

**Unaudited First Quarter Financial Statement For The Period Ended 31 March 2009**

**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") 2009. These figures have not been audited. Certain comparative figures for 1Q 2008 have been reclassified to be consistent with the classification in 1Q 2009.

**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 2009 \$'000	1Q 2008 \$'000	Change %
<b>Revenue</b>	<b>1,091,243</b>	<b>1,054,560</b>	<b>3%</b>
Cost of sales	(879,140)	(807,412)	9%
<b>Gross profit</b>	<b>212,103</b>	<b>247,148</b>	<b>-14%</b>
Other income/(expenses)	18,346	1,943	844%
Selling and distribution expenses	(111,929)	(82,201)	36%
General and administrative expenses	(55,912)	(49,657)	13%
Research and development costs	(16,277)	(10,277)	58%
<b>Profit from operations</b>	<b>46,331</b>	<b>106,956</b>	<b>-57%</b>
Finance costs	(8,005)	(12,215)	-34%
Share of profit of associates, net of tax	2,532	2,854	-11%
<b>Profit before taxation</b>	<b>40,858</b>	<b>97,595</b>	<b>-58%</b>
Taxation	(8,405)	(9,988)	-16%
<b>Profit after taxation</b>	<b>32,453</b>	<b>87,607</b>	<b>-63%</b>

**Net Profit Attributable to :**

<b>Shareholders of the Company</b>	<b>23,229</b>	<b>30,155</b>	<b>-23%</b>
Minority Interests	9,224	57,452	-84%
	<b>32,453</b>	<b>87,607</b>	<b>-63%</b>

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

Profit from operations include the following:	Group		
	1Q 2009 \$'000	1Q 2008 \$'000	Change %
Loss/(gain) on disposal of investment, property, plant and equipment	(103)	179	NM
Impairment loss on property, plant and equipment and intangibles	(7,596)	-	NM
Impairment losses written back for trade and other receivables / (bad debts written off)	(2,751)	(8,234)	-67%
Allowance (made)/written back for stock obsolescence	(1,205)	(87)	1292%
Provisional negative goodwill on acquisition of Tasek as a subsidiary (1)	16,857	-	NM
Depreciation and amortisation	(23,536)	(15,610)	51%
Foreign exchange gain/(loss)	1,333	(1,401)	NM

NM: Not meaningful

(1) In accordance with FRS103, a purchase price allocation exercise will be conducted before end of this year. Accordingly the amount of provisional goodwill shown in the above table is not final.

### 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 under provision of \$145,000 (1Q 2008: over provision of \$6,563,000) in respect of prior years.

### 1(a)(iv) Statement of Comprehensive Income

With effect from 1 January 2009, FRS 1 *Presentation of Financial Statements* requires an entity to present all non-owners changes in the equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognized directly in equity. This is a change of presentation and does not reflect the recognition or measurement of the equity transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	Group		
	1Q 2009 \$'000	1Q 2008 \$'000	Change %
Profit for the period	32,453	87,607	-63%
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	68,940	(11,044)	NM
Increase/(Decrease) in own share reserve	(726)	(12,076)	
Increase/(Decrease) in fair value reserve	(4,749)	(11,720)	
<b>Total comprehensive income</b>	<b>95,918</b>	<b>52,767</b>	<b>82%</b>
Attributable to:			
<b>Shareholders of the Company</b>	<b>46,407</b>	<b>9,278</b>	<b>400%</b>
Minority interests	49,511	43,489	14%
	<b>95,918</b>	<b>52,767</b>	<b>82%</b>

