HONG LEONG ASIA LTD. (REGISTRATION NO. 196300306G)

Unaudited First Quarter Financial Statement For The Period Ended 31 March 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors announces the results of the Group for the first quarter ended 31 March ("1Q") 2010. These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement

	Group		
	1Q 2010	1Q 2009	Change
	$'000	$'000	%
Revenue	**1,489,839**	**1,091,243**	**37%**
Cost of sales	(1,152,621)	(879,140)	31%
Gross profit	**337,218**	**212,103**	**59%**
Other income/(expenses)	10,075	18,346	-45%
Selling and distribution expenses	(144,102)	(111,929)	29%
Research and development costs	(17,236)	(16,277)	6%
General and administrative expenses	(50,965)	(55,912)	-9%
Profit from operations	**134,990**	**46,331**	**191%**
Finance costs	(12,452)	(8,005)	56%
Share of profit of associates, net of tax	680	2,532	-73%
Profit before taxation	**123,218**	**40,858**	**202%**
Taxation	(20,140)	(8,405)	140%
Profit after taxation	**103,078**	**32,453**	**218%**

Net Profit Attributable to :

Shareholders of the Company	**35,858**	**23,229**	**54%**
Minority Interests	67,220	9,224	629%
	103,078	**32,453**	**218%**

1(a)(ii) Notes to the income statement

Profit from operations include the following:	Group 1Q 2010 $'000	Group 1Q 2009 $'000	Group Change %
Gain/(loss) on disposal of property, plant and equipment	2,087	(103)	NM
Impairment loss on property, plant and equipment and intangibles	(1,719)	(7,596)	-77%
Allowance written back/(made) for trade and other receivables/bad debts written off	573	(2,751)	NM
Allowance written back/(made) for stock obsolescence	1,539	(1,205)	NM
Provisional negative goodwill on acquisition of Tasek as a subsidiary [(1)]	-	16,857	NM
Depreciation and amortisation	(28,101)	(23,536)	19%
Foreign exchange (loss)/gain	(701)	1,333	NM

NM: Not meaningful

(1) Although the Group had completed its purchase price allocation within the 12-month period specified in FRS103, the amount of goodwill shown under 1Q 2009 was still provisional as at end of March 2009. The purchase price allocation exercise had been completed in the fourth quarter of 2009 and the difference between the final goodwill amount and all the provisional goodwill amounts recognized prior to 31 December 2009 was reflected in the 2009 full year results of the Group.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

The Group's tax charge for the period included an over provision of $397,000 (1Q 2009: under provision of $145,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	Group 1Q 2010 $'000	**Group 1Q 2009 $'000**	**Group Change %**
Profit for the period	103,078	32,453	218%
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	5,184	68,940	-92%
Net fair value changes	(105)	(189)	-44%
Share of other comprehensive income of associates	-	(5,286)	NM
Total comprehensive income	**108,157**	**95,918**	**13%**
Attributable to:			
Shareholders of the Company	37,860	46,407	-18%
Minority interests	70,297	49,511	42%
	108,157	**95,918**	**13%**

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
$'000	31/03/10	31/12/09	31/03/10	31/12/09
Non-current assets				
Property, plant and equipment	1,130,986	1,133,128	440	495
Prepaid operating leases	124,751	117,437	-	-
Intangibles	68,608	68,733	774	844
Investment in subsidiaries	-	-	231,945	231,945
Investment in associates	34,410	33,421	14,695	14,695
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	7,238	7,008	-	-
Other investments	2,256	2,259	-	-
Deferred tax assets	75,682	67,704	-	-
Other non-current receivables	9,045	6,790	-	-
	1,452,976	**1,436,480**	**262,854**	**262,979**
Current assets				
Other investments	1,211	1,331	30	34
Inventories	718,675	669,287	-	-
Development properties	20,065	18,879	-	-
Trade and other receivables	1,446,145	940,229	177,743	175,440
Cash and bank	1,049,863	1,076,233	2,116	7,859
Assets classified as held for sale	112,780	98,981	39,225	39,326
	3,348,739	**2,804,940**	**219,114**	**222,659**
Current liabilities				
Trade and other payables	2,255,880	1,851,669	59,031	55,936
Provisions	78,424	66,371	-	-
Financial Liabilities	230,299	225,373	100,773	105,223
Provision for taxation	68,954	45,453	-	-
Liabilities classified as held for sale	4,349	4,586	-	-
	2,637,906	**2,193,452**	**159,804**	**161,159**
Net current assets	**710,833**	**611,488**	**59,310**	**61,500**
Non-current liabilities				
Financial Liabilities	294,857	300,642	-	-
Deferred tax liabilities	31,768	32,198	457	457
Deferred grants	22,707	258	-	-
Retirement benefits	228	221	-	-
	349,560	**333,319**	**457**	**457**
Net assets	**1,814,249**	**1,714,649**	**321,707**	**324,022**
Capital and reserves				
Share capital	266,058	264,996	266,058	264,996
Reserves	478,497	443,057	55,649	59,026
	744,555	708,053	321,707	324,022
Minority interests	1,069,694	1,006,596	-	-
Total Equity	**1,814,249**	**1,714,649**	**321,707**	**324,022**

