

Company Registration No. 196300306G

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

Hong Leong Asia Ltd. and its subsidiaries

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Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Balance Sheet
As at 31 December 2022

	Note	Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Non-current assets					
Property, plant and equipment	5	887,895	1,012,752	1,567	216
Intangible assets	6	323,541	332,851	-	1
Investment in subsidiaries		-	-	229,867	229,867
Interests in associates		126,166	126,452	14,605	14,605
Interests in joint ventures		44,058	46,648	-	-
Investment property		916	1,079	-	-
Other investments		11,056	22,855	-	-
Non-current receivables		4,560	3,665	-	3,500
Capitalised contract costs		38,095	31,284	-	-
Right-of-use assets		126,381	139,749	34	5
Deferred tax assets		92,255	84,598	-	-
Long-term deposits		3,854	23,331	-	-
		<u>1,658,777</u>	<u>1,825,264</u>	<u>246,073</u>	<u>248,194</u>
Current assets					
Inventories		1,028,903	1,186,923	-	-
Development properties		3,221	3,430	-	-
Other investments		-	129	-	-
Trade and other receivables		1,609,808	1,712,457	381,257	379,591
Cash and short-term deposits		1,013,614	1,219,021	9,481	1,996
		<u>3,655,546</u>	<u>4,121,960</u>	<u>390,738</u>	<u>381,587</u>
Assets held for sale		-	2,243	-	-
Assets of disposal group classified as held for distribution to owners		1,736	2,232	-	-
		<u>3,657,282</u>	<u>4,126,435</u>	<u>390,738</u>	<u>381,587</u>
Total assets		<u>5,316,059</u>	<u>5,951,699</u>	<u>636,811</u>	<u>629,781</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Balance Sheet
As at 31 December 2022

	Note	Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Current liabilities					
Trade and other payables		1,678,954	2,124,096	5,555	4,645
Contract liabilities		119,038	121,588	-	-
Lease liabilities	7	12,260	12,572	7	6
Provisions		45,592	55,849	-	-
Loans and borrowings	7	671,528	724,460	217,713	236,696
Current tax payable		22,737	14,529	-	21
Derivatives		142	7	-	-
		<u>2,550,251</u>	<u>3,053,101</u>	<u>223,275</u>	<u>241,368</u>
Liabilities directly associated with disposal group classified as held for distribution to owners		1,122	1,413	-	-
		<u>2,551,373</u>	<u>3,054,514</u>	<u>223,275</u>	<u>241,368</u>
Net current assets		<u>1,105,909</u>	<u>1,071,921</u>	<u>167,463</u>	<u>140,219</u>
Non-current liabilities					
Loans and borrowings	7	203,075	176,373	160,000	140,000
Deferred tax liabilities		22,617	19,903	2,463	3,058
Deferred grants		91,799	87,313	-	-
Other liabilities		45,345	40,029	-	-
Contract liabilities		14,903	14,672	-	-
Lease liabilities	7	28,332	29,887	27	1
Retirement benefit obligations		2	3	-	-
		<u>406,073</u>	<u>368,180</u>	<u>162,490</u>	<u>143,059</u>
Total liabilities		<u>2,957,446</u>	<u>3,422,694</u>	<u>385,765</u>	<u>384,427</u>
Net assets		<u>2,358,613</u>	<u>2,529,005</u>	<u>251,046</u>	<u>245,354</u>
Equity attributable to owners of the Company					
Share capital	8	467,977	467,938	467,977	467,938
Reserves		433,782	488,353	(216,931)	(222,584)
Reserve attributable to disposal group classified as held for distribution to owners		793	614	-	-
		<u>902,552</u>	<u>956,905</u>	<u>251,046</u>	<u>245,354</u>
Non-controlling interests		<u>1,456,061</u>	<u>1,572,100</u>	<u>-</u>	<u>-</u>
Total equity		<u>2,358,613</u>	<u>2,529,005</u>	<u>251,046</u>	<u>245,354</u>
Total equity and liabilities		<u>5,316,059</u>	<u>5,951,699</u>	<u>636,811</u>	<u>629,781</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Income Statement For the Half Year and Year Ended 31 December 2022