**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.**

\$'000	Group		Company	
	31/03/09	31/12/08	31/03/09	31/12/08
<b>Non-current assets</b>				
Property, plant and equipment	1,120,739	868,708	664	723
Prepaid operating leases	65,025	52,838	-	-
Intangibles	70,918	66,786	1,030	1,099
Investment in subsidiaries	-	-	239,628	239,628
Investment in associates	96,030	253,350	52,295	52,295
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	7,183	7,222	-	-
Other investments	22,616	2,145	25	-
Other non-current receivables	6,070	5,827	-	-
Amounts due from subsidiaries	-	-	55,768	55,674
Deferred tax assets	55,004	38,299	-	-
	1,443,585	1,295,175	364,410	364,419
<b>Current assets</b>				
Other financial assets	506	633	-	-
Inventories and work-in-progress	754,435	724,781	-	-
Development properties	20,576	20,366	-	-
Trade and other receivables	1,225,415	975,126	223,374	136,883
Cash and cash equivalents	628,570	271,178	13,064	10,495
Assets held for sale	-	-	-	-
	2,629,502	1,992,084	236,438	147,378
<b>Current liabilities</b>				
Bank overdrafts	1,834	32,868	-	-
Trade and other payables	1,619,477	1,135,023	22,634	17,350
Provisions	60,342	59,697	-	-
Interest-bearing borrowings	563,496	498,164	253,115	167,338
Provision for taxation	31,342	25,767	-	-
	2,276,491	1,751,519	275,749	184,688
<b>Net current assets/(liabilities)</b>	353,011	240,565	(39,311)	(37,310)
<b>Non-current liabilities</b>				
Interest-bearing borrowings	108,745	56,838	-	-
Amount due to a subsidiary	-	-	10,400	10,400
Deferred tax liabilities	17,759	2,111	457	457
Deferred grants	285	276	-	-
Retirement benefits	299	308	-	-
	127,088	59,533	10,857	10,857
	1,669,508	1,476,207	314,242	316,252
<b>Capital and reserves</b>				
Share capital	278,664	278,664	278,664	278,664
Reserves	348,727	302,221	35,578	37,588
	627,391	580,885	314,242	316,252
Minority interests	1,042,117	895,322	-	-
Total Equity	1,669,508	1,476,207	314,242	316,252

## Explanatory Notes to Statement of Financial Position

### Group

- Compared to 31 December 2008, the increase in total assets and liabilities was due mainly to consolidation of Tasek Corporation Berhad (“Tasek”) and acquisition of assets by one of its China subsidiaries.
- Compared to 31 December 2008, the increase in the net working capital was due largely to the consolidation of Tasek with effect from January 2009.
- The higher bank borrowings (including bank overdrafts) as at 31 March 2009 compared to 31 December 2008 were due to additional loans drawdown by the Group to finance the acquisition of Tasek’s shares.
- Decrease in the carrying amount of investments in associates for the Group was due to Tasek being treated as a subsidiary company with effect from January 2009. It was treated as an associate in 2008.

### Company

- The higher negative working capital as at 31 March 2009 was due to the refinancing of long term borrowings with short term borrowings due to unfavourable interest rates in the former and loans taken to finance additional acquisition of shares in Tasek.

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

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

As at 31/03/2009		As at 31/12/2008	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$29,832,539	\$535,497,869	\$5,398,064	\$525,634,162

##### **Amount repayable after one year**

As at 31/03/2009		As at 31/12/2008	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$19,379,084	\$89,366,025	\$18,899,363	\$37,938,870