Note: Financial liabilities comprise loans and borrowings, details of which can be found in Section 1(b)(ii) of this announcement.

Explanatory Notes to Statement of Financial Position

Group

- Compared to 31 December 2009, the increase in total assets and liabilities was primarily caused by increase in working capital requirements arising from increased business activities, largely from the Group's China operations.
- Net current assets for the two comparative periods as at 31 December 2009 and 31 March 2010 did not vary significantly as increases in trade and other receivables as at 31 March 2010 were largely compensated by increase in trade and other payables as at the same date.
- The higher deferred grant as at 31 March 2010 was a result of grants given by the Chinese Government to one of the Group's China subsidiaries for research and development activities.

Company

- There were no material variances of key balance sheet items between the two comparative periods.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$ 41,156,569	$ 189,142,798	$ 44,366,910	$ 181,006,077

Amount repayable after one year

As at 31/03/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$ 174,745,645	$ 120,111,239	$169,911,582	$ 130,730,141

Details of any collateral

The secured banking facilities of the Group, comprising term loans are secured on the assets of certain subsidiaries with a total carrying value as at 31 March 2010 of $294,085,000 (31 December 2009: $287,537,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	1Q 2010 $'000	1Q 2009 $'000
Operating Activities		
Profit before income tax	123,218	40,858
Adjustment for :		
Dividends and interest income	(3,822)	(1,487)
Finance costs	12,452	8,005
Depreciation and amortisation	28,101	23,536
Share of profit of associates	(680)	(2,532)
(Gain)/loss on disposal of property, plant and equipment	(2,087)	103
Cost of share-based payment	54	99
Impairment losses on property, plant and equipment	1,719	7,596
Gain on liquidation of a subsidiary	(453)	-
Provision for warranties and other costs, net	27,273	25,900
Operating profit before working capital changes	185,775	102,078
Changes in working capital:		
Inventories	(50,025)	50,034
Trade and other receivables	(521,254)	(157,248)
Trade and other payables	404,345	353,942
Provisions utilised	(15,230)	(27,605)
	3,611	321,201
Income tax paid	(3,469)	(4,359)
Cash flows from operating activities	142	316,842
Investing Activities		
Interests and dividends received	4,524	1,494
Proceeds from disposal of subsidiary, net of cash disposed	(3)	-
Proceeds from disposal of property, plant and equipment	7,959	792
Acquisition of subsidiaries and businesses, net of cash acquired	-	13,099
Purchase of additional shareholding in a subsidiary	(6,210)	-
Purchase of property, plant and equipment	(31,107)	(43,935)
Payment of prepaid operating leases	(8,565)	(796)
Purchase of intangible assets	(182)	(80)
Purchase of other investments	-	(36)
Cash flows from investing activities	(33,584)	(29,462)
Financing Activities		
Proceeds from share issue	1,062	-
Grant received from government	22,431	-
Capital contribution by minority shareholders of a subsidiary	5,962	-
Proceeds from bank borrowings	47,347	185,635
Repayment of bank borrowings	(48,159)	(83,411)
Dividends paid to minority shareholders of subsidiaries	(9,499)	-
Fixed deposits pledged with banks	59	(1)
Interest paid	(13,606)	(9,356)
Cash flows from financing activities	5,597	92,867
Net (decrease)/increase in cash and cash equivalents	(27,845)	380,247
Cash and cash equivalents at beginning of the period	1,054,674	238,017
Effects of exchange rate changes on cash and cash equivalents	1,739	8,178
Cash and cash equivalents at end of the period	1,028,568	626,442
Comprising:		
Fixed deposit, bank and cash balances	1,049,863	628,570
Less: Bank overdraft	(412)	(1,834)
Fixed deposits pledged	(20,883)	(294)
	1,028,568	626,442

