

Unaudited First Quarter Financial Statement For The Period Ended 31 March 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 first quarter ended 31 March 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		
	1Q 2008 \$'000	1Q 2007 \$'000	Change %
Revenue	1,054,560	787,517	34%
Cost of sales	(808,675)	(594,578)	36%
Gross profit	245,885	192,939	27%
Other income	1,904	4,611	-59%
Selling and distribution expenses	(72,190)	(69,936)	3%
Administrative and other operating expenses	(59,314)	(48,651)	22%
Research and development costs	(9,602)	(9,862)	-3%
Profit from operations	106,683	69,103	54%
Finance costs	(11,942)	(6,486)	84%
Share of profit of associates	2,854	2,031	41%
Profit before taxation	97,595	64,648	51%
Taxation	(9,988)	(12,401)	-19%
Profit after taxation	87,607	52,246	68%

Net Profit Attributable to :

Shareholders of the Company	30,155	21,842	38%
Minority Interests	57,452	30,404	89%
	87,607	52,246	68%

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

Profit from operations include the following:	Group		
	1Q 2008 \$'000	1Q 2007 \$'000	Change %
Gain on disposal of investment, property, plant and equipment	179	191	-6%
Gain on disposal of assets held for sale	-	3,046	NM
Allowance (made)/written back for doubtful trade debts and bad debts written off	(8,234)	(6,066)	36%
Allowance made for stock obsolescence	(87)	(1,562)	-94%
Depreciation and amortisation	(15,610)	(10,996)	42%
Foreign exchange loss	(1,401)	(56)	2397%

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 \$6,563,000 (1Q 2007: overprovision of \$38,000) 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	
	31/03/08	31/12/07	31/03/08	31/12/07
Non-current assets				
Property, plant and equipment	771,833	772,318	3,750	3,731
Prepaid operating leases	48,080	48,971	-	-
Intangibles	68,355	66,691	1,305	-
Investment in subsidiaries	-	-	219,980	219,980
Investment in associates	235,248	258,674	55,452	55,452
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	8,059	8,130	-	-
Other financial assets	2,355	2,845	142	167
Other non-current receivables	7,842	7,852	-	-
Amounts due from subsidiaries	-	-	59,336	59,462
Deferred tax assets	66,371	64,776	-	-
	1,208,143	1,230,257	354,965	353,792
Current assets				
Other financial assets	1,095	1,418	-	-
Inventories and work-in-progress	711,663	608,184	8,929	9,816
Development properties	23,141	23,291	-	-
Trade and other receivables	1,481,416	1,146,729	118,069	97,540
Cash and cash equivalents	241,353	247,742	11,955	14,912
	2,458,668	2,027,364	138,953	122,268
Current liabilities				
Bank overdrafts	40,105	30,726	-	-
Trade and other payables	1,546,779	1,286,129	32,999	34,180
Provisions	45,070	59,165	640	640
Interest-bearing borrowings	507,525	428,671	110,000	110,040
Provision for taxation	55,856	48,540	-	-
	2,195,335	1,853,231	143,639	144,860
Net current assets/(liabilities)	263,333	174,133	(4,686)	(22,592)
Non-current liabilities				
Interest-bearing borrowings	82,130	70,578	-	-
Amount due to a subsidiary	-	-	11,000	11,000
Deferred tax liabilities	2,086	2,087	457	457
Deferred grants	267	272	-	-
Retirement benefits	285	290	-	-
	84,768	73,227	11,457	11,457
	1,386,708	1,331,163	338,822	319,743
Capital and reserves				
Share capital	278,629	278,415	278,629	278,415
Reserves	324,201	314,888	60,193	41,328
	602,830	593,303	338,822	319,743
Minority interests	783,878	737,860	-	-
Total Equity	1,386,708	1,331,163	338,822	319,743

Explanatory Notes to Balance Sheets

- Compared to 31 December 2007, 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.
- Decrease in the carrying amount of investments in associates was principally due to fair value adjustments of quoted equity investments held by the associated companies during the current quarter as compared to 31 December 2007.

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

Amount repayable in one year or less, or on demand

As at 31/03/2008		As at 31/12/2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$15,355,046	\$532,275,724	\$6,087,860	\$453,308,708

Amount repayable after one year

As at 31/03/2008		As at 31/12/2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$17,245,008	\$64,884,600	\$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 31 March 2008 of \$30,266,000 (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.