	Note	Group			Group		
		Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	+/- %	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000	+/- %
Continuing operations							
Revenue	9	1,784,564	2,093,847	-14.8%	3,881,141	4,932,589	-21.3%
Cost of sales		(1,463,054)	(1,752,689)	-16.5%	(3,199,547)	(4,203,150)	-23.9%
Gross profit		321,510	341,158	-5.8%	681,594	729,439	-6.6%
Other item of income							
Other income		51,531	52,757	-2.3%	84,878	93,139	-8.9%
Other items of expense							
Selling and distribution expenses		(150,923)	(135,108)	11.7%	(279,432)	(286,966)	-2.6%
Research and development expenses		(84,743)	(111,838)	-24.2%	(170,619)	(176,871)	-3.5%
General and administrative expenses		(79,494)	(92,728)	-14.3%	(162,371)	(178,081)	-8.8%
Finance costs		(15,789)	(13,055)	20.9%	(31,167)	(30,091)	3.6%
Other expenses		(2,298)	(602)	281.7%	(2,734)	(1,720)	59.0%
Share of results of associates and joint ventures, net of income tax		2,914	(19,532)	NM	3,503	(16,354)	NM
Profit before income tax from continuing operations	10	42,708	21,052	102.9%	123,652	132,495	-6.7%
Income tax (expense)/credit	11	(3,942)	7,353	NM	(20,735)	(13,752)	50.8%
Profit from continuing operations, net of tax		38,766	28,405	36.5%	102,917	118,743	-13.3%
Discontinued operation							
(Loss)/profit from discontinued operation, net of tax		(210)	155	NM	(325)	688	NM
Profit for the period/year		38,556	28,560	35.0%	102,592	119,431	-14.1%
Attributable to:							
Owners of the Company							
- Profit from continuing operations, net of tax		12,100	19,280	-37.2%	54,756	59,660	-8.2%
- (Loss)/profit from discontinued operation, net of tax		(141)	104	NM	(218)	461	NM
		11,959	19,384	-38.3%	54,538	60,121	-9.3%
Non-controlling interests							
- Profit from continuing operations, net of tax		26,666	9,125	192.2%	48,161	59,083	-18.5%
- (Loss)/profit from discontinued operation, net of tax		(69)	51	NM	(107)	227	NM
		26,597	9,176	189.9%	48,054	59,310	-19.0%
Earnings per share from continuing operations attributable to owners of the Company (cents per share)							
- Basic	12	1.62	2.58		7.32	7.98	
- Diluted	12	1.62	2.58		7.32	7.98	
Earnings per share (cents per share)							
- Basic	12	1.60	2.59		7.29	8.04	
- Diluted	12	1.60	2.59		7.29	8.04	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

**Condensed Interim Consolidated Statement of Comprehensive Income
For the Half Year and Year Ended 31 December 2022**

	Group			Group		
	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	+/- %	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000	+/- %
Profit for the period/year	38,556	28,560	35.0%	102,592	119,431	-14.1%
Other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Net fair value changes of equity instruments at fair value through other comprehensive income	(2,399)	(8,214)	-70.8%	(11,477)	(13,399)	-14.3%
Items that may be subsequently reclassified to profit or loss						
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	(167,574)	43,846	NM	(214,888)	92,873	NM
Net fair value changes of debt instruments at fair value through other comprehensive income	(5,810)	5,133	NM	89	13,294	-99.3%
Other comprehensive income for the period/year, net of income tax	(175,783)	40,765	NM	(226,276)	92,768	NM
Total comprehensive income for the period/year	(137,227)	69,325	NM	(123,684)	212,199	NM
Attributable to:						
Owners of the Company	(53,381)	28,833	NM	(36,694)	84,316	NM
Non-controlling interests	(83,846)	40,492	NM	(86,990)	127,883	NM
Total comprehensive income for the period/year	(137,227)	69,325	NM	(123,684)	212,199	NM
Attributable to:						
Owners of the Company						
- Total comprehensive income from continuing operations, net of tax	(53,240)	28,729	NM	(36,476)	83,855	NM
- Total comprehensive income from discontinued operation, net of tax	(141)	104	NM	(218)	461	NM
	(53,381)	28,833	NM	(36,694)	84,316	NM