The attributable net assets of subsidiaries acquired/disposed during the period are as follows:

	1Q 2010 $'000	1Q 2009 $'000
Acquisitions		
Non-current assets	-	247,029
Net current assets	-	177,869
Non-current liabilities	-	(19,535)
Minority Interest	-	(97,284)
Amount previously accounted for as associate	-	(164,406)
Goodwill	-	7,526
Total consideration	-	151,199
Less: Consideration to be settled by debts set-off	-	(54,155)
Less: Cash & cash equivalents of subsidiary acquired	-	(110,143)
Acquisition of subsidiary, net of cash acquired	-	(13,099)
Disposals		
Realisation of translation difference	(456)	-
Gain on liquidation of a subsidiary	453	-
Disposal of subsidiary, net of cash disposed	(3)	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share Capital $'000	Capital Reserve $'000	Statutory Reserve $'000	Fair Value Reserve $'000	Equity Compen-sation Reserve $'000	Translation Reserve $'000	Premium paid on Acquisition of Minority Interests $'000	Revenue Reserve $'000	Total $'000	Minority Interests $'000	Total Equity $'000
The Group											
At 1 January 2009	278,664	(34,684)	22,267	22,664	1,805	(13,135)	-	303,304	580,885	895,322	1,476,207
Total comprehensive income for the period	-	-	-	(2,838)	-	26,016	-	23,229	46,407	49,511	95,918
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Cost of share-based payment	-	-	-	-	99	-	-	-	99	-	99
Transfer to capital reserves	-	(77)	-	-	-	-	-	77	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	97,284	97,284
At 31 March 2009	278,664	(34,761)	22,267	19,826	1,904	12,881	-	326,610	627,391	1,042,117	1,669,508
At 1 January 2010	264,996	(28,672)	29,664	44,015	2,009	(18,757)	-	414,798	708,053	1,006,596	1,714,649
Total comprehensive income for the period	-	-	-	(105)	-	2,107	-	35,858	37,860	70,297	108,157
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share issues during the period	1,062	-	-	-	-	-	-	-	1,062	-	1,062
Cost of share-based payment	-	-	-	-	54	-	-	-	54	-	54
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(9,499)	(9,499)
Shares issued to minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	5,962	5,962
Acquisition of business combination and others	-	-	-	-	-	-	-	(143)	(143)	217	74
Changes in ownership interests in subsidiaries that do not result in a loss of control											
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(3,879)	(3,879)
Premium paid on acquisition of minority interest	-		-	-	-	-	(2,331)	-	(2,331)	-	(2,331)
At 31 March 2010	266,058	(28,672)	29,664	43,910	2,063	(16,650)	(2,331)	450,513	744,555	1,069,694	1,814,249

Statement of Changes In Equity	**Share Capital $'000**	**Capital Reserves $'000**	**Fair Value Reserves $'000**	**Compensation Reserves $'000**	**Revenue Reserves $'000**	**Total Equity $'000**
The Company						
At 1 January 2009	278,664	9,199	-	1,289	27,100	316,252
Total comprehensive income for the period	-	-	-	-	(2,109)	(2,109)
Cost of share-based payment	-	-	-	99	-	99
At 31 March 2009	278,664	9,199	-	1,388	24,991	314,242
At 1 January 2010	264,996	9,199	5	1,496	48,326	324,022
Total comprehensive income for the period	-	-	(2)	-	(3,429)	(3,431)
Share issues during the period	1,062	-	-	-	-	1,062
Cost of share-based payment	-	-	-	54	-	54
At 31 March 2010	266,058	9,199	3	1,550	44,897	321,707

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(ii)(A) Movements in issued and paid-up capital

	Number of Shares	Issued and Paid-Up Capital
Ordinary Shares		$'000
Balance as at 1 January 2010	372,956,359	264,996
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the " Scheme")	568,100	1,062
Balance as at 31 March 2010	373,524,459	266,058

The Company did not hold any treasury shares as at 31 March 2010 and 31 March 2009.