	1Q 2008 \$'000	1Q 2007 \$'000
Operating Activities		
Profit before Income Tax	97,595	64,648
Adjustment for :		
Dividend and interest income	(864)	(874)
Finance costs	11,942	6,486
Depreciation and amortisation	15,610	10,996
Share of results of associated companies	(2,854)	(2,031)
Gain on disposal of property, plant and equipment	(179)	(31)
Gain on disposal of assets held for sale	-	(3,046)
Gain on disposal of investments	-	(160)
Cost of share-based payment	34	94
Operating profit before working capital changes	121,284	76,082
Changes in working capital:		
Inventories and work-in-progress	(108,368)	(68,351)
Trade and other receivables	(331,579)	(253,744)
Trade and other payables	268,015	261,213
Provisions (utilised)/made for warranties & claims (net)	(13,736)	3,148
	(64,384)	18,348
Income tax paid	(2,511)	(3,455)
Cash flows from operating activities	(66,895)	14,893
Investing Activities		
Interest and dividends received	998	1,862
Proceeds from disposal of property, plant and equipment	3,314	803
Proceeds from disposal of assets held for sales	-	18,245
Purchase of additional shareholding in a subsidiary	(1,138)	-
Purchase of property, plant and equipment	(29,398)	(29,663)
Balances with related parties	(644)	303
Cash flows from investing activities	(26,868)	(8,450)
Financing Activities		
Proceeds from share issue	214	826
Net increase / (decrease) in bank borrowings	93,448	(31,746)
Capital contribution by minority shareholders of a subsidiary	4,352	-
Dividends paid to minority shareholders of subsidiaries	(2,361)	-
Release of fixed deposits pledged with banks	23,775	1,374
Interest paid	(15,784)	(10,050)
Cash flows from financing activities	103,644	(39,596)
Net increase / (decrease) in cash and cash equivalents	9,881	(33,153)
Cash and cash equivalents at beginning of the period	186,681	246,863
Effects of exchange rate changes on cash and cash equivalents	(1,749)	166
Cash and cash equivalents at end of the period	194,813	213,876
Comprising:		
Fixed deposit, bank and cash balances	241,353	235,527
Bank overdraft	(40,105)	(757)
Fixed deposit pledged	(6,435)	(20,894)
	194,813	213,876

Explanatory Notes to the Group Cash Flow Statements

- Net cash outflow from operating activities was \$66.9 million in 1Q 2008 mainly due to higher funding of working capital required as compared to a net cash inflow from operating activities of \$14.9 million in 1Q 2007.
- During 1Q 2008, the Group took additional loans in order to meet its short term working capital requirements for working capital and capital expenditure 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	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
Transfer to 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)
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 January 2008	278,415	(34,684)	19,956	17,433	43,085	958	(29,820)	297,960	593,303	737,880	1,331,183
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)
Transfer to statutory reserves	-	-	5,021	-	-	-	-	(5,021)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	30,155	30,155	57,452	87,607
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

1(d)(i) Statement of changes in equity for the periods ended 31 March (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 (loss) for the period	-	-	-	-	(1,400)	(1,400)
At 31 March 2007	277,950	9,199	19	572	27,386	315,126

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 profit for the period	-	-	-	-	18,856	18,856
At 31 March 2008	278,629	9,199	(25)	872	50,147	338,822

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
Ordinary Shares		
Balance as at 1 January 2008	381,224,818	278,415
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	117,300	214
Balance as at 31 March 2008	381,342,118	278,629

The Company did not hold any treasury shares as at 31 March 2008 and 31 March 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	1Q 2008	Cumulative To Date
2001	\$0.41	-	6,067,000
2002	\$1.00	-	1,153,800
2003	\$1.79	-	-
2004	\$1.51	17,000	649,000
2005	\$1.28	-	212,700
2007	\$1.88	100,300	100,300
Total		117,300	8,182,800

As at 31 March 2008, there were a total of 1,351,900 (31 March 2007: 2,120,600) 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	40,000
2002	\$1.00	-
2003	\$1.79	-
2004	\$1.51	160,000
2005	\$1.28	62,200
2007	\$1.88	1,089,700
Total		1,351,900

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.**

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.**

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.**

Earnings per ordinary share for the year based on net profit attributable to shareholders	Group	
	1Q 2008	1Q 2007
(i) Based on the weighted average number of ordinary shares on issue (cts)	7.91	5.74
(ii) On a fully diluted basis (cts)	7.90	5.73

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	
	31/03/2008	31/12/2007	31/03/2008	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)	158.08	155.63	88.85	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.**

Hong Leong Asia Group achieved improved performance in 1Q 2008 compared to the same quarter last year. Revenue increased by 34% to \$1,054.6 million in 1Q 2008 (1Q 2007: \$787.5 million). The higher revenue and improved earnings was mainly due to higher unit sales volume from our China operations. There was higher consumer demand which led to the increase in unit sales volume in the domestic market.

The Group's gross margin of 23.3% in 1Q 2008 was slightly lower than 24.5% in 1Q 2007, mainly due to higher raw material costs and keen competition.

