

**Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2007**

**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 year ended 31 December 2007. 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		
	2007 \$'000	2006 \$'000	% Change
<b>Revenue</b>	<b>3,233,178</b>	<b>2,480,972</b>	<b>30%</b>
Cost of sales	(2,480,711)	(1,896,022)	31%
<b>Gross profit</b>	<b>752,467</b>	<b>584,950</b>	<b>29%</b>
Other (expenses)/income	(3,393)	14,685	NM
Selling and distribution expenses	(255,304)	(223,534)	14%
Administrative and other operating expenses	(224,567)	(169,148)	33%
Research and development costs	(38,521)	(36,877)	4%
<b>Profit from operations</b>	<b>230,682</b>	<b>170,076</b>	<b>36%</b>
Finance costs	(38,476)	(30,697)	25%
Other non-operating income	11,981	62,684	-81%
Share of profit/(loss) of associates	25,423	(475)	NM
<b>Profit before taxation</b>	<b>229,610</b>	<b>201,588</b>	<b>14%</b>
Taxation	(40,359)	(34,077)	18%
<b>Profit after taxation</b>	<b>189,251</b>	<b>167,511</b>	<b>13%</b>

**Net Profit Attributable to :**

<b>Shareholders of the Company</b>	<b>95,428</b>	<b>61,130</b>	<b>56%</b>
Minority Interests	93,823	106,381	-12%
	<b>189,251</b>	<b>167,511</b>	<b>13%</b>

NM: Not meaningful

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

Profit from operations include the following:	Group		
	2007 \$'000	2006 \$'000	Change %
(Loss)/gain on disposal of investment, property, plant and equipment	(3,824)	1,210	NM
Impairment loss on property, plant and equipment	(10,122)	(2,502)	305%
Allowance written back for doubtful trade debts and bad debts written off	1,536	2,680	-43%
Allowance written back/(made) for stock obsolescence	1,074	(10,801)	NM
Depreciation and amortisation	(55,137)	(36,809)	50%
Foreign exchange loss	(3,001)	(2,000)	50%

NM: Not meaningful

**Other non-operating income/(expenses) include items that are exceptional in nature and these include :**

	2007 \$'000	2006 \$'000
Gain on disposal of quoted equity investments	6,840	-
Negative goodwill arising from the acquisition of shares in an associate and a subsidiary	-	31,815
Gain on disposal/redemption of shares in subsidiaries and related businesses	5,141	13,224
Reversal of allowance / (Allowance) for loans (trade and non-trade) granted by Guangxi Yuchai Machinery Company Limited (a subsidiary of the Group) to an affiliated company of its Chinese shareholder	-	21,378
Restructuring costs of subsidiaries	-	(3,733)
<b>Other non-operating income, before minority interests</b>	<b>11,981</b>	<b>62,684</b>
Amount attributed to minority interests	4,645	52,388
<b>Other non-operating income attributable to shareholders of the Company</b>	<b>7,336</b>	<b>10,296</b>

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

The Group's tax charge in 2007 included an underprovision of \$2,748,000 (2006: overprovision of \$416,000) in respect of prior years.

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

\$'000	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
<b>Non-current assets</b>				
Property, plant and equipment	772,318	734,110	3,731	4,382
Prepaid operating leases	48,971	50,132	-	-
Intangibles	66,691	66,465	-	-
Investment in subsidiaries	-	-	219,980	219,980
Investment in associates	258,674	217,852	55,452	55,226
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	8,130	8,584	-	-
Other financial assets	2,845	2,847	167	137
Other non-current receivables	7,852	11,095	-	-
Amounts due from subsidiaries	-	-	59,462	60,150
Deferred tax assets	67,900	57,192	-	-
	1,233,381	1,148,277	353,792	354,875
<b>Current assets</b>				
Other financial assets	1,418	10,723	-	-
Inventories and work-in-progress	608,184	493,397	9,816	3,602
Development properties	23,291	23,622	-	-
Trade and other receivables	1,146,729	598,588	97,540	87,981
Cash and cash equivalents	247,742	269,701	14,912	5,259
Assets held for sale	-	18,968	-	-
	2,027,364	1,414,999	122,268	96,842
<b>Current liabilities</b>				
Bank overdrafts	30,726	570	-	-
Trade and other payables	1,284,799	846,182	34,179	22,688
Provisions	60,495	46,589	640	567
Interest-bearing borrowings	428,671	280,780	110,040	50,000
Provision for taxation	48,540	29,875	-	-
	1,853,231	1,203,996	144,859	73,255
<b>Net current assets/(liabilities)</b>	174,133	211,003	(22,591)	23,587
<b>Non-current liabilities</b>				
Interest-bearing borrowings	70,578	186,410	-	50,000
Amount due to a subsidiary	-	-	11,000	12,300
Deferred tax liabilities	5,211	2,210	457	457
Deferred grants	272	294	-	-
Retirement benefits	290	225	-	-
	76,351	189,139	11,457	62,757
	1,331,163	1,170,141	319,744	315,705
<b>Capital and reserves</b>				
Share capital	278,415	277,124	278,415	277,124
Reserves	314,888	231,735	41,329	38,581
	593,303	508,859	319,744	315,705
Minority interests	737,860	661,282	-	-
Total Equity	1,331,163	1,170,141	319,744	315,705

