

**Unaudited First Quarter Financial Statement For The Period Ended 31 March 2007**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 2Q & 3Q),  
HALF-YEAR AND FULL YEAR RESULTS**

The Board of Directors announces the results of the Group for the first quarter ended 31 March 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		
	1Q 2007 \$'000	1Q 2006 \$'000	Change %
<b>Revenue</b>	<b>787,517</b>	<b>621,780</b>	<b>27%</b>
Cost of sales	(597,877)	(482,683)	24%
<b>Gross profit</b>	<b>189,640</b>	<b>139,097</b>	<b>36%</b>
Other income	4,611	4,211	10%
Selling and distribution expenses	(66,637)	(46,793)	42%
Administrative and other operating expenses	(48,651)	(36,742)	32%
Research and development costs	(9,862)	(8,643)	14%
<b>Profit from operations</b>	<b>69,103</b>	<b>51,130</b>	<b>35%</b>
Finance costs	(6,486)	(7,398)	-12%
Share of profit of associates	2,031	1,236	64%
<b>Profit before taxation</b>	<b>64,648</b>	<b>44,968</b>	<b>44%</b>
Taxation	(12,401)	(7,788)	59%
<b>Profit after taxation</b>	<b>52,246</b>	<b>37,180</b>	<b>41%</b>

**Net Profit Attributable to :**

<b>Shareholders of the Company</b>	<b>21,842</b>	<b>14,700</b>	<b>49%</b>
Minority Interests	30,404	22,480	35%
	<b>52,246</b>	<b>37,180</b>	<b>41%</b>

NM: Not meaningful

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

Profit from operations include the following:	Group		
	1Q 2007 \$'000	1Q 2006 \$'000	Change %
(Loss)/Gain on disposal of investment, property, plant and equipment	191	17	1024%
Gain on disposal of assets held for sale	3,046	-	NM
Allowance (made)/written back for doubtful trade debts and bad debts written off	(6,066)	960	NM
Allowance (made)/written back for stock obsolescence	(1,562)	642	NM
Depreciation and amortisation	(10,996)	(9,551)	15%
Foreign exchange loss	(56)	(287)	-80%

NM: Not meaningful

**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 overprovision of \$38,000 (1Q 2006: overprovision of \$105,000) 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	
	31/03/07	31/12/06	31/03/07	31/12/06
<b>Non-current assets</b>				
Property, plant and equipment	750,408	734,110	4,211	4,382
Prepaid operating leases	49,701	50,132	-	-
Intangibles	66,602	66,465	-	-
Investment in subsidiaries	-	-	219,980	219,980
Investment in associates	218,631	217,852	55,226	55,226
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	8,628	8,584	-	-
Other financial assets	2,903	2,847	28	137
Other non-current receivables	8,837	11,095	-	-
Amounts due from subsidiaries	-	-	59,800	60,150
Deferred tax assets	58,951	57,192	-	-
	1,164,661	1,148,277	354,245	354,875
<b>Current assets</b>				
Other financial assets	11,608	10,723	-	-
Inventories and work-in-progress	559,663	493,397	3,237	3,602
Development properties	23,699	23,622	-	-
Trade and other receivables	850,230	598,588	88,363	87,981
Cash and cash equivalents	235,527	269,701	3,661	5,259
Assets held for sale	-	18,968	-	-
	1,680,727	1,414,999	95,261	96,842
<b>Current liabilities</b>				
Bank overdrafts	757	570	43	-
Trade and other payables	1,102,250	846,182	22,102	22,688
Provisions	50,706	46,589	778	567
Interest-bearing borrowings	250,526	280,780	50,000	50,000
Provision for taxation	34,605	29,875	-	-
	1,438,844	1,203,996	72,923	73,255
<b>Net current assets/(liabilities)</b>	241,883	211,003	22,338	23,587
<b>Non-current liabilities</b>				
Interest-bearing borrowings	185,132	186,410	50,000	50,000
Amount due to a subsidiary	-	-	11,000	12,300
Deferred tax liabilities	2,058	2,210	457	457
Deferred grants	282	294	-	-
Retirement benefits	244	225	-	-
	187,716	189,139	61,457	62,757
	1,218,827	1,170,141	315,126	315,705
<b>Capital and reserves</b>				
Share capital	277,950	277,124	277,950	277,124
Reserves	258,572	231,735	37,176	38,581
	536,522	508,859	315,126	315,705
Minority interests	682,305	661,282	-	-
Total Equity	1,218,827	1,170,141	315,126	315,705