There had been no change in the number of ordinary shares in issue as at 31 December 2009 and 1 January 2010.

1(d)(ii)(B) Share Options

During 1Q 2010, the following options were exercised pursuant to the terms of the Scheme:

Year of Grant	Exercise Price Per Share	1Q 2010	Cumulative To Date
2001	$0.41	-	6,107,000
2002	$1.00	-	1,153,800
2003	$1.79	-	-
2004	$1.51	-	809,000
2005	$1.28	18,000	247,700
2007	$1.88	540,200	946,400
2008	$2.36	9,900	180,900
2009	$1.42	-	-
Total		568,100	9,444,800

As at 31 March 2010, there were a total of 1,354,100 (31 March 2009: 2,483,200) unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2007	$1.88	85,000
2008	$2.36	1,169,100
2009	$1.42	100,000
Total		1,354,100

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company did not hold any treasury shares as at 31 March 2010 and 31 December 2009.

The total number of issued ordinary shares as at 31 March 2010 and 31 December 2009 were 373,524,459 and 372,956,359 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the three months ended 31 March 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the year ended 31 December 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following revised accounting standards that are effective for annual periods beginning on or after 1 July 2009. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2010 as 2010 is the first annual period for the Group subsequent to 1 July 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the amended FRSs that are relevant to the Group:

FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 103 (revised)	Business Combination

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (previously minority interests).

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
Earnings per ordinary share based on net profit attributable to shareholders	**1Q 2010**	**1Q 2009**
(i) Based on the weighted average number of ordinary shares in issue (cts)	9.61	6.09
(ii) On a fully diluted basis (cts)	9.59	6.09

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/3/2010	**31/12/2009**	**31/3/2010**	**31/12/2009**
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at end of the financial year (cts)	199.33	190.73	86.13	86.88

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

On the back of an improved economic climate in China, Singapore, Malaysia and Indonesia, profit after tax of the Group rose from $32.5 million in 1Q 2009 to $103.1million in 1Q 2010. This had a positive bearing on profit attributable to shareholders, which rose by 54 percent from $23.2 million in 1Q 2009 to $35.9 million in 1Q 2010.

With the Chinese Government having reaffirmed its commitment to continue with the stimulus programs to encourage purchases of electrical appliances and automobiles, sales of diesel engines and consumer goods grew strongly. Sales of industrial packaging products were also higher fuelled largely by increased China domestic consumption and auto sales as well as improved economic climate in the Southeast Asian region. These factors arising from the Group's China business units primarily contributed to a robust 37 percent improvement in Group's revenue year-on-year. However revenue of building materials unit fell due to lower volume of construction activity and lower average selling prices.

Driven primarily by increased sales from the Consumer Products Unit ("Xinfei") and the Diesel Engines Unit ("Yuchai"), the Group's gross profit improved markedly to $337.2 million, a rise of 59 percent over the same period last year. Sales mix was better in Yuchai as a proportionately higher number of heavy duty engines were sold and Xinfei benefited from lower raw material costs. Other contributory factors were lower impairment losses, mainly on production equipment, and absence of stock write-down in 1Q 2010. Partially negating these positive developments were higher resin prices which caused a decline in the gross profit of the Industrial Packaging Unit ("Rex").

1Q 2009 reflected an amount of $16.9 million of negative goodwill arising from the acquisition of additional shares in Tasek Corporation Berhad ("Tasek") in Other Income which did not recur in 1Q 2010. However, a gain on the sale of a factory located in Singapore as well as a write-back of claim provision which was no longer required added more than $3 million to Other Income in 1Q 2010. These factors largely accounted for the variance in Other Income between the two comparative periods.

The increase in selling and distribution expenses was caused by (1) volume-related costs incurred by Yuchai, Xinfei and Rex; (2) increased marketing-related expenses incurred by Xinfei to drive up sales, increased brand value and to expand its reach in the Chinese urban markets and (3) dealers' incentives and rebates to encourage purchases and early payments.

Research and development costs did not vary much year-on-year with most of the expenditures being incurred on staff and mold costs as well as consulting fees.

General and administrative expenses fell on account of non-recurrence of impairment charges on non-core fixed assets owned by Yuchai which were partly mitigated by higher performance-related staff costs.

Finance costs increased due to higher working capital requirements. This was in tandem with higher business turnover.

Share of profits of associates declined due to the reclassification of investments in three companies within the Group from associates to investments ‘held for sale’.

