Tax Act, Cap. 134 are complied with.

Unutilised tax benefits totalling $251,718 (2006 - $259,603) arising from these unabsorbed tax losses had not been recognised as there was no reasonable certainty of their realisation in future periods.

26 Earnings per share

For comparative purposes, the basic and diluted earnings per share for the financial year ended 31 December 2007 and 31 December 2006 are computed based on profit after taxation and share capital of 508,560,000 shares. There are no dilutive effects on earnings per share.

27 Capital commitments

Capital commitments are provided for in the financial statements:

The Group	2007 $	2006 $
Hotel upgrading	**1,644,974**	-
Purchase of freehold properties	**31,889,500**	3,780,000

There are commitments to purchase freehold properties:

1) Lots 99637W, 99653M, 99654W, 99655V TS 29 & 471P-PT TS 29 at Bhamo Road

2) Lot 2615W-PT MK26 at 118 Lorong H Telok Kurau

3) Lot 5853T MK 26 at Lorong N Telok Kurau/East Coast Road

4) Lot 2599L Lorong H Telok Kurau

Notes to the Financial Statements

For the year ended 31 December 2007

28 Operating lease commitments (non-cancellable)

(A) Where Group is the lessee

At the balance sheet date, the Group was committed to making the following rental payments in respect of operating leases of office equipments, staff premise, motor vehicle and car park with an original term of more than one year:

The Group	**2007** **$**	2006 $
Not later than one year	**93,677**	83,777
Later than one year and not later than five years	**204,023**	82,291
Later than five years	**72,000**	-
	369,700	166,068

The leases on the Group's office equipments, staff premise, motor vehicle and car park on which rentals are payable will expire between November 2008 to August 2014, subject to an option to renewal, and the current rent payable on the leases ranging from $1,181 to $3,600 per month which are subject to revision on renewal.

(B) Where Group is the lessor

At the balance sheet date, the Company and the Group had the following rental income under lease for commercial premises with a term of more than one year:

The Group	**2007** **$**	2006 $
Not later than one year	**1,146,626**	779,641
Later than one year and not later than five years	**363,227**	255,023
	1,509,853	1,034,664

The leases on the Company's and the Group's commercial premises on which rentals are received will expire between January 2008 to 31 December 2009 with renewal at the then prevailing rates.

Notes to the Financial Statements

For the year ended 31 December 2007

29 Interested person transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are interested person transactions entered into by the Company with related parties at negotiated rates:

The Group	**2007** **$**	2006 $
Purchases from a related party:		
- Piece of Mine Pte Ltd	**46,960**	75,546
Commission from a related party		
- Piece of Mine Pte Ltd	**863**	2,254
Advisory fees paid to a related party		
- Corporate Brokers International Pte. Ltd.	**48,000**	40,000
Interior design and related services rendered		
- Piece of Mine Pte Ltd	**74,551**	87,765
Sale of residential units to directors	**1,418,000**	780,000
Aggregate remuneration (including CPF contributions thereon and benefits) of employees who are related to our Directors	**226,638**	220,121

Piece of Mine Pte Ltd is a company which the wife of Mr Teo Hong Yeow, a director of the Company, is a shareholder.

Corporate Brokers International Pte. Ltd. is a company which Mr Winston Tan Tien Hin is a shareholder and director.

The employees who are related to our directors are are Teo Kok Leong, Teo Kok Thye, Lim Tsoh Liat, Loh Kwang Chew, Cheong Kwai Fun and Phua Lay Leng. Teo Kok Leong is the father of four of our Executive Directors, namely Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee. Teo Kok Thye, Lim Tsoh Liat and Loh Kwang Chew are uncles to Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee. Cheong Kwai Fun and Phua Lay Leng are both cousins to Teo Hong Lim, Chris Teo Hong Yeow, Michael Teo Hong Wee and Teo Hong Hee.

30 Subsequent event

In FY2007, our Company made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in and for quotation of all its shares already issued and the new shares which form part of the invitation as spelled out in its Prospectus dated 29 February 2008.

On 12 March 2008, our Company was admitted to the Official List of the SGX-ST and trading in its shares commenced.

31 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Notes to the Financial Statements

For the year ended 31 December 2007

31 Financial risk management objectives and policies (cont'd)

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Director of Finance & Administration, General Manager & the Executive Directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Company and at Group level by the Director of Finance & Administration, General Manager & the Executive Directors. As at 31 December 2007 & 31 December 2006, none of the Group's individual trade receivables balances represented more than 5% of total Group trade receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Exposure to credit risk

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

The Company	**2007** **$**	2006 $
Corporate guarantees provided to banks on subsidiaries' loans	**228,471,912**	159,369,446

There is no change in interest rates charged due to the above corporate guarantees provided by the Company. The current interest rates charged by the lenders on subsidiaries loans are at market rates.