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2022

	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Surplus on changes of non-controlling interests \$'000	Reserve attributable to disposal group classified as held for distribution to owners \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group												
At 1 January 2022	467,938	4,351	16,802	19,291	5,360	28,105	62,597	614	351,847	956,905	1,572,100	2,529,005
Profit for the year	-	-	-	-	-	-	-	-	54,538	54,538	48,054	102,592
<u>Other comprehensive income</u>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(79,738)	-	-	-	(79,738)	(135,150)	(214,888)
Net fair value changes of equity instruments at fair value through other comprehensive income	-	-	-	(11,527)	-	-	-	-	-	(11,527)	50	(11,477)
Net fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	33	-	-	-	-	-	33	56	89
Other comprehensive income for the year, net of tax	-	-	-	(11,494)	-	(79,738)	-	-	-	(91,232)	(135,044)	(226,276)
Total comprehensive income for the year	-	-	-	(11,494)	-	(79,738)	-	-	54,538	(36,694)	(86,990)	(123,684)
Transactions with owners, recorded directly in equity												
<u>Contributions by and distributions to owners</u>												
Share issued during the year	39	-	-	-	-	-	-	-	-	39	-	39
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(14,958)	(14,958)	-	(14,958)
Dividends paid/payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(33,419)	(33,419)
Cost of share-based compensation	-	-	-	-	34	-	-	-	-	34	-	34
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	10,913	10,913
<u>Changes in ownership interests in subsidiaries</u>												
Dilution of interest in subsidiary	-	-	-	-	-	-	410	-	-	410	(410)	-
<u>Others</u>												
Transfer to statutory reserve	-	-	5,405	-	-	-	-	-	(5,405)	-	-	-
Reserve attributable to disposal group classified as held for distribution to owners	-	-	-	-	-	(179)	-	179	-	-	-	-
Issuance of put option to non-controlling interests of subsidiary	-	(3,184)	-	-	-	-	-	-	-	(3,184)	(6,133)	(9,317)
At 31 December 2022	467,977	1,167	22,207	7,797	5,394	(51,812)	63,007	793	386,022	902,552	1,456,061	2,358,613

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

**Condensed Interim Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Surplus on changes of non-controlling interests \$'000	Reserve attributable to disposal group classified as held for distribution to owners \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group												
At 1 January 2021	467,890	4,351	16,371	28,225	5,314	(5,053)	62,597	667	299,611	879,973	1,538,361	2,418,334
Profit for the year	-	-	-	-	-	-	-	-	60,121	60,121	59,310	119,431
<i>Other comprehensive income</i>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	33,105	-	-	-	33,105	59,768	92,873
Net fair value changes of equity instruments at fair value through other comprehensive income	-	-	-	(13,441)	-	-	-	-	-	(13,441)	42	(13,399)
Net fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	4,531	-	-	-	-	-	4,531	8,763	13,294
Other comprehensive income for the year, net of tax	-	-	-	(8,910)	-	33,105	-	-	-	24,195	68,573	92,768
Total comprehensive income for the year	-	-	-	(8,910)	-	33,105	-	-	60,121	84,316	127,883	212,199
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Share issued during the year	48	-	-	-	-	-	-	-	-	48	-	48
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(7,478)	(7,478)	-	(7,478)
Dividends paid/payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(94,144)	(94,144)
Cost of share-based compensation	-	-	-	-	46	-	-	-	-	46	-	46
<i>Others</i>												
Transfer to statutory reserve	-	-	431	-	-	-	-	-	(431)	-	-	-
Transfer from revaluation reserve	-	-	-	(24)	-	-	-	-	24	-	-	-
Reserve attributable to disposal group classified as held for distribution to owners	-	-	-	-	-	53	-	(53)	-	-	-	-
At 31 December 2021	467,938	4,351	16,802	19,291	5,360	28,105	62,597	614	351,847	956,905	1,572,100	2,529,005