##### **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 2009 of \$49,296,000 (31 December 2008: \$23,889,000).

**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 2009 \$'000	1Q 2008 \$'000
<b>Operating Activities</b>		
Profit before Income Tax	40,858	97,595
Adjustment for :		
Dividend and interest income	(1,487)	(864)
Finance costs	8,005	11,942
Depreciation and amortisation	23,536	15,610
Share of profit of associated companies	(2,532)	(2,854)
Loss/(Gain) on disposal of property, plant and equipment	103	(179)
Cost of share-based payment	99	34
Allowance for Impairment loss	7,596	-
Provision for warranties and other costs, net	25,900	1,140
Operating profit before working capital changes	102,078	122,424
Changes in working capital:		
Inventories and work-in-progress	50,034	(108,368)
Trade and other receivables	(157,942)	(367,360)
Trade and other payables	353,801	303,796
Provisions utilised	(27,605)	(14,876)
	320,366	(64,384)
Income tax paid	(4,359)	(2,511)
Cash flows from operating activities	316,007	(66,895)
<b>Investing Activities</b>		
Interest and dividends received	1,494	998
Proceeds from disposal of property, plant and equipment	792	3,314
Acquisition of subsidiaries and businesses, net of cash acquired	13,099	-
Purchase of additional shareholding in a subsidiary	-	(1,138)
Purchase of property, plant and equipment	(43,935)	(29,398)
Payment of prepaid operating leases	(796)	-
Purchase of intangible assets	(80)	-
Purchase of other investments	(36)	-
Repayment by/(to) related corporations	834	(644)
Cash flows from investing activities	(28,628)	(26,868)
<b>Financing Activities</b>		
Proceeds from share issue	-	214
Capital contribution by minority shareholders of a subsidiary	-	4,352
Proceeds from bank borrowings	185,635	231,961
Repayment of bank borrowings	(83,411)	(138,513)
Dividends paid to minority shareholders of subsidiaries	-	(2,361)
Release of fixed deposits pledged with banks	(1)	23,775
Interest paid	(9,356)	(15,784)
Cash flows from financing activities	92,868	103,644
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>380,247</b>	<b>9,881</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>238,017</b>	<b>186,681</b>
Effects of exchange rate changes on cash and cash equivalents	8,178	(1,749)
<b>Cash and cash equivalents at end of the period</b>	<b>626,442</b>	<b>194,813</b>
Comprising:		
Fixed deposit, bank and cash balances	628,570	241,353
Less: Bank overdraft	(1,834)	(40,105)
Fixed deposits pledged	(294)	(6,435)
	626,442	194,813

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

	1Q 2009 \$'000	1Q 2008 \$'000
<b>Acquisitions</b>		
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)	-

**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	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
<b>The Group</b>											
At 1 January 2008	278,415	(34,684)	19,956	17,433	43,085	958	(29,820)	297,960	593,303	737,860	1,331,163
Share issues during the period	214	-	-	-	-	-	-	-	214	-	214
Cost of share-based payment	-	-	-	-	-	34	-	-	34	3	37
Transfer from statutory reserves	-	-	5,021	-	-	-	-	(5,021)	-	-	-
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	4,888	4,888
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-
Dividends paid/payable to minority shareholder	-	-	-	-	-	-	-	-	-	(2,361)	(2,361)
Total comprehensive income for 1Q 2008	-	-	-	(12,076)	(4,861)	-	(3,940)	30,155	9,278	43,489	52,767
<b>At 31 March 2008</b>	<b>278,629</b>	<b>(34,684)</b>	<b>24,977</b>	<b>5,357</b>	<b>38,224</b>	<b>992</b>	<b>(33,760)</b>	<b>323,094</b>	<b>602,829</b>	<b>783,879</b>	<b>1,386,708</b>
At 1 January 2009	278,664	(34,684)	22,267	(11,440)	34,104	1,805	(13,135)	303,304	580,885	895,322	1,476,207
Share issues during the period	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	-	-	99	-	-	99	-	99
Transfer to capital reserves	-	(77)	-	-	-	-	-	77	-	-	-
Acquisition of business combination	-	-	-	-	-	-	-	-	-	97,284	97,284
Total comprehensive income for 1Q 2009	-	-	-	(726)	(2,112)	-	26,016	23,229	46,407	49,511	95,918
<b>At 31 March 2009</b>	<b>278,664</b>	<b>(34,761)</b>	<b>22,267</b>	<b>(12,166)</b>	<b>31,992</b>	<b>1,904</b>	<b>12,881</b>	<b>326,610</b>	<b>627,391</b>	<b>1,042,117</b>	<b>1,669,508</b>

Statement of Changes In Equity	Share Capital	Capital Reserves	Fair Value Reserves	Equity Compensation Reserves	Revenue Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Company</b>						
At 1 January 2008	278,415	9,199	-	838	31,291	319,743
Share issues during the period	214	-	-	-	-	214
Cost of share-based payment	-	-	-	34	-	34
Total comprehensive income for the period	-	-	(25)	-	18,856	18,831
<b>At 31 March 2008</b>	<b>278,629</b>	<b>9,199</b>	<b>(25)</b>	<b>872</b>	<b>50,147</b>	<b>338,822</b>

At 1 January 2009	278,664	9,199	-	1,289	27,100	316,252
Cost of share-based payment	-	-	-	99	-	99
Total comprehensive income for the period	-	-	(2)	-	(2,107)	(2,109)
<b>At 31 March 2009</b>	<b>278,664</b>	<b>9,199</b>	<b>(2)</b>	<b>1,388</b>	<b>24,993</b>	<b>314,242</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**

The Company did not hold any treasury shares as at 31 March 2009 and 31 March 2008.