The Company's and the Group's major classes of financial assets are bank deposits and trade receivables. Cash is held with financial institutions of good standing/established financial institutions/reputable financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 11 and 12.

31.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 12 months (2006 - less than 12 months) from the balance sheet date.

Notes to the Financial Statements
For the year ended 31 December 2007

31 Financial risk management objectives and policies (cont'd)

31.2 Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following carrying amounts of interest-bearing borrowings of the Group that are exposed to interest rate risk:

The Group	**2007** **$**	2006 $
Bank borrowings		
- Fixed rate	**151,116,498**	104,277,397
- Floating rate	**77,355,414**	55,092,049
	228,471,912	159,369,446

At the balance sheet date, if SGD interest rates had been 100 (2006 - 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax at 18% (2006 -20%) would have been $634,314 (2006 - $440,737) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

31.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's operational activities are carried out in Singapore dollars, which is the functional currency. All transactions are paid for in local currency. There is minimal exposure to risk arising from movements in foreign currencies exchange rates as the Group has insignificant transactions in foreign currency.

31.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows.

The Group	**Less than 1 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total $**
At 31.12.2007				
Trade and other payables	16,116,489	-	-	16,116,489
Borrowings	73,074,462	91,065,546	64,331,904	228,471,912
	89,190,951	91,065,546	64,331,904	244,588,401
At 31.12.2006				
Trade and other payables	6,850,632	-	-	6,850,632
Borrowings	28,345,744	64,621,846	66,401,856	159,369,446
	35,196,376	64,621,846	66,401,856	166,220,078

Notes to the Financial Statements

For the year ended 31 December 2007

31 Financial risk management objectives and policies (cont'd)

31.4 Liquidity risk (cont'd)

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Finance Division aims at maintaining flexibility in funding by keeping committed credit facilities available.

32 Financial instruments

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

33 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

34 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company is disclosed in bands as follows:

	Number of Directors	
	2007	2006
$500,000 and above	**4**	-
$250,000 to $499,999	**1**	-
Below $250,000	**4**	6
	9	6

Shareholding Statistics

as at 24 March 2008

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO.OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	1,356	61.64	8,558,000	1.34
10,001 - 1,000,000	811	36.86	62,326,000	9.79
1,000,001 and above	33	1.50	565,676,000	88.87
TOTAL	**2,200**	**100.00**	**636,560,000**	**100.00**

PUBLIC FLOAT

Based on the information available to the Company as at 24 March 2008, approximately 30.77% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Substantial Shareholders	Number of Shares	
	Direct interest	Deemed interest
Kian Lam Investment Pte Ltd	225,000,000	-
Sen Lee Development Private Limited	70,930,000	-
Teo Hong Lim[(1)]	59,280,000	295,930,000

(1) Teo Hong Lim holds more than 20% of the issued share capital of Kian Lam Investment Pte Ltd ("Kian Lam"), and Kian Lam in turn holds more than 50% of the issued share capital of Sen Lee Development Private Limited ("Sen Lee"). In this respect, pursuant to Section 7 of the Companies Act, Cap. 50, Teo Hong Lim is deemed to be interested in the shares of the Company held by Kian Lam and Sen Lee.

TWENTY LARGEST REGISTERED SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KIAN LAM INVESTMENT PTE LTD	225,000,000	35.35
2	SEN LEE DEVELOPMENT PRIVATE LIMITED	70,930,000	11.14
3	TEO HONG LIM	59,280,000	9.31
4	CHEONG FUNG FAI	20,020,000	3.15
5	MICHAEL TEO HONG WEE	15,740,000	2.47
6	CHRIS TEO HONG YEOW	15,210,000	2.39
7	TEO HONG HEE	14,730,000	2.31
8	TJANDRAWATI	13,140,000	2.06
9	SUTANTIO	13,140,000	2.06
10	WINMARK INVESTMENTS PTE LTD	12,732,000	2.00
11	SIN HENG CHAN INVESTMENTS PTE LTD	12,650,000	1.99
12	TEO KOK LEONG	12,600,000	1.98
13	LIM SWEE HAH	9,960,000	1.56
14	KOH WEE MENG	8,400,000	1.32
15	CHNG GIM HUAT	7,800,000	1.23
16	TEO KOK THYE	7,000,000	1.10
17	HONG LEONG FINANCE NOMINEES PL	6,266,000	0.98
18	CHEONG KWAI FUN	5,010,000	0.79
19	2G CAPITAL PTE LTD	4,750,000	0.75
20	KIM SENG HOLDINGS PTE LTD	4,000,000	0.63
	Total	**538,358,000**	**84.57**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Roxy Room 1 & 2, 4th Floor Grand Mercure Roxy Hotel, Marine Parade Road, Roxy Square, Singapore 428769 on Friday, 25 April 2008 at 9.30 a.m. to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a final dividend of 1.0 cent per share one-tier tax-exempt for the financial year ended 31 December 2007. **(Resolution 2)**