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

**Condensed Interim Statement of Changes in Equity
For the Year Ended 31 December 2022**

Company	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Accumulated (losses)/profits \$'000	Total equity \$'000
At 1 January 2022	467,938	9,199	2,584	(234,367)	245,354
Total comprehensive income for the year	-	-	-	20,577	20,577
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Share issued during the year	39	-	-	-	39
Dividends paid to shareholders	-	-	-	(14,958)	(14,958)
Cost of share-based compensation	-	-	34	-	34
At 31 December 2022	<u>467,977</u>	<u>9,199</u>	<u>2,618</u>	<u>(228,748)</u>	<u>251,046</u>
At 1 January 2021	467,890	9,199	2,538	(263,163)	216,464
Total comprehensive income for the year	-	-	-	36,274	36,274
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Share issued during the year	48	-	-	-	48
Dividends paid to shareholders	-	-	-	(7,478)	(7,478)
Cost of share-based compensation	-	-	46	-	46
At 31 December 2021	<u>467,938</u>	<u>9,199</u>	<u>2,584</u>	<u>(234,367)</u>	<u>245,354</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

**Condensed Interim Consolidated Cash Flow Statement
For the Year Ended 31 December 2022**

	Group	
	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000	\$'000
Operating activities		
Profit before income tax from continuing operations	123,652	132,495
(Loss)/profit before income tax from discontinued operation	(325)	688
Adjustments for:		
Share of results of associates and joint ventures, net of income tax	(3,503)	16,354
Cost of share-based payments	34	46
Depreciation and amortisation	153,191	145,498
Allowance recognised/(written back) for inventories obsolescence	11,447	(1,694)
Inventories written off	-	2,101
Impairment losses written back for trade and other receivables	(1,190)	(8,091)
Impairment losses recognised for property, plant and equipment and intangible assets	3,843	1,507
Impairment losses on interests in joint ventures	202	-
Property, plant and equipment written off	880	410
Finance costs	31,167	30,094
Dividend income from other investments	(79)	(670)
Interest income	(28,296)	(28,354)
Gain on disposal of:		
- associate	(271)	-
- property, plant and equipment	(1,374)	(561)
- right-of-use assets	(801)	(3,066)
- assets classified as held for sale	(10,489)	-
- other investments	(59)	(419)
Gain on debt assignment	-	(9,990)
Fair value gain on investments	-	(29)
Provision for warranties and other costs, net	65,003	58,471
Operating cash flows before changes in working capital	343,032	334,790
Changes in working capital:		
Inventories and development properties	37,470	(178,140)
Trade and other receivables and capitalised contract costs	(90,067)	212,338
Trade and other payables and contract liabilities	(211,896)	(152,666)
Grant received from government	39,652	13,969
Provisions utilised	(70,667)	(62,416)
Cash flows from operations	47,524	167,875
Income tax paid	(9,875)	(37,209)
Net cash flows from operating activities	37,649	130,666

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

**Condensed Interim Consolidated Cash Flow Statement
For the Year Ended 31 December 2022**

	Group	
	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000	\$'000
Investing activities		
Additional investment in associates and joint ventures	(1,072)	(71,822)
Dividends received from:		
- associates and joint ventures	8,663	868
- other investments	66	663
Interest received	28,221	26,955
Net release of deposits with banks	29,386	5,999
Purchase of:		
- property, plant and equipment	(115,880)	(135,989)
- right-of-use assets	-	(4,699)
- intangible assets	(34,100)	(59,984)
- other investments	-	(12,651)
Net cash inflow on disposal of:		
- associate	204	-
- property, plant and equipment	2,097	2,144
- right of use assets	1,466	8,594
- assets classified as held for sale	11,476	-
- other investments	110	1,350
Net cash flows used in investing activities	(69,363)	(238,572)
Financing activities		
Contribution by non-controlling interests	10,913	-
Dividends paid to non-controlling interests of subsidiaries	(33,419)	(94,144)
Dividends paid to shareholders of the Company	(14,958)	(7,478)
Interest paid	(32,296)	(30,606)
Net proceeds from shares issue	39	48
Proceeds from borrowings	408,673	468,359
Repayment in respect of borrowings	(389,608)	(410,052)
Repayment of obligation under lease liabilities	(12,905)	(11,426)
Net cash flows used in financing activities	(63,561)	(85,299)
Net decrease in cash and cash equivalents	(95,275)	(193,205)
Cash and cash equivalents at beginning of the financial year	1,129,344	1,274,451
Effect of exchange rate changes on balances held in foreign currencies	(91,801)	48,098
Cash and cash equivalents at end of the financial year	942,268	1,129,344
Comprising:		
Cash and short-term deposits	1,013,614	1,219,021
Less: Short-term deposits and restricted deposits	(73,082)	(91,908)
Add: Cash at bank attributable to discontinued operation	1,736	2,231
	942,268	1,129,344

