

**Second Quarter and Half Year Financial Statement and Dividend Announcement for
The Period Ended 30 June 2008**

**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 second quarter and half year ended 30 June 2008. 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					
	2Q 2008 \$'000	2Q 2007 \$'000	Change %	1H 2008 \$'000	1H2007 \$'000	Change %
Revenue	1,064,129	937,046	14%	2,118,690	1,724,562	23%
Cost of sales	(835,419)	(725,186)	15%	(1,644,094)	(1,323,063)	24%
Gross profit	228,710	211,860	8%	474,596	401,499	18%
Other income	916	4,334	-79%	2,821	8,945	-68%
Selling and distribution expenses	(87,352)	(57,645)	52%	(159,542)	(124,282)	28%
Administrative and other operating expenses	(44,124)	(58,375)	-24%	(103,438)	(107,025)	-3%
Research and development costs	(11,125)	(8,380)	33%	(20,727)	(18,242)	14%
Profit from operations	87,025	91,794	-5%	193,710	160,895	20%
Finance costs	(17,895)	(8,484)	111%	(29,838)	(14,970)	99%
Other non-operating income / (expenses)	-	5,141	NM	-	5,141	NM
Share of profit of associates	660	7,696	-91%	3,514	9,727	-64%
Profit before taxation	69,790	96,147	-27%	167,386	160,793	4%
Taxation	(11,454)	(17,593)	-35%	(21,444)	(29,995)	-29%
Profit after taxation	58,336	78,554	-26%	145,942	130,798	12%

Net Profit Attributable to :

Shareholders of the Company	23,689	33,520	-29%	53,842	55,360	-3%
Minority Interests	34,647	45,034	-23%	92,100	75,438	22%
	58,336	78,554	-26%	145,942	130,798	12%

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

Profit from operations include the following:	Group			Group		
	2Q 2008 \$'000	2Q 2007 \$'000	Change %	1H 2008 \$'000	1H 2007 \$'000	Change %
Gain on disposal of investment, property, plant and equipment	-	679	NM	179	870	-79%
Gain on disposal of assets held for sale	-	-	NM	-	3,046	NM
Allowance written back / (made) for doubtful trade debts and bad debts written off	1,382	336	311%	(6,852)	(10,651)	-36%
Allowance written back/(made) for stock obsolescence	1,765	(6,403)	NM	1,678	(7,965)	NM
Depreciation and amortisation	(14,258)	(13,378)	7%	(29,868)	(24,374)	23%
Foreign exchange (loss)/gain	(2,124)	1,629	NM	(3,525)	1,573	NM

NM: Not meaningful

Other non-operating income include the following items :

	2Q 2008 \$'000	2Q 2007 \$'000	1H 2008 \$'000	1H 2007 \$'000
Gain on disposal/redemption of shares in subsidiaries and related businesses	-	5,141	-	5,141
Other non-operating income, before minority interests	-	5,141	-	5,141
Amount attributed to minority interests	-	4,645	-	4,645
Other non-operating income attributable to shareholders of the Company	-	496	-	496

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

The Group's tax charge for 2Q 2008 included an overprovision of \$272,000 (2Q 2007: underprovision of \$2,694,000) in respect of prior years. The Group's tax charge for 1H 2008 included an overprovision of \$6,835,000 (1H 2007: underprovision of \$2,656,000) 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	
	30/06/08	31/12/07	30/06/08	31/12/07
Non-current assets				
Property, plant and equipment	806,031	772,318	3,545	3,731
Prepaid operating leases	48,493	48,971	-	-
Intangibles	68,334	66,691	1,237	-
Investment in subsidiaries	-	-	219,981	219,980
Investment in associates	222,703	258,674	54,202	55,452
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	7,753	8,130	-	-
Other financial assets	2,544	2,845	169	167
Other non-current receivables	5,935	7,852	-	-
Amounts due from subsidiaries	-	-	42,911	59,462
Deferred tax assets	70,184	64,776	-	-
	1,231,977	1,230,257	337,045	353,792
Current assets				
Other financial assets	1,088	1,418	-	-
Inventories and work-in-progress	675,614	608,184	6,290	9,816
Development properties	21,866	23,291	-	-
Trade and other receivables	1,571,545	1,146,729	126,432	97,540
Cash and cash equivalents	272,397	247,742	3,239	14,912
Assets held for sale	-	-	-	-
	2,542,510	2,027,364	135,961	122,268
Current liabilities				
Bank overdrafts	30,388	30,726	-	-
Trade and other payables	1,656,487	1,286,129	29,556	34,180
Provisions	49,008	59,165	640	640
Interest-bearing borrowings	491,056	428,671	115,538	110,040
Provision for taxation	54,093	48,540	-	-
	2,281,032	1,853,231	145,734	144,860
Net current assets/(liabilities)	261,478	174,133	(9,773)	(22,592)
Non-current liabilities				
Interest-bearing borrowings	68,410	70,578	-	-
Amount due to a subsidiary	-	-	11,000	11,000
Deferred tax liabilities	2,174	2,087	457	457
Deferred grants	268	272	-	-
Retirement benefits	292	290	-	-
	71,144	73,227	11,457	11,457
	1,422,311	1,331,163	315,815	319,743
Capital and reserves				
Share capital	278,664	278,415	278,664	278,415
Reserves	320,112	314,888	37,151	41,328
	598,776	593,303	315,815	319,743
Minority interests	823,535	737,860	-	-
Total Equity	1,422,311	1,331,163	315,815	319,743