Explanatory Notes to Balance Sheets

- Compared to 31 December 2006, the Group increased its inventories, trade receivables and trade payables, due to higher business volume of its Building Material Unit & China businesses.
- Increase in the carrying amount of investments in associates was due to higher share of profits from associates.
- Assets held for sale as at 31 December 2006 relating to Tristar Inn, had since been disposed by subsidiary HLG Enterprise Limited, in March 2007.

- The higher bank borrowings (including bank overdrafts) in 2007 compared to 2006 was due to the additional loans taken by the Group's China subsidiaries.

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

**Amount repayable in one year or less, or on demand**

As at 31/12/2007		As at 31/12/2006	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$6,087,860	\$453,308,708	\$5,844,614	\$275,505,702

**Amount repayable after one year**

As at 31/12/2007		As at 31/12/2006	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$16,992,812	\$53,584,902	\$7,691,518	\$178,718,612

**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 December 2007 of \$30,322,000 (2006: \$16,973,000).

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

	FY 2007 \$'000	FY 2006 \$'000
<b>Operating Activities</b>		
Profit before Income Tax	229,610	201,588
Adjustment for :		
Dividend and interest income	(4,955)	(7,550)
Finance Expenses	38,476	30,697
Depreciation and amortisation	55,137	36,809
Share of results of associated companies	(25,423)	475
Loss/(Gain) on disposal of property, plant, equipment	2,082	(697)
Loss on disposal of assets held for sale	1,742	-
Gain on disposal /dilution of interest in subsidiaries	(5,141)	-
Gain on disposal of investments	(6,840)	(513)
Accretion of deferred grant	(6)	(232)
Cost of share-based payment	360	156
Allowance for Impairment loss	10,122	2,502
Negative goodwill for acquisition of subsidiaries & associates	-	(31,815)
Gain on disposal / redemption of share in subsidiaries & related business	-	(13,224)
Restructuring cost of subsidiaries	-	3,733
Operating profit before working capital changes	295,164	221,929
Changes in working capital:		
Inventories and work-in-progress	(109,369)	36,925
Trade and other receivables	(514,298)	57,642
Trade and other payables	397,143	(59,053)
Provisions made for warranties & claims (net)	17,519	3,580
	86,159	261,023
Income tax paid	(28,499)	(10,845)
Cash flows from operating activities	57,660	250,178
<b>Investing Activities</b>		
Interest and dividends received	12,038	6,284
Proceeds from disposal of subsidiaries, net of cash disposed	2,189	20,840
Proceeds from disposal of investments	11,828	32,530
Proceeds from disposal of property, plant and equipment	9,019	1,956
Proceeds from disposal of assets held for sales	18,089	-
Acquisition of subsidiaries and businesses, net of cash acquired	(165)	(96,314)
Purchase of additional shareholding in a subsidiary	(222)	(86,211)
Investments in associates and joint ventures	-	(49,376)
Purchase of other investments	(272)	-
Purchase of property, plant and equipment	(115,053)	(120,347)
Balances with related parties	413	5,119
Long term receivables and prepayments	1,925	(17,572)
Cash flows from investing activities	(60,211)	(303,091)
<b>Financing Activities</b>		
Proceeds from share issue	1,291	334
Net increase in bank borrowings	29,574	67,211
Dividends paid to shareholders of the Company	(30,476)	(13,230)
Dividends paid to minority shareholders of subsidiaries	(11,698)	(36,107)
Fixed deposits pledged with a bank for banking facilities	(7,895)	-
Interest paid	(31,877)	(22,729)
Cash flows from financing activities	(51,081)	(4,521)
<b>Net (decrease) in cash and cash equivalents</b>	(53,632)	(57,434)
<b>Cash and cash equivalents at beginning of the period</b>	269,131	338,319
Effects of exchange rate changes on cash and cash equivalents	1,517	(11,754)
<b>Cash and cash equivalents at end of the period</b>	217,016	269,131