There was no change in the Company's issued share capital during the three months ended 31 March 2009.

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

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") during the three months ended 31 March 2009.

As at 31 March 2009, there were a total of 2,483,200 (31 March 2008: 1,351,900) unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2004	\$1.51	160,000
2005	\$1.28	35,000
2007	\$1.88	938,200
2008	\$2.36	1,350,000
Total		2,483,200

**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.**

The Company did not hold any treasury shares as at 31 March 2009 and 31 December 2008.

The total number of issued ordinary shares as at 31 March 2009 and 31 December 2008 remains unchanged at 381,392,018.

**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 were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 31 March 2009.

**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 2008.

**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 new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 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 new and amended FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 108	Operating Segments

The adoption of the above FRS did not result in any change to the Group's accounting policies or any significant impact on the financial statements.

**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.**

Earnings per ordinary share for the year based on net profit attributable to shareholders	Group	
	1Q 2009	1Q 2008
(i) Based on the weighted average number of ordinary shares on issue (cts)	6.09	7.91
(ii) On a fully diluted basis (cts)	6.09	7.90

**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.**

	31/03/2009	31/12/2008	31/03/2009	31/12/2008
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)	164.50	152.31	82.39	82.92

**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 effects of the financial crisis, which accelerated in the 4<sup>th</sup> quarter ("4Q") of 2008, continued to be felt in 1Q 2009. China reported a growth of just 6.1% in 1Q 2009, down 4.5% points compared to the same period last year. In Singapore, advance estimates issued by the Ministry of Trade and Industry shows further contraction in the economy, which shrunk 11.5% year-on-year.

In the face of this economic climate, profit attributable to shareholders fell by 23% from \$30.2 million achieved in 1Q 2008 to \$23.2 million in the quarter under review.

Revenue grew on account of Tasek Corporation Berhad ("Tasek") being treated as a subsidiary effective January 2009 as a result of the Group's successful takeover of Tasek in January 2009. Prior to the takeover, Tasek was treated as an associate in 2008. Although average selling prices, in local currency unit, were affected by the economic slowdown, this was more than compensated by the appreciation of the Chinese Yuan against the Singapore dollar. Turnover of the Consumer Products Unit ("Xinfei") was principally affected by tighter credit control. The Industrial Packaging Unit ("Rex") achieved lower turnover in 1Q 2009 when compared to 1Q 2008.

Despite higher revenue, gross profit was affected by unfavourable sales mix in the Diesel Engines Unit ("Yuchai") and the strengthening of the Chinese Yuan, which resulted in higher cost in Singapore dollar terms. The Building Materials Unit ("BMU") and Xinfei experienced greater margin pressure during 1Q 2009 compared to the same period last year. Further impairments made to production equipment and stock write-downs were contributory factors.

Other income rose from about \$2 million in 1Q 2008 to \$18.3 million in 1Q 2009 due mainly to a recognition of provisional negative goodwill amounting to \$16.9 million. The provisional negative goodwill arose from the acquisition of additional shares in Tasek as a result of the takeover, which was completed on 20 January 2009.

Three main factors accounted for the increase in selling and distribution expenses. They were (1) absence of write-back of excessive warranty provisions made in 1Q 2008 in one of the Group's China operations (2) the inclusion of Tasek as a subsidiary of the Group and (3) higher promotional



expenses incurred by the China operations to protect market shares in the light of an increased focus in the domestic market by the competition.