Explanatory Notes to Balance Sheets

Group

- Compared to 31 December 2007, the increase in the net current assets was mainly due to increase in business volume, resulting in movements in working capital such as inventories and trade and other receivables.
- Trade and other payables had also increased during the period as compared to 31 December 2007, also resulting from higher business volume.
- There had been an increase in bank borrowings (current) arising from higher utilization of bank loans to support higher working capital and capital expenditure.
- Decrease in the carrying amount of investments in associates for the Group was principally due to lower market value of quoted equity investments held by the associated companies as at 30 June 2008 as compared to 31 December 2007.

Company

- Trade and other receivables had increased as at 30 June 2008 as compared to 31 December 2007, resulting from increased business volume from precast and granite trading divisions during the period under review.
- Negative working capital was reported due to the classification of bank borrowings from non-current liabilities to current liabilities following the upcoming maturity of these loans in one year or less.

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

Amount repayable in one year or less, or on demand

As at 30/06/2008		As at 31/12/2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$5,298,000	\$516,146,000	\$6,087,860	\$453,308,708

Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$19,502,000	\$48,907,600	\$16,992,812	\$53,584,902

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 30 June 2008 of \$23,174,000 (31 December 2007: \$30,322,000).

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

	2Q 2008 \$'000	2Q 2007 \$'000	1H 2008 \$'000	1H 2007 \$'000
Operating Activities				
Profit before Income Tax	69,790	96,147	167,386	160,793
Adjustment for :				
Dividend and interest income	(855)	(1,105)	(1,719)	(1,979)
Finance costs	17,895	8,484	29,837	14,970
Depreciation and amortisation	14,258	13,378	29,869	24,374
Share of results of associated companies	(660)	(7,696)	(3,514)	(9,727)
Gain on disposal of property, plant and equipment	-	(679)	(179)	(710)
Gain on disposal of assets held for sale	-	-	-	(3,046)
Gain on disposal of investments	-	-	-	(160)
Accretion of deferred grant	-	(3)	-	(3)
Cost of share-based payment	153	93	187	187
Allowance for Impairment loss	-	5,253	-	5,253
Gain on disposal/redemption of share in subsidiaries & related business	-	(5,141)	-	(5,141)
Operating profit before working capital changes	100,581	108,731	221,867	184,811
Changes in working capital:				
Inventories, work-in-progress and development properties	42,266	48,953	(66,102)	(19,398)
Trade and other receivables	(80,206)	(188,179)	(411,787)	(441,921)
Trade and other payables	92,791	50,744	360,806	311,958
Provisions made/(utilised) for warranties & claims (net)	3,518	(7,159)	(10,218)	(4,011)
Income tax paid	(16,803)	(9,017)	(19,314)	(12,472)
Cash flows from operating activities	142,147	4,073	75,252	18,967
Investing Activities				
Interest and dividends received	2,273	2,120	3,271	3,982
Proceeds from disposal of subsidiaries, net of cash disposed	-	2,189	-	2,189
Proceeds from disposal of property, plant and equipment	-	1,566	3,314	2,369
Proceeds from disposal of assets held for sales	-	-	-	18,245
Purchase of additional shareholding in a subsidiary	-	-	(1,138)	-
Investments in associates and joint ventures	(125)	-	(125)	-
Purchase of property, plant and equipment	(27,839)	(25,863)	(57,237)	(55,526)
Balances with related parties	(2,961)	2,455	(3,605)	2,758
Cash flows from investing activities	(28,652)	(17,533)	(55,520)	(25,983)
Financing Activities				
Proceeds from share issue	35	34	249	859
Net (decrease)/increase in bank borrowings	(33,797)	6,659	59,651	(25,087)
Capital contribution by minority shareholders of a subsidiary	920	-	5,272	-
Dividends paid to shareholders of the Company	(22,881)	(15,237)	(22,881)	(15,237)
Dividends paid to minority shareholders of subsidiaries	(1,037)	(667)	(3,398)	(667)
Release of fixed deposits pledged with banks	373	662	24,148	2,036
Interest paid	(17,789)	(7,598)	(33,573)	(17,648)
Cash flows from financing activities	(74,176)	(16,147)	29,468	(55,744)
Net increase / (decrease) in cash and cash equivalents	39,319	(29,607)	49,200	(62,760)
Cash and cash equivalents at beginning of the period	194,813	213,876	186,681	246,863
Effects of exchange rate changes on cash and cash equivalents	1,755	4,219	6	4,385
Cash and cash equivalents at end of the period	235,887	188,488	235,887	188,488
Comprising:				
Fixed deposits, bank and cash balances			272,397	210,349
Less: Bank overdrafts			(30,388)	(1,101)
Fixed deposits pledged			(6,122)	(20,760)
			235,887	188,488