3. To approve the Directors' fee of S$154,500/- for the financial year ending 31 December 2008 and the payment thereof on a quarterly basis. **(Resolution 3)**

4. To re-elect the following Directors:-

   (a) Mr Chris Teo Hong Yeow who is retiring under Article 103 of the Articles of Association **(Resolution 4)**

   (b) Mr Teo Hong Hee who is retiring under Article 103 of the Articles of Association **(Resolution 5)**

   (c) Mr Koh Seng Geok who is retiring under Article 103 of the Articles of Association **(Resolution 6)**

   (d) Mr Hew Koon Chan who is retiring under Article 107 of the Articles of Association **(Resolution 7)**

   Mr Hew Koon Chan will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of the Nominating Committee.

   (e) Mr Tay Kah Poh who is retiring under Article 107 of the Articles of Association **(Resolution 8)**

   Mr Tay Kah Poh will, upon re-election as Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

   (f) Mr Edmund Lee Yu Chiang who is retiring under Article 107 of the Articles of Association **(Resolution 9)**

   Mr Edmund Lee Yu Chiang will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee.

5. To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. (a) That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

Notice of Annual General Meeting

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or
(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 11)
(See Explanatory Note 1)

7. To transact any other business which may be properly transacted at an Annual General Meeting.

Notice of Annual General Meeting

Notice of Books Closure Date

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed after 5.00 p.m. from 8 May 2008 to 9 May 2008, for the purpose of determining the Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 25 April 2008.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. of 333 North Bridge Road #08-00 KH KEA Building Singapore 188721 up to 5.00 p.m. on 8 May 2008 will be registered to determine the Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 8 May 2008 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 23 May 2008.

BY ORDER OF THE BOARD

Koh Seng Geok
Foo Soon Soo
Company Secretaries
9 April 2008

SINGAPORE

Explanatory Notes:-

1. The ordinary resolution in item 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of SGX-ST currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.*
2. *A proxy need not be a member of the Company.*
3. *If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.*
4. *The instrument appointing a proxy must be deposited at the registered office of the Company at 50 East Coast Road #03-11, Roxy Square Shopping Centre Singapore 428769 not later than 48 hours before the time appointed for the Meeting.*

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PROXY FORM

ROXY-PACIFIC HOLDINGS LIMITED
Registration No. 196700135Z
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy ROXY-PACIFIC HOLDINGS LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________

of ______________________________

being *a member/members of ROXY-PACIFIC HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Roxy Room 1 & 2, 4th Floor Grand Mercure Roxy Hotel, Marine Parade Road, Roxy Square, Singapore 428769 on Friday, 25 April 2008 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.		
2.	To declare a final dividend of 1.0 cent per share one-tier tax-exempt for the financial year ended 31 December 2007.		
3.	To approve the Directors' fee of S$154,500/- for the financial year ending 31 December 2008 and payment thereof on a quarterly basis.		
4.	To re-elect Mr Chris Teo Hong Yeow, a Director of the Company, pursuant to Article 103 of the Articles of Association.		
5.	To re-elect Mr Teo Hong Hee, a Director of the Company, pursuant to Article 103 of the Articles of Association.		
6.	To re-elect Mr Koh Seng Geok, a Director of the Company, pursuant to Article 103 of the Articles of Association.		
7.	To re-elect Mr Hew Koon Chan, a Director of the Company, pursuant to Article 107 of the Articles of Association.		
8.	To re-elect Mr Tay Kah Poh, a Director of the Company, pursuant to Article 107 of the Articles of Association.		
9.	To re-elect Mr Edmund Lee Yu Chiang, a Director of the Company, pursuant to Article 107 of the Articles of Association.		
10.	To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration.		
11.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this __________ day of ________ 2008

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.*
2. *Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.*
3. *This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.*
4. *A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.*
5. *The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 50 East Coast Road #03-11, Roxy Square Shopping Centre Singapore 428769 not later than 48 hours before the time set for the Annual General Meeting.*
6. *A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.*
7. *The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.*
8. *A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.*

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Affix
Postage
Stamp

The Company Secretary
ROXY-PACIFIC HOLDINGS LIMITED
50 East Coast Road #03-11,
Roxy Square Shopping Centre
Singapore 428769

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