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

	FY 2007 \$'000	FY 2006 \$'000
<b>Acquisitions</b>		
Non-current assets	192	157,450
Net current assets	258	41,189
Non-current liabilities	-	(11,186)
Minority Interest	-	(30,411)
Amount previously accounted for as associate/investment	(136)	-
Goodwill	27	(20,130)
Consideration paid	341	136,912
Less: Cash & cash equivalents of subsidiary acquired	(176)	40,598
Acquisition of subsidiary, net of cash acquired	165	96,314
<b>Disposals</b>		
Non-current assets	-	18,727
Net current liabilities	(87)	(13,665)
Non-current liabilities	-	(204)
Minority Interest	-	(3,323)
Realisation of translation difference	(2,812)	(12)
Profit on disposal	5,141	15,571
Others	-	873
Total cash consideration	2,242	17,967
Less: Cash and bank balances of subsidiary disposed	(53)	2,873
Disposal of subsidiary, net of cash disposed	2,189	20,840

## Explanatory Notes to the Group Cash Flow Statements

- The Group required higher funding of working capital in 2007 due to higher business volumes in China and Singapore.
- HLGE completed its disposal of its assets held for sale for proceeds of S\$18 million.
- The Group continues on its capacity expansion programmes in China, with S\$115 million paid for capital expenditure in 2007.
- During 2007, the Group made additional loans drawdown in order to meet its short term fund requirements for working capital and capital expansion projects in China..

### 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	Share Premium	Capital Reserves	Statutory Reserves	Own Share Reserves	Fair Value Reserves	Equity Compensation Reserves	Translation Reserves	Revenue Reserves	Total	Minority Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>												
At 1 January 2006	75,983	200,807	(34,684)	14,609	(3,359)	8,962	374	(20,168)	190,456	432,980	637,113	1,070,093
Share issues during the year	321	13	-	-	-	-	-	-	-	334	-	334
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	-	(10,680)	-	(10,680)	(20,200)	(30,880)
Net fair value changes/adjustment, net of deferred taxes	-	-	-	-	1,724	36,346	-	-	-	38,070	32,968	71,038
Cost of share-based payment	-	-	-	-	-	-	255	-	-	255	-	255
Net gain/(loss) recognised directly in equity	-	-	-	-	1,724	36,346	255	(10,680)	-	27,645	12,768	40,413
Transfer to statutory reserves	-	-	-	2,335	-	-	-	-	(2,335)	-	-	-
Transfer to share capital	200,820	(200,820)	-	-	-	-	-	-	-	-	-	-
Purchase of additional shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	-	(58,873)	(58,873)
Net profit for the year	-	-	-	-	-	-	-	-	61,130	61,130	106,381	167,511
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(13,230)	(13,230)	-	(13,230)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,107)	(36,107)
<b>At 31 December 2006</b>	<b>277,124</b>	<b>-</b>	<b>(34,684)</b>	<b>16,944</b>	<b>(1,635)</b>	<b>45,308</b>	<b>629</b>	<b>(30,848)</b>	<b>236,021</b>	<b>508,859</b>	<b>661,282</b>	<b>1,170,141</b>

At 1 January 2007	277,124	-	(34,684)	16,944	(1,635)	45,308	629	(30,848)	236,021	508,859	661,282	1,170,141
Share issues during the year	1,291	-	-	-	-	-	-	-	-	1,291	-	1,291
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	-	1,028	-	1,028	(7,570)	(6,541)
Net fair value changes/adjustment, net of deferred taxes	-	-	-	-	19,068	5,306	-	-	-	24,374	2,199	26,573
Cost of share-based payment	-	-	-	-	-	-	329	-	-	329	25	354
Net gain/(loss) recognised directly in equity	-	-	-	-	19,068	5,306	329	1,028	-	25,731	(5,346)	20,385
Realisation of revaluation reserve on disposal of available-for-sale investments	-	-	-	-	-	(7,529)	-	-	-	(7,529)	-	(7,529)
Transfer to statutory reserves	-	-	-	3,012	-	-	-	-	(3,012)	-	-	-
Purchase of additional shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	-	(201)	(201)
Net profit for the year	-	-	-	-	-	-	-	-	95,428	95,428	93,823	189,251
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(30,476)	(30,476)	-	(30,476)
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(11,698)	(11,698)
<b>At 31 December 2007</b>	<b>278,415</b>	<b>-</b>	<b>(34,684)</b>	<b>19,956</b>	<b>17,433</b>	<b>43,085</b>	<b>958</b>	<b>(29,820)</b>	<b>297,960</b>	<b>593,303</b>	<b>737,860</b>	<b>1,331,163</b>