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

	2Q 2008 \$'000	2Q 2007 \$'000	1H 2008 \$'000	1H 2007 \$'000
Disposals				
Net current liabilities	-	(87)	-	(87)
Realisation of translation difference	-	(2,812)	-	(2,812)
Profit on disposal	-	5,141	-	5,141
Total cash consideration	-	2,242	-	2,242
Less: Cash and bank balances of subsidiary disposed	-	(53)	-	(53)
Disposal of subsidiary, net of cash disposed	-	2,189	-	2,189

Explanatory Notes to the Group Cash Flow Statements

- Net cash inflow from operating activities was \$142.1 million in 2Q 2008 as compared to 2Q 2007 of \$4.1 million mainly due to improvements in utilization of working capital. For 1H 2008, cash flows from operating activities was \$75.3 million vs \$19.0 million in 1H 2007.
- Interest paid in 2Q 2008 was more than double as compared to the prior period, mainly due to additional loans taken to fund its capital expenditure projects in China and also the higher interest rates 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	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
The Group											
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 period	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
Net profit for the period	-	-	-	-	-	-	-	21,841	21,841	30,404	52,245
Total recognised income and expense for the period	-	-	-	1,724	2,419	96	757	21,841	26,836	25,442	52,278
Transfer to statutory reserves	-	-	(525)	-	-	-	-	525	-	-	-
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,419)	(4,419)
At 31 March 2007	277,950	(34,684)	16,419	89	47,727	725	(30,091)	258,387	536,522	682,305	1,218,827

At 1 April 2007	277,950	(34,684)	16,419	89	47,727	725	(30,091)	258,387	536,522	682,305	1,218,827
Share issues during the period	34	-	-	-	-	-	-	-	34	-	34
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	9,734	-	9,734	14,229	23,963
Net fair value changes/adjustment, net of deferred taxes	-	-	-	14,437	6,513	-	-	-	20,950	5,285	26,235
Cost of share-based payment	-	-	-	-	-	94	-	-	94	1	95
Net gain/(loss) recognised directly in equity	-	-	-	14,437	6,513	94	9,734	-	30,778	19,515	50,293
Net profit for the period	-	-	-	-	-	-	-	33,520	33,520	45,034	78,554
Total recognised income and expense for the period	-	-	-	14,437	6,513	94	9,734	33,520	64,297	64,549	128,847
Transfer from statutory reserves	-	-	9	-	-	-	-	(9)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	(15,237)	(15,237)	-	(15,237)
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(667)	(667)
At 30 June 2007	277,984	(34,684)	16,428	14,526	54,240	819	(20,357)	276,661	585,617	746,187	1,331,804