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2022

1. Corporate information

Hong Leong Asia Ltd. (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on Singapore Exchange Securities Trading Limited (“Singapore Exchange”). The registered office of the Company is located at 16 Raffles Quay, #26-00 Hong Leong Building, Singapore 048581.

The principal activities of the Company have been those relating to investment holding.

The principal activities of the subsidiaries are those relating to the manufacturing and distribution of diesel engines and related products, building materials, rigid packaging products, air-conditioning systems (discontinued operation), and of investment holding and dealing.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the “Group”) and the Group’s interests in associates and joint venture entities.

The immediate and ultimate holding companies are Hong Leong Corporation Holdings Pte Ltd and Hong Leong Investment Holdings Pte. Ltd. respectively. These companies are incorporated in Singapore.

Related corporations relate to companies within the Hong Leong Investment Holdings Pte. Ltd. group.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The condensed interim consolidated financial statements for the half year and year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim consolidated financial statements for the half year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim consolidated financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.2 *New standards, interpretations and amendments adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. Summary of significant accounting policies (cont'd)

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

For management purpose, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

Reportable segments

- (i) Diesel engines: diesel engines and automobile spare parts.
- (ii) Building materials: cement, pre-cast concrete products, ready-mix concrete and quarry products.
- (iii) Rigid packaging: plastic packaging related products and container components.
- (iv) Air-conditioning systems (discontinued operation): commercial and residential air-conditioning products and lifestyle consumer appliances.

Other operations include hospitality and property development. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2022 or 2021.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment report is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

4. Segment information (cont'd)

Reportable segments (cont'd)

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
Half year ended 31 December 2022							
Total external revenue	1,465,050	303,402	12,567	3,545	-	-	1,784,564
Interest income ^A	13,469	341	127	5,953	5	(4,985)	14,910
Interest expense	(7,352)	(680)	(518)	(11,687)	-	4,996	(15,241)
Depreciation and amortisation	(62,277)	(12,172)	(466)	(608)	-	-	(75,523)
Reportable segment profit/(loss) before income tax ^A	37,227	21,287	(1,559)	(14,247)	(210)	210	42,708
Share of results of associates and joint ventures, net of income tax	514	2,344	-	56	-	-	2,914
Reportable segment profit/(loss) after income tax ^A	37,047	16,970	(1,626)	(13,625)	(210)	210	38,766
Half year ended 31 December 2021							
Total external revenue	1,827,859	248,243	15,916	1,829	-	-	2,093,847
Interest income ^A	12,737	291	108	1,779	7	(1,633)	13,289
Interest expense	(9,673)	(426)	(235)	(3,853)	-	1,621	(12,566)
Depreciation and amortisation	(61,631)	(12,733)	(592)	(626)	-	-	(75,582)
Reportable segment profit/(loss) before income tax ^A	2,635	18,517	(119)	19	155	(155)	21,052
Share of results of associates and joint ventures, net of income tax	(22,626)	3,021	-	73	-	-	(19,532)
Reportable segment profit/(loss) after income tax ^A	11,282	17,508	(591)	206	155	(155)	28,405

* Others include hospitality and property development.

^A The amounts relating to the discontinued air-conditioning systems segment have been excluded to arrive at amounts shown in profit or loss as they are presented separately in the income statement within one line item, "(loss)/profit from discontinued operation, net of tax".