**1(d)(i) Statement of changes in equity for the year ended 31 December (cont'd)**

Statement of Changes In Equity	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Fair Value Reserves \$'000	Equity Compensation Reserves \$'000	Revenue Reserves \$'000	Total Equity \$'000
<b>The Company</b>							
At 1 January 2006	75,983	200,807	9,199	131	322	4,481	290,923
Share issues during the year	321	13	-	-	-	-	334
Net fair value changes	-	-	-	(13)	-	-	(13)
Cost of share-based payment	-	-	-	-	156	-	156
Transfer to share capital	200,820	(200,820)	-	-	-	-	-
Net profit for the year	-	-	-	-	-	37,535	37,535
Dividends	-	-	-	-	-	(13,230)	(13,230)
<b>At 31 December 2006</b>	<b>277,124</b>	<b>-</b>	<b>9,199</b>	<b>118</b>	<b>478</b>	<b>28,786</b>	<b>315,705</b>

At 1 January 2007	277,124	-	9,199	118	478	28,786	315,705
Share issues during the year	1,291	-	-	-	-	-	1,291
Net fair value changes	-	-	-	4	-	-	4
Cost of share-based payment	-	-	-	-	360	-	360
Realisation of revaluation reserve on disposal of available-for-sale investments	-	-	-	(122)	-	-	(122)
Net profit for the year	-	-	-	-	-	32,981	32,981
Dividends	-	-	-	-	-	(30,476)	(30,476)
<b>At 31 December 2007</b>	<b>278,415</b>	<b>-</b>	<b>9,199</b>	<b>-</b>	<b>838</b>	<b>31,291</b>	<b>319,743</b>

**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 \$'000
<b>Ordinary Shares</b>		
Balance as at 1 January 2007	380,311,018	277,124
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	913,800	1,291
Balance as at 31 December 2007	381,224,818	278,415

The Company did not hold any treasury shares as at 31 December 2007 and 31 December 2006.

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

During the year, the following options were exercised pursuant to the terms of the Scheme:

Year of Grant	Exercise Price Per Share	FY 2007	Cumulative To Date
2001	\$0.41	4,000	6,067,000
2002	\$1.00	75,000	1,153,800
2003	\$1.79	-	-
2004	\$1.51	632,000	632,000
2005	\$1.28	202,800	212,700
2007	\$1.88	-	-
Total		913,800	8,065,500

As at 31 December 2007, there were a total of 1,499,200 (31 December 2006 : 1,389,000) unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2001	\$0.41	40,000
2002	\$1.00	-
2003	\$1.79	-
2004	\$1.51	177,000
2005	\$1.28	62,200
2007	\$1.88	1,220,000
Total		1,499,200

**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.**

Please refer to item 1(d)(ii)(A) above.

**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.**

Not Applicable

**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.**

With effect from 1 January 2007, the Group adopted the following FRS which are relevant to their operations:

(i)	FRS 1	- Amendment to FRS 1 (revised) Presentation of Financial Statements (Capital Disclosures)
(ii)	FRS 40	- Investment Property
(iii)	FRS 107	- Financial Instruments: Disclosures

The effects of adoption of the above FRS did not result in substantial changes to the Group's accounting policies and did not give rise to any material adjustments to the opening balances of revenue reserve or changes to comparatives.

**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.**

None

**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	
	2007	2006
Earnings per ordinary share for the year based on net profit attributable to shareholders		
<b>Including other non-operating income/(expenses) *</b>		
(i) Based on the weighted average number of ordinary shares on issue (cts)	25.05	16.08
(ii) On a fully diluted basis (cts)	25.00	16.07

	Group	
	2007	2006
Earnings per ordinary share for the year based on net profit attributable to shareholders		
<b>Excluding other non-operating income/(expenses) *</b>		
(i) Based on the weighted average number of ordinary shares on issue (cts)	21.91	13.37
(ii) On a fully diluted basis (cts)	21.87	13.36

\* Other non-operating income/(expenses) comprise items which are exceptional in nature.