Explanatory Notes to Balance Sheets

- Compared to 31 December 2006, the increase in the net current assets was mainly due to movements in working capital such as inventories, trade receivables and trade payables arising from the increase in business volume during this quarter.
- During 1Q 2007, HLG Enterprise Limited ("HLGE") disposed its assets held for sale to a third party.

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

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

<b>As at 31/03/2007</b>		<b>As at 31/12/2006</b>	
<b><u>Secured</u></b>	<b><u>Unsecured</u></b>	<b><u>Secured</u></b>	<b><u>Unsecured</u></b>
\$5,538,406	\$245,744,184	\$5,844,614	\$275,505,702

**Amount repayable after one year**

<b>As at 31/03/2007</b>		<b>As at 31/12/2006</b>	
<b><u>Secured</u></b>	<b><u>Unsecured</u></b>	<b><u>Secured</u></b>	<b><u>Unsecured</u></b>
\$7,689,924	\$177,441,710	\$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 March 2007 of \$19,291,000 (2006: \$19,220,000).

**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 2007 \$'000	1Q 2006 \$'000
<b>Operating Activities</b>		
Profit from Operations	69,103	51,130
Adjustment for :		
Dividend and interest income	(874)	(791)
Depreciation and amortisation	10,996	9,551
(Gain)/Loss on disposal of property, plant, equipment	(31)	17
(Gain) on disposal of assets held for sale	(3,046)	-
(Gain) on disposal of investments	(160)	-
Cost of share-based payment	94	54
Operating profit before working capital changes	76,082	59,961
Changes in working capital:		
Inventories and work-in-progress	(68,351)	2,144
Trade and other receivables	(250,596)	(150,910)
Trade and other payables	261,214	20,374
	18,350	(68,431)
Income tax paid	(3,455)	(2,216)
Cash flows from operating activities	14,895	(70,647)
<b>Investing Activities</b>		
Interest and dividends received	1,862	824
Proceeds from disposal of property, plant and equipment	803	611
Proceeds from disposal of assets held for sales	18,245	-
Purchase of additional shareholding in a subsidiary	-	(77,593)
Investments in associates and joint ventures	-	(7,986)
Purchase of other investments	-	(173,005)
Purchase of property, plant and equipment	(29,663)	(33,159)
Balances with related parties	303	(690)
Cash flows from investing activities	(8,450)	(290,998)
<b>Financing Activities</b>		
Proceeds from share issue	825	126
Net (Decrease) / Increase in bank borrowings	(31,746)	233,971
Dividends paid to minority shareholders of subsidiaries	-	(20,232)
Interest paid	(10,050)	(6,542)
Cash flows from financing activities	(40,971)	207,322
<b>Net decrease in cash and cash equivalents</b>	(34,527)	(154,323)
<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	166	(6,708)
<b>Cash and cash equivalents at end of the period</b>	234,770	177,288

Explanatory Notes to the Group Cash Flow Statements

- Cashflows from operating activities was \$14.9 million in 1Q 2007 mainly due to higher operating profit.
- Proceeds from disposal of assets held for sale by HLGE was \$18.2 million.