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
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	(3,940)	-	(3,940)	(7,104)	(11,044)
Net fair value changes/adjustment, net of deferred taxes	-	-	-	(12,076)	(4,861)	-	-	-	(16,937)	(6,859)	(23,796)
Cost of share-based payment	-	-	-	-	-	35	-	-	35	2	37
Net gain/(loss) recognised directly in equity	-	-	-	(12,076)	(4,861)	35	(3,940)	-	(20,842)	(13,961)	(34,803)
Net profit for the period	-	-	-	-	-	-	-	30,155	30,155	57,452	87,607
Total recognised income and expense for the period	-	-	-	(12,076)	(4,861)	35	(3,940)	30,155	9,313	43,491	52,804
Transfer to statutory reserves	-	-	5,021	-	-	-	-	(5,021)	-	-	-
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	4,888	4,888
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(2,361)	(2,361)
At 31 March 2008	278,629	(34,684)	24,977	5,357	38,224	993	(33,760)	323,094	602,830	783,878	1,386,708

At 1 April 2008	278,629	(34,684)	24,977	5,357	38,224	993	(33,760)	323,094	602,830	783,878	1,386,708
Share issues during the period	35	-	-	-	-	-	-	-	35	-	35
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	-	-	-	-	-	-	(352)	-	(352)	7,846	7,494
Net fair value changes/adjustment, net of deferred taxes	-	-	-	(4,086)	(612)	-	-	-	(4,698)	(2,719)	(7,417)
Cost of share-based payment	-	-	-	-	-	153	-	-	153	-	153
Net gain/(loss) recognised directly in equity	-	-	-	(4,086)	(612)	153	(352)	-	(4,897)	5,127	230
Net profit for the period	-	-	-	-	-	-	-	23,689	23,689	34,647	58,336
Total recognised income and expense for the period	-	-	-	(4,086)	(612)	153	(352)	23,689	18,792	39,774	58,566
Dividends paid to shareholders	-	-	-	-	-	-	-	(22,881)	(22,881)	-	(22,881)
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	920	920
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,037)	(1,037)
At 30 June 2008	278,664	(34,684)	24,977	1,271	37,612	1,146	(34,112)	323,902	598,776	823,535	1,422,311

1(d)(i) Statement of changes in equity for the periods ended 30 June (cont'd)

Statement of Changes In Equity	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserves \$'000	Equity Compensation Reserves \$'000	Revenue Reserves \$'000	Total Equity \$'000
The Company						
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 gain/(loss) recognised directly in equity	-	-	(99)	94	-	(5)
Net (loss) for the period	-	-	-	-	(1,400)	(1,400)
Total recognised income and expense for the period	-	-	(99)	94	(1,400)	(1,405)
At 31 March 2007	277,950	9,199	19	572	27,386	315,126

At 1 April 2007	277,950	9,199	19	572	27,386	315,126
Share issues during the period	34	-	-	-	-	34
Net fair value changes	-	-	3	-	-	3
Cost of share-based payment	-	-	-	93	-	93
Net gain/(loss) recognised directly in equity	-	-	3	93	-	96
Net profit for the period	-	-	-	-	6,181	6,181
Total recognised income and expense for the period	-	-	3	93	6,181	6,277
Dividends	-	-	-	-	(15,237)	(15,237)
At 30 June 2007	277,984	9,199	22	665	18,330	306,200

At 1 January 2008	278,415	9,199	-	838	31,291	319,743
Share issues during the period	214	-	-	-	-	214
Net fair value changes	-	-	(25)	-	-	(25)
Cost of share-based payment	-	-	-	34	-	34
Net gain/(loss) recognised directly in equity	-	-	(25)	34	-	9
Net profit for the period	-	-	-	-	18,856	18,856
Total recognised income and expense for the period	-	-	(25)	34	18,856	18,865
At 31 March 2008	278,629	9,199	(25)	872	50,147	338,822

At 1 April 2008	278,629	9,199	(25)	872	50,147	338,822
Share issues during the period	35	-	-	-	-	35
Net fair value changes	-	-	28	-	-	28
Cost of share-based payment	-	-	-	153	-	153
Net gain/(loss) recognised directly in equity	-	-	28	153	-	181
Net profit for the period	-	-	-	-	(342)	(342)
Total recognised income and expense for the period	-	-	28	153	(342)	(161)
Dividends	-	-	-	-	(22,881)	(22,881)
At 30 June 2008	278,664	9,199	3	1,025	26,924	315,815

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 April 2008	381,342,118	278,629
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	49,900	35
Balance as at 30 June 2008	381,392,018	278,664

The Company did not hold any treasury shares as at 30 June 2008 and 30 June 2007.