**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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
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 at the end of the financial year (cts)	155.80	133.80	83.87	83.01

**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.**

The Group's total revenue of \$3,233.2 million was 30% higher than that achieved in 2006 of \$2,481.0 million. The Group's net profit attributable to shareholders in 2007 was \$95.4 million compared to \$61.1 million in 2006. This increase of 56% was largely due to improved net earnings achieved in the Group's China operations and Building Materials Unit ("BMU").

The increase in revenue was due to higher unit sales from the China operations and improved selling prices and sales volume in BMU. The Group achieved gross margin of 23.3% in 2007 as compared to 23.6% in 2006. The slight reduction in gross margin was mainly due to the adjustment made to correct the accounting error of \$34.9 million in Guangxi Yuchai Machinery Company Limited ("GYMC"), a subsidiary of China Yuchai International Limited ("CYI"). Excluding this adjustment, the Group would have achieved gross margin of 24.3%.

Xinfei's total sales of 2,939,943 units was 7% higher than the 2,754,341 units sold in 2006. Domestic sales of refrigerators increased significantly by 22% in 2007 compared to previous year. To meet market demand, in the second phase of expansion, a further 1 million units will be added to increase capacity of refrigerators and freezers. In total, there will be available 1.5 million units of production capacity in the new factory.

Yuchai's total unit sales of 383,677 diesel engines in 2007 was 35% higher than the 283,583 diesel engines sold in 2006. This increase in unit sales is contributed mainly from the 4-series light-duty diesel engines, medium-duty engines and heavy-duty diesel engines. According to the Chinese government industry statistics, there was an increase of approximately 23% on the sales of trucks and buses in China in 2007.

Rex's plastics packaging division continued to operate under keen competition and pressure on raw materials cost due to increased oil prices. Rex has restructured its business strategies to focus on the more profitable products.

GPac Technology (S) Pte Ltd ("GPac") sold about 232,000 units in 2007 versus 118,000 units in 2006. GPac has not achieved economies of scale and is still loss-making.

With increased unit sales volume and improved selling prices in ready-mixed concrete and granite trading division, BMU achieved higher profits in 2007 compared to 2006. BMU continued to benefit from the increase in new construction projects in Singapore. In 2007, total new construction contracts amounted to approximately \$24.5 billion according to Building and Construction Authority. This is expected to increase in 2008.

Other expenses (net) of \$3.4 million reported in 2007 included impairment provisions in property, plant and equipment of \$10.1 million.

Selling and distribution expenses were higher in 2007 as compared to 2006 due to higher advertising and promotion expenses, delivery expenses and provision for warranties in the China operations arising from increased business volume of activities.

Administrative and other operating expenses increased in 2007 as compared to 2006 mainly due to higher staff costs, travelling expenses, legal and professional expenses and other general expenses.

Research and development costs had increased marginally due to higher spending by the China operations on new products development.

Finance costs had increased to \$38.5 million in 2007 versus \$30.7 million in 2006 due to higher utilization of bank loans and higher interest rates in China.

Other non-operating income in 2007 was \$12.0 million versus \$62.7 million in 2006. After deducting minority interest, other non-operating income would be \$7.3 million in 2007 as compared to \$10.3 million in 2006 (for more information, please refer to Page 2 of this announcement).

Share of profit of associates increased to \$25.4 million in 2007 as compared to 2006's loss of \$0.5 million mainly due to the Group's associated company, Tasek Corporation Berhad ("Tasek"), which contributed \$21.4 million in 2007 versus \$4.7 million in 2006. Included in this \$21.4 million was a one-time tax credit of \$7.8 million relating to reinvestment allowance. Improved selling prices of cement and higher sales volume by Tasek contributed to the improved profit performance.

Taxation expense had increased in 2007 as compared to 2006 mainly due to higher taxable income in the Group's China operations.

For purpose of comparison, excluding non-operating income, the adjusted net profit attributable to the Group for 2007 would be \$88.1 million as compared to the adjusted net profit attributable of \$50.8 million in 2006. This represents approximately 73% increase in net earnings compared to last year.

During 2007, the Group continued to incur capital expenditure on fixed assets to support its increased unit sales volume and to expand production capacity especially in the China operations. In addition, there was a significant increase in inventories and trade and other receivables arising from the higher business activities.