**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	Share Premium \$'000	Capital Reserves \$'000	Statutory Reserves \$'000	Own Share Reserves \$'000	Fair Value Reserves \$'000	Equity Compensation Reserves \$'000	Translation Reserves \$'000	Revenue Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'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	113	13	-	-	-	-	-	-	-	126	-	126
Share of equity component of convertible bonds	-	-	657	-	-	-	-	-	-	657	-	657
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	-	(10,826)	-	(10,826)	(14,350)	(25,176)
Net fair value changes/adjustment, net of deferred taxes	-	-	-	-	(454)	1,396	-	-	-	942	1,315	2,257
Cost of share-based payment	-	-	-	-	-	-	107	-	-	107	64	171
Net gain/(loss) recognised directly in equity	-	-	-	-	(454)	1,396	107	(10,826)	-	(9,777)	(12,971)	(22,748)
Transfer to statutory reserves	-	-	-	101	-	-	-	-	(101)	-	-	-
Transfer to share capital	200,820	(200,820)	-	-	-	-	-	-	-	-	-	-
Purchase of additional shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	-	(86,300)	(86,300)
Net profit for the period	-	-	-	-	-	-	-	-	14,700	14,700	22,480	37,180
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(20,232)	(20,232)
<b>At 31 March 2006</b>	<b>276,916</b>	<b>-</b>	<b>(34,027)</b>	<b>14,710</b>	<b>(3,813)</b>	<b>10,358</b>	<b>481</b>	<b>(30,994)</b>	<b>205,055</b>	<b>438,686</b>	<b>540,090</b>	<b>978,776</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	826	-	-	-	-	-	-	-	-	826	-	826
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	-	757	-	757	88	845
Net fair value changes/adjustment, net of deferred taxes	-	-	-	-	1,724	2,419	-	-	-	4,143	(5,058)	(916)
Cost of share-based payment	-	-	-	-	-	-	96	-	-	96	8	104
Net gain/(loss) recognised directly in equity	-	-	-	-	1,724	2,419	96	757	-	4,995	(4,962)	33
Transfer from statutory reserves	-	-	-	(525)	-	-	-	-	525	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	21,841	21,841	30,404	52,245
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,419)	(4,419)
<b>At 31 March 2007</b>	<b>277,950</b>	<b>-</b>	<b>(34,684)</b>	<b>16,419</b>	<b>89</b>	<b>47,727</b>	<b>725</b>	<b>(30,091)</b>	<b>258,387</b>	<b>536,522</b>	<b>682,305</b>	<b>1,218,827</b>

**1(d)(i) Statement of changes in equity for the periods ended 31 March (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 period	113	13	-	-	-	-	126
Net fair value changes	-	-	-	(6)	-	-	(6)
Cost of share-based payment	-	-	-	-	54	-	54
Transfer to share capital	200,820	(200,820)	-	-	-	-	-
Net (loss) for the period	-	-	-	-	-	(377)	(377)
<b>At 31 March 2006</b>	<b>276,916</b>	<b>-</b>	<b>9,199</b>	<b>125</b>	<b>376</b>	<b>4,104</b>	<b>290,720</b>

At 1 January 2007	277,124	-	9,199	118	478	28,786	315,705
Share issues during the period	826	-	-	-	-	-	826
Net fair value changes	-	-	-	(99)	-	-	(99)
Cost of share-based payment	-	-	-	-	94	-	94
Net (loss) for the period	-	-	-	-	-	(1,400)	(1,400)
<b>At 31 March 2007</b>	<b>277,950</b>	<b>-</b>	<b>9,199</b>	<b>19</b>	<b>572</b>	<b>27,386</b>	<b>315,126</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 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")	588,400	826
Balance as at 31 March 2007	380,899,418	277,950

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

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

Year of Grant	Exercise Price Per Share	1Q 2007	Cumulative To Date
2001	\$0.41	-	6,063,000
2002	\$1.00	75,000	1,153,800
2003	\$1.79	-	-
2004	\$1.51	408,600	408,600
2005	\$1.28	104,800	114,700
2007	\$1.88	-	-
Total		588,400	7,740,100

As at 31 March 2007, there were a total of 2,120,600 (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	44,000
2002	\$1.00	-
2003	\$1.79	-
2004	\$1.51	421,400
2005	\$1.28	335,200
2007	\$1.88	1,320,000
Total		2,120,600

**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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2006.

**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 has adopted new/revised FRS that have become effective for the financial year beginning 1 January 2007.

In particular, FRS 40 Investment Property, which becomes mandatory for the Group from 1 January 2007, permits investment property to be stated at either fair value or cost less accumulated depreciation and accumulated impairment losses. The Group continues to state investment property at cost less accumulated depreciation and accumulated impairment losses.