General and administrative expenses rose due largely to increase in staff costs arising from a change in Chinese labour insurance laws in 2008. These were partly negated by lower provision for doubtful debts in the Group's China operations.

The need to keep abreast of competition coupled with the need to develop products to conform to new government regulations on industrial products resulted in a sharp increase in research and development expenditures.

Finance costs fell as interest rates eased. Average borrowings during 1Q 2008 were also higher.

Share of profits of associates declined due to the inclusion of Tasek as a subsidiary of the Group with effect from January 2009.

The reduction in tax expense did not fall in line with pre-tax profit due to a write-back of \$6.6 million in tax provision in 1Q 2008 which caused a reduction in tax expense in that quarter. This was partly compensated by the inclusion of tax expense of Tasek in the quarter under review.

A shift in focus by local manufacturers to the China domestic market and cautiousness in consumer spending resulted in a decline in sales of consumer durables in 1Q 2009 to 798,655 units compared to 981,850 units in 1Q 2008.

After a lackluster 4Q 2008, sales in diesel engines rebounded, boosted by a strong government push towards lower capacity engines, for environmental reason, as well as a successful marketing strategy by Yuchai to protect its dominant market share in China. Nonetheless, the overhang of a slower Chinese economy negated the positive government policy and the actions of management, and this resulted in diesel engine sales falling by about 5% year-on-year.

Rex benefited from lower raw material costs, better cost management and a streamlining of product lines. These factors translated to a turnaround in its performance. GPac, the green technology arm of the Group in pallets, continued to report disappointing performance as the economic downturn took a toll on demand for its products. Further impairments of \$0.3 million to the carrying values of the fixed assets of GPac were made in the quarter under review.

With the inclusion of Tasek as a subsidiary of the Group, the performance of BMU improved in 1Q 2009 compared to 1Q 2008. Sales of ready mix concrete and precast concrete were better than the same quarter last year but lower average selling prices dampened margins.

There has been no progress in our ongoing negotiations with the Indonesian government authorities concerning the recommencement of operations of the Group's quarry in Karimun Island. As a result of this prolonged uncertainty, the Group made full impairments and write-down to the carrying values of the fixed assets and stocks located in Karimun Island. The total impact on impairment and write-down amounted to about \$11.8 million in the quarter under review.

#### Working Capital and Cash Flow

Although profitability has declined in 1Q 2009, cashflow from operating activities improved due to stronger cash flows from better working capital management compared to the same period last year as well as increase in non-cash items in provisions, impairments and depreciation expense. The stronger operating cash flow in turn translated to a net increase in the cash flow of the Group, which rose by about \$370 million in the quarter under review.

#### **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 China experiencing a decelerating growth rate and with construction activities in Singapore and Malaysia slowing down, particularly in private sector projects, the business climate remains difficult.

The pilot program initiated by the Chinese government in December 2007 to boost rural consumption, through a subsidy scheme on purchases of electrical appliances, has been extended to all provinces in China since February 2009. This development should have an impact on Xinfei's turnover. Its performance would, however, be tempered principally by the unexpected increase in the number of manufacturers and distributors qualified to sell under this program which led to increased competition.

The shift of focus by manufacturers to the local markets as well as an expected rise in raw material prices in the coming months will pose challenges to the Group's other China operations.

As private developers defer projects and as competition for public sector projects becomes more intense, bids for construction projects are expected to be very competitive. Consequently, the Group's BMU may not achieve the level of growth experienced last year.

Despite the weak economic sentiments and on the basis that the Chinese government's stimulus program continues to have a positive impact in encouraging spending, barring a further deterioration in the business climate in Singapore and Malaysia and any unforeseen circumstances, the Group still expects to operate profitably.

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.

## **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 for the quarter ended 31 March 2009 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 three years)	\$243,000

**BY ORDER OF THE BOARD**

Yeo Swee Gim, Joanne  
Ng Siew Ping, Jaslin  
Company Secretaries  
13 May 2009

**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 2009 to be false or misleading in any material respect.

On behalf of the Board

**Kwek Leng Beng**  
Chairman

**Teo Tong Kooi**  
Director & CEO

13 May 2009