As at 31 December 2007, the Group's net gearing ratio is 21% as compared to 17% of the previous year due to higher borrowings in the China operations.

**Business segment data has not been included in this announcement. As disclosed in the quarterly announcements for the financial year 2007, Guangxi Yuchai Machinery Company Limited (“GYMC”), a subsidiary of China Yuchai International Limited (“CYI”), is reviewing the accounting of certain transactions under US GAAP and has decided it would not be meaningful to release any financial information to its shareholders until the completion of such review.**

**With reference to the Company’s announcement on the potential accounting errors at GYMC released on January 23, 2008, the Audit Committee of CYI had concluded its investigation inquiry on these potential accounting errors and had confirmed that the adjustment of approximately Rmb168 million was made in error but was not the result of any fraud or intentional wrongdoing on the part of any employee of CYI or GYMC. The Group has taken an adjustment in its income statement for 2007 relating to this accounting error and the impact to the Group’s share of CYI’s profits has resulted in a decrease of \$4.8 million.**

**The Group has received information from CYI for the purpose of this announcement upon an undertaking by the Company not to use the information in a way that would allow disclosure of detailed information relating to CYI. As a result, the Company will only release business segment data upon the release by CYI of its financial information for the year.**

**CYI expects to file its amended 2005 and 2006 audited financial statements within the extension period granted by the New York Stock Exchange which is not later than 17 July 2008. Upon completion of these audited financial statements, there may be other adjustments, if any, that may need to be made in the Group’s financial statements.**

**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.**

Barring any unforeseen circumstances, the Group expects to continue to operate profitably. The overall outlook for 2008 remains positive with expected economic growth rate in China of approximately 8% to 10% and the continuing growth momentum of property development and construction sectors in Singapore.

With the increase in new building contracts in Singapore, the construction industry remain positive and this will benefit our Group’s Building Materials Unit, especially the ready-mixed concrete division.

As part of its effort to grow the Group’s businesses and increase shareholder value, the Group is exploring investment and divestment opportunities. As and when these opportunities materialise, appropriate announcements will be made.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim (Paid)	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	4 cents per ordinary share	6 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim	Interim	Final
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share (in cents)	0.6 cents per ordinary share (less tax)	1.4 cents per ordinary share	4 cents per ordinary share
Tax Rate	20%	Tax Exempt (1-tier)	Tax Exempt (1-tier)

**(c) Date payable**

The proposed final dividend in respect of the Company's financial year ended 31 December 2007 which is subject to approval at the forthcoming Forty-Seventh Annual General Meeting of the Company to be held on 25 April 2008, will be payable on 23 May 2008.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that, subject to the shareholders' approval of the payment of a tax exempt (1-tier) final dividend of 6 cents per ordinary share in respect of the year ended 31 December 2007 (the "Dividend") at the Annual General Meeting to be held on 25 April 2008, the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2008 for the purpose of determining Shareholders' entitlement to the Dividend. Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 7 May 2008 (the "Books Closure Date") will be registered to determine Shareholders' entitlement to the Dividend.

Shareholders (being depositor(s)) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares as at the Books Closure Date will be entitled to the payment of the Dividend.

**(e) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	38,118	22,384
Preference	0	0
Total:	38,118	22,384

The figure under the latest full year comprises :

- (i) the net interim dividend for the financial year 2007 that was paid on 20 September 2007; and
- (ii) the proposed final dividend for financial year 2007 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 381,315,218 issued shares in the capital of the Company as at 28 February 2008.

The figure under the previous full year comprises net interim and final dividends paid in respect of the financial year ended 31 December 2006.

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

Not Applicable

**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.**

Segment information has not been presented for reasons stated in Note 8.

**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.**

Please refer to Note 8.

**15. A breakdown of sales.**

	Group		
	2007 \$'000	2006 \$'000	Increase/ (Decrease) %
Sales reported for first half year	1,724,562	1,357,692	27%
Operating profit/(loss) after tax before deducting minority interests reported for first half year	130,798	87,739	49%
Sales reported for second half year	1,508,616	1,123,280	34%
Operating profit/(loss) after tax before deducting minority interests reported for second half year	58,453	79,772	-27%

**16. Interested persons transactions**

Name of Interested Person	Aggregate value of all interested person transactions conducted in financial year 2007 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 Company for a lease tenure of two years)	\$216,000.00

**BY ORDER OF THE BOARD**

Ng Siew Ping, Jaslin  
 Company Secretary  
 28 February 2008