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	2Q 2008	Cumulative To Date
2001	\$0.41	40,000	6,107,000
2002	\$1.00	-	1,153,800
2003	\$1.79	-	-
2004	\$1.51	-	649,000
2005	\$1.28	-	212,700
2007	\$1.88	9,900	110,200
2008	\$2.36	-	-
Total		49,900	8,232,700

As at 30 June 2008, there were a total of 2,530,500 (30 June 2007: 1,795,600) 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	-
2002	\$1.00	-
2003	\$1.79	-
2004	\$1.51	160,000
2005	\$1.28	62,200
2007	\$1.88	958,300
2008	\$2.36	1,350,000
Total		2,530,500

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 30 June 2008 and 31 December 2007.

The total number of issued ordinary shares as at 30 June 2008 and 31 December 2007 were 381,392,018 and 381,224,818 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 were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 June 2008.

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 2007.

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.

There has been no change in the accounting policies and methods of computation adopted by the Group.

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			
	2Q 2008	2Q 2007	1H 2008	1H 2007
Earnings per ordinary share for the year based on net profit attributable to shareholders				
Including other non-operating income				
(i) Based on the weighted average number of ordinary shares on issue (cts)	6.21	8.80	14.12	14.54
(ii) On a fully diluted basis (cts)	6.21	8.79	14.10	14.52

	Group			
	2Q 2008	2Q 2007	1H 2008	1H 2007
Earnings per ordinary share for the year based on net profit attributable to shareholders				
Excluding other non-operating income				
(i) Based on the weighted average number of ordinary shares on issue (cts)	6.21	7.80	14.12	13.54
(ii) On a fully diluted basis (cts)	6.21	7.79	14.10	13.52

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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
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)	157.00	155.63	82.81	83.87

- 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.**

2nd Quarter (2Q) 2008

Hong Leong Asia Group achieved net profit attributable to shareholders of \$23.7 million in 2Q 2008 as compared to \$33.5 million in 2Q 2007. The reduction in net earnings was mainly due to lower profit contribution from its China operations and the Industrial Packaging Unit ("Rex").

The Group's revenue of \$1,064.1 million for 2Q 2008 reflects a 14% increase over the corresponding quarter in 2007 of \$937.0 million. This increase arose from higher unit sales from the China operations and the Building Materials Unit ("BMU").

The Group's gross margin of 21.5% in 2Q 2008 was slightly lower than 22.6% in 2Q 2007, mainly due to keen competition and higher raw material and labour costs.

Other income of \$0.9 million in 2Q 2008 was lower than \$4.3 million in 2Q 2007 mainly due to lower sale of scrap materials from the China operations.

The higher unit sales volume and revenue for 2Q 2008 led to an increase in selling and distribution expenses relating to advertising, promotions, sales incentives and transportation costs. In addition, there was a year-to-date adjustment arising from additional provision relating to warranty expenses and sales incentives. Administrative expenses were lower in 2Q 2008 versus 2Q 2007 mainly due to lower employee costs, travelling and professional expenses. Included in 2Q 2007 was an impairment provision of \$5.3 million relating to the assets of PT Karimun Granite arising from the stoppage of production activities.

Research and development costs were higher in 2Q 2008 versus 2Q 2007 mainly due to increased development costs for new products in the China operations.

Finance costs had increased to \$17.9 million in 2Q 2008 versus \$8.5 million in 2Q 2007 due to higher utilization of bank loans and higher interest rates.

Other non-operating income in 2Q 2008 was nil versus \$5.1 million in 2Q 2007 (for more information, please refer to Page 2 of this announcement).

Share of profit of associates decreased to \$0.7 million in 2Q 2008 versus \$7.7 million in 2Q 2007 mainly due to lower profit from Tasek Corporation Berhad ("Tasek") and higher losses from Thakral Corporation Ltd. In 2Q 2007, the Group's share of profit of associates included one-off exceptional gain of \$3.8 million arising from the sale of Tasek's investment in Jurong Cement Limited.

Taxation expense of \$11.5 million was lower in 2Q 2008 versus \$17.6 million in 2Q 2007 due mainly to lower profits from operations.

The net profit attributable to shareholders of \$23.7 million in 2Q 2008 was 29% lower as compared to \$33.5 million in 2Q 2007.

For purpose of comparison, excluding non-operating income and exceptional items, the adjusted net profit attributable to the Group for 2Q 2008 would be \$23.7 million as compared to the adjusted net profit attributable of \$29.2 million in 2Q 2007. This would represent approximately 19% decline in net earnings as compared to last year.