The effective tax rate for the Group, at 16.3 percent, was lower than 20.6 percent in 1Q 2009 due mainly to non-taxability of gains on sale of a factory building and write-back of provisions no longer required as well as non-tax deductibility of impairments made in 1Q 2009. Taxation nonetheless increased year-on-year from higher pre-tax profits as well as the expiry of tax exemption holiday in respect of one of the companies within Xinfei.

Working Capital and Cash Flow

The Group reported a net decrease in cash and cash equivalents in 1Q 2010 as working capital needs increased from higher business volumes of the China businesses. As a result of rising working capital requirements, the Group posted only a marginal amount of cash inflow from operations in the quarter under review. This was despite overall improvements in days’ sales outstanding and inventory turns in 1Q 2010 in the Group’s China operations.

Cash flow from investing activities increased by about $4 million principally caused by an increase in a prepaid operating lease for the construction of a research institute in China and the acquisition of the remaining minority interest in a subsidiary of Yuchai during 1Q 2010. These were partly compensated by higher interest income and lower capital expenditure incurred in 1Q 2010 as well as proceeds from the disposal of a factory in Singapore. 1Q 2009 also had the benefit of a net cash injection from the acquisition of additional shares in Tasek.

With lower bank borrowings, cash flows from financing activity declined in 1Q 2010. Other less significant factors contributing to the decline included dividends and higher interest paid during 1Q 2010. A grant from the Chinese government for research and development activities was received by Yuchai during 1Q 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With the ongoing stimulus programs in China, the Group is optimistic that both Yuchai and Xinfei will continue to produce positive results. The price range eligibility under the old stimulus program relating to the purchases of refrigerators and airconditioners have been increased and the product range expanded. Auto sales continue to be strong in China. These factors augur well for both Xinfei and Yuchai. Rising raw material costs may have some effect on profitability as are measures being adopted by the Chinese government in curbing bank lending, which would translate to, *inter alia*, an increase in borrowing costs, possibly having a stifling effect on the ability of distributors to carry inventories and hence sales of consumer goods and diesel engines. The increase in minimum wage levels set by several provincial authorities in China will increase operating overheads. Nonetheless, the Group is cautiously optimistic that improved sales mix and a growing market may be sufficient to meet these challenges.

With the Asian economic climate improving, any increase in trade flows amongst the Asian economies will translate to higher Chinese exports which should provide an impetus for a better performance by Rex. However, any further upward pressure on resin prices will affect the profitability of Rex.

The Group does not expect significant improvements in the level of construction activity in the second quarter (“2Q”) of 2010 but is cautiously optimistic of seeing improvements in the third quarter of 2010 and beyond as several government infrastructure and private sector projects in both Singapore and Malaysia are expected to be on-stream by then. This projected increase in construction activity combined with the gradual increase in building material prices should see suppliers in the building materials industry bidding projects at more reasonable price levels.

While sales of green technology pallets may improve with the improved economic climate, GPac is not likely to breakeven by the end of 2010.

Thus, barring unforeseen circumstances including any change in policies of the Chinese government and any adverse change in the business climate, the Group expects to operate profitably in the next quarter and in the next twelve months.

As part of the Group's efforts to grow its businesses and enhance shareholders' value, the Group continues to explore investment and divestment opportunities. As and when these opportunities materialize, appropriate announcements will be made. In connection to this and further to an announcement made by the Company in February this year, the Board wishes to advise that Merrill Lynch (Singapore) Pte. Ltd., the financial adviser appointed by the Company to assist in the Company's review and execution of strategic alternatives (the "Strategic Review") with respect to the Group's interest in Xinfei Group has yet to finalize its report.

The Company would like to again caution that there is no assurance that the Strategic Review will result in any specific transaction, particularly in the light of the recent financial crisis in Europe caused by problems in Greece. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcements as appropriate.

The Group made limited progress in its negotiations to dispose its interest in the quarry on Karimun Island.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend is declared/recommended for the current financial period under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. Interested persons transactions

Name of Interested Person	Aggregate value of all interested person transactions conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - General Transaction (renewal of lease of office premises by the Group for lease tenure of three years each)	$397,008

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries
14 May 2010

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited quarterly financial results of the Group for the quarter ended 31 March 2010 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Teo Tong Kooi
Director & CEO

14 May 2010