The higher unit sales volume and revenue for 1Q 2008 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, legal and professional expenses and other general expenses.

Finance costs had increased to \$11.9 million in 1Q 2008 vs. \$6.5 million in 1Q 2007 due to higher utilization of bank loans in the China operations.

Share of profit of associates increased to \$2.9 million vs. \$2.0 million in 1Q 2007 mainly due to improved profit performance from Tasek Corporation Berhad.

Taxation expense of \$10.0 million in 1Q 2008 was lower as compared to 1Q 2007 of \$12.4 million. Included in this \$10.4 million was a tax reversal of \$6.5 million arising from the overprovision of tax in prior years relating to our subsidiary, Henan Xinfei Group in China.

The net profit attributable to shareholders was 38% higher at \$30.2 million as compared to \$21.8 million in 1Q 2007. For purpose of comparison, excluding the amount of \$6.5 million arising from the writeback of overprovision of tax in prior years, the adjusted net profit attributable to the Group in 1Q 2008 would be \$24.3 million as compared to \$21.8 million in 1Q 2007. This represents approximately 11% increase in net earnings.

Xinfei's overall sales of 981,850 units in 1Q 2008 was 27% higher than the corresponding quarter in 2007. Continued strong consumer demand for new refrigerators led to significant increase in domestic sales of refrigerators by 40% over 1Q 2007.

Yuchai achieved a commendable increase in diesel engines unit sales to approximately 128,000 units in 1Q 2008 which was 32% better than 1Q 2007.

The Rex plastics packaging division continued to face keen competition and high raw material costs. GPac Technology (S) Pte Ltd ("GPac") sold 47,286 pallets in 1Q 2008 vs. 61,228 pallets in 1Q 2007 and this was mainly due to a change in product mix sales strategy. It incurred a lower depreciation expense after the impairment provision of \$5.0 million made in 2007. This has resulted in a lower loss in GPac for the current quarter as compared to same corresponding quarter of 2007.

The Group's Building Materials Unit ("BMU") has continued to achieve profit in 1Q 2008 despite the temporary cessation of shipment from the Group's quarry in Karimun Island, with alternative supplies of building material products being sourced from other countries in the region. PT Karimun Granite is still in the process of conducting on-going negotiations with the Karimun government (Bulpati) on the new royalty rate. The ready-mixed concrete division achieved higher unit sales volume and profit in 1Q 2008 vs. the same quarter of last year.

Working capital and cash flow

The increase in working capital requirements is principally attributed to increase in inventories, trade and other receivables resulting from good improvement in revenue in 1Q 2008. The Group reported a net operational cash outflow of \$66.9 million in the quarter ended 31 March 2008 as compared to an operational cash inflow of \$14.9 million in the previous corresponding quarter. During 1Q 2008, the Group increased its bank borrowings by approximately \$93 million.

China Yuchai International Limited ("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. As previously announced by the Company in its unaudited full year results release on 28 February 2008, the Group has already taken an adjustment in its income statement for 2007 relating to the potential accounting error of approximately Rmb168 million and the impact to the Group's share of CYI's profits has resulted in a decrease of \$4.8 million, which adjustment is not material to the Group's results. Upon finalisation of the amended 2005 and 2006 audited financial statements of CYI, 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 believes that the overall outlook for 2008 remains positive. However, growth may be moderated due to global and economic uncertainty arising from the sub-prime crisis and credit tightening in the financial markets.

China's economic growth accelerated to an estimated 10.6% in 1Q 2008. The Group's China operations expect to increase their unit sales volumes and market shares due to the growth of China's economy. However, the increase in raw materials costs and keen competition will continue to offer challenges to the Group in its efforts to achieve better margins.

The Singapore construction sector has reported a lower growth in 1Q 2008 vs. 4Q 2007, and with possible delays in development projects, this sector may not achieve the same level of strong growth as was seen in 2007.

The Group has announced that it will inject its BMU operations into its associated company, Tasek Corporation Berhad ("Tasek") for a total consideration of approximately \$323.5 million in exchange for approximately 212.5 million new Tasek shares. This transaction is subject to various approvals from the Malaysian government and regulatory authorities and also the Company's shareholders' approval to be obtained at an extraordinary general meeting of the Company unless a waiver is granted by the Singapore Exchange Securities Trading Limited in respect of the requirement for shareholders' approval. This transaction is expected to be completed in 4Q 2008.

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? 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

No interested person transactions ("IPT") were conducted under the Company's IPT Mandate for the quarter ended 31 March 2008.

BY ORDER OF THE BOARD

Ng Siew Ping, Jaslin
Company Secretary
14 May 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 31 March 2008 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Teo Tong Kooi
Director & CEO

14 May 2008