First Half (1H) 2008

The Group's revenue of \$2,118.7 million for 1H 2008 was 23% higher than that achieved in the same period last year of \$1,724.6 million. The Group's net profit attributable to shareholders was \$53.8 million in 1H 2008 compared to \$55.4 million in 1H 2007. This decline of 3% was mainly due to lower profit contributions from BMU and Rex.

Other income of \$2.8 million in 1H 2008 was lower than \$8.9 million in 1H 2007 mainly due to lower sale of scrap materials from the China operations.

The increase in business volume resulted in higher selling and distribution expenses as compared to 1H 2007.

Xinfei's overall sales of 1,984,875 units in 1H 2008 was 9% higher than 1H 2007. Domestic sales of refrigerators increased significantly by 26% over the same period of last year.

Yuchai achieved unit sales of approximately 243,858 engines in 1H 2008 which was 20% better than in 1H 2007.

The Plastics Packaging division of Rex was adversely affected by the increase in raw material costs and keen competition especially in China and Malaysia.

GPac Technology (S) Pte Ltd had reported lower loss in 1H 2008 versus 1H 2007 due to a change in product mix sales strategy.

BMU continued to achieve profit in 1H 2008 arising from the good unit sales volume of ready-mixed concrete and granite trading activities. The Group's quarry in Karimun island has still not recommenced operations as it has not concluded negotiations with the local authority of Karimun (Bulpati). The Group continued to secure supplies of building material products from neighbouring countries for its operations.

Share of profit from Tasek was \$3.9 million in 1H 2008 versus \$8.1 million in 1H 2007. Included in the results of 1H 2007 was the Group's share of exceptional gain by Tasek of \$3.8 million upon disposal of its investment in Jurong Cement Limited.

For purpose of comparison, excluding non-operating income and exceptional items, the adjusted net profit attributable to the Group for 1H 2008 would be \$47.9 million as compared to the adjusted net profit attributable of \$51.1 million in 1H 2007. This would represent approximately 6% decline in net earnings as compared to last year.

Working capital and cash flow

In 2Q 2008, the decrease in working capital requirements versus 2Q 2007 is principally attributed to a decrease in inventory and an increase in trade and other payables. The Group reported a net operational cash inflow of \$142.1 million in the quarter ended 30 June 2008 as compared to an operational cash inflow of \$4.1 million in the previous corresponding period.

During 2Q 2008, the Group paid interests expense of \$17.8 million as compared to the corresponding period in 2007 of \$7.6 million. This was mainly due to the rising interest rates caused by the credit tightening and higher utilization of bank borrowings to finance the Group's China capital projects.

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

Not applicable.

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 believes that the overall outlook for the rest of 2008 remains positive though growth may be moderated in the Group's operations for the balance of 2008, in view of the current challenging global economy and financial environment including inflationary issues and rising fuel costs.

China's economy grew by an estimated 10.1% in 2Q 2008. This is slightly lower as compared to 10.6% in the first quarter ("1Q") of 2008. According to the China National Bureau of Statistics, lower exports and tightening bank credit and higher interest rates in China to control inflation led to slower growth. In addition, due to the depreciation of US currency against the Renminbi,

many export-oriented companies now tend to focus on the domestic market in China, which will lead to intense price competition for white goods in the domestic market.

The Singapore construction industry is expected to grow at a slower pace in 2008 as compared to 2007 having reported a slower growth of 15.2% in 2Q 2008 versus 16.9% in 1Q 2008. The Singapore government has recently announced the deferment of some public sector projects worth \$1.7 billion to help ease cost pressure and restraint on labour resources. However, projects which are vital to Singapore's economic and social needs will still proceed as planned.

As part of its effort to grow the Group's businesses and increase shareholder value, the Group continues to explore 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
Dividend Type	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share
Tax Rate	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
Dividend Type	Cash
Dividend Amount per Share (in cents)	4 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

(c) Date payable

25 September 2008

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 September 2008 for the purpose of determining Shareholders' entitlements to the interim dividend (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 9 September 2008 (the "Book 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.

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.

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

No interested person transactions ("IPT") were conducted under the Company's IPT Mandate for the quarter ended 30 June 2008.

BY ORDER OF THE BOARD

Ng Siew Ping, Jaslin
Company Secretary
12 August 2008

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 30 June 2008 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Teo Tong Kooi
Director & CEO

12 August 2008