The Group does not expect the adoption of the new/revised FRS to have any material 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 current period based on net profit attributable to shareholders	Group	
	1Q 2007	1Q 2006
(i) Based on the weighted average number of ordinary shares on issue (cts)	5.74	3.87
(ii) On a fully diluted basis (cts)	5.73	3.87



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

	Group		Company	
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Net Asset Value per ordinary share based on the total number of issued shares in the capital of the Company at the end of the financial year (cts)	140.86	133.27	82.73	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 overall performance of the Group improved in 1Q 2007 compared to the same quarter last year. Revenue increased by 27% to \$787.5 million in 1Q 2007 (1Q 2006 : \$621.8 million). The higher revenue and improved earnings was mainly due to higher unit sales volume from our China operations. Continued higher demand in China and enhanced marketing programs had led to the increase in unit sales volume in the domestic market.

The Group's gross margin of 24.1% in 1Q 2007 was higher than the 22.4% in 1Q 2006, mainly due to improved gross margins arising from improved selling prices and better cost control. With the quality, productivity and cost control programs implemented, our China operations were able to control their production cost and achieved improved gross margins.

The higher unit sales volume and revenue in the quarter ended 31 March 2007 led to an increase in selling and distribution expenses relating to transportation costs, advertising, promotions and sales incentives. Administrative expenses also increased due to higher employee costs and office operating expenses.

The Rex plastics packaging division continued to face keen competition and high raw material costs. With higher purchase orders from its customers, pallets sold by GPac had increased to 74,000 units in 1Q 2007 vs 15,000 units in 1Q 2006.

Granite, precast and the ready-mixed concrete divisions achieved improved selling prices and additional orders for building contracts in 1Q 2007. Despite the restrictions on obtaining granite and sand supplies from the Group's quarry in Karimun, Indonesia, alternative supplies were secured from other countries in the region.

The Group's associated company, Tasek Corporation Berhad, contributed \$1.6 million in 1Q 2007 vs \$1.2 million in 1Q 2006.

Finance costs had declined marginally due to repayment of certain working capital loans in our China's operations.

The net profit attributable to shareholders was 49% higher at \$21.8 million compared to \$14.7 million achieved in 1Q 2006.

***Business segment data has not been included in this announcement. Following a change by a subsidiary, China Yuchai International Limited (“CYI”) which is listed on the New York Stock Exchange, to appoint the same auditors as its parent, CYI has commenced discussion with its auditors on the accounting of certain transactions under U.S. Generally Accepted Accounting Principles and has decided it would not be meaningful to release any quarterly interim information to its shareholders until the completion of such review.***

***The Group has been advised that such review does not affect the accounting treatment of these transactions under the Singapore Financial Reporting Standards adopted by the Group. The Group has received information from CYI for the purposes 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, pending completion of such review.***

***As a result, the Company will only release business segment data upon the release by CYI of its interim financial information for the quarter.***

- 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.**

The Group believes that the overall outlook for 2007 remains good.

China’s economic growth accelerated to an estimated 11.1% in 1Q 2007. With respect to the Group’s China operations, they are expected to increase their unit sales volumes and market shares due to the growth of China’s economy.

The prospect for the Singapore property market looks bright for the next few years, and this will have a positive effect on the building material suppliers, which will benefit the Group’s Building Materials unit in 2007.

In relation to GPac’s operations, the Group is refining the product lines and business strategies to increase unit sales.

The Group’s associated company, Tasek Corporation Berhad, has divested its investments in Jurong Cement Limited in April 2007. This divestment will have a material positive impact to the Group’s results in 2Q 2007 and the Group’s estimated share of gain is \$3.8 million.

**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 1Q, 2Q, 3Q 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 for the first quarter ended 31 March 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 (lease of premises)	\$'000 216

### BY ORDER OF THE BOARD

Ng Siew Ping, Jaslin  
Company Secretary  
15 May 2007

### Confirmation Pursuant to Rule 705(4) 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 2007 to be false or misleading in any material respect.

On behalf of the Board

**Kwek Leng Beng**  
Chairman

**Teo Tong Kooi**  
Director & CEO

15 May 2007