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

4. Segment information (cont'd)

Reportable segments (cont'd)

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
Year ended 31 December 2022							
Total external revenue	3,263,272	585,417	25,747	6,705	-	-	3,881,141
Interest income ^A	26,323	566	221	8,591	11	(7,427)	28,285
Interest expense	(18,544)	(1,174)	(785)	(17,064)	-	7,449	(30,118)
Depreciation and amortisation	(126,455)	(24,627)	(973)	(1,136)	-	-	(153,191)
Reportable segment profit/(loss) before income tax ^A	79,031	54,842	8,302	(18,523)	(325)	325	123,652
Share of results of associates and joint ventures, net of income tax	(6,029)	9,438	-	94	-	-	3,503
Reportable segment profit/(loss) after income tax ^A	66,991	45,626	8,228	(17,928)	(325)	325	102,917
Year ended 31 December 2021							
Total external revenue	4,428,830	471,130	30,171	2,458	-	-	4,932,589
Interest income ^A	27,239	612	152	3,329	33	(3,044)	28,321
Interest expense	(23,295)	(622)	(458)	(7,564)	-	3,035	(28,904)
Depreciation and amortisation	(118,435)	(24,650)	(1,220)	(1,193)	-	-	(145,498)
Reportable segment profit/(loss) before income tax ^A	94,766	32,430	(804)	6,103	688	(688)	132,495
Share of results of associates and joint ventures, net of income tax	(20,141)	3,628	-	159	-	-	(16,354)
Reportable segment profit/(loss) after income tax ^A	85,687	28,179	(974)	5,851	688	(688)	118,743

* Others include hospitality and property development.

^A The amounts relating to the discontinued air-conditioning systems segment have been excluded to arrive at amounts shown in profit or loss as they are presented separately in the income statement within one line item, "(loss)/profit from discontinued operation, net of tax".

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Notes to the Condensed Interim Consolidated Financial Statements
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4. Segment information (cont'd)

Reportable segments (cont'd)

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
31 December 2022							
<i>Assets and liabilities</i>							
Reportable segment assets [^]	4,545,355	428,870	45,737	1,089,623	1,736	(965,486)	5,145,835
Interests in associates and joint ventures	28,947	140,363	-	914	-	-	170,224
Reportable segment liabilities	2,368,367	166,170	104,361	1,231,524	1,122	(914,098)	2,957,446
31 December 2021							
<i>Assets and liabilities</i>							
Reportable segment assets [^]	5,169,472	308,580	52,904	1,320,213	2,232	(1,074,802)	5,778,599
Interests in associates and joint ventures	31,671	140,529	-	900	-	-	173,100
Reportable segment liabilities	2,816,607	163,351	118,305	1,255,403	1,413	(932,385)	3,422,694

* Others include hospitality and property development.

[^] Exclude interests in associates and joint ventures.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2022

5. Property, plant and equipment

During the half year ended 31 December 2022, the Group acquired assets with a cost of \$53,755,000 (31 December 2021: \$60,635,000).

Capital commitments

As at 31 December 2022, the Group had capital expenditure contracted for but not recognised in the financial statements amounting to \$71,531,000 (31 December 2021: \$110,119,000).

6. Intangible assets

Group	Patents and development expenditure, technology know- how and computer software with finite useful lives \$'000	Trade- marks with indefinite useful lives \$'000	Club membership \$'000	Goodwill \$'000	Total \$'000
At 30 June 2022					
Cost	356,904	39,000	313	11,569	407,786
Accumulated amortisation and impairment losses	(59,869)	(3,730)	(313)	(10,667)	(74,579)
Net carrying amount	<u>297,035</u>	<u>35,270</u>	-	902	<u>333,207</u>
Half year ended 31 December 2022					
Opening net carrying amount	297,035	35,270	-	902	333,207
Additions	22,639	-	-	-	22,639
Amortisation charge for the period	(7,558)	-	-	-	(7,558)
Impairment losses	(319)	-	-	-	(319)
Translation differences	(21,881)	(2,547)	-	-	(24,428)
Closing net carrying amount	<u>289,916</u>	<u>32,723</u>	-	902	<u>323,541</u>
At 31 December 2022					
Cost	354,242	36,344	313	11,569	402,468
Accumulated amortisation and impairment losses	(64,326)	(3,621)	(313)	(10,667)	(78,927)
Net carrying amount	<u>289,916</u>	<u>32,723</u>	-	902	<u>323,541</u>

Additions during the half year ended 31 December 2022 were mainly capitalised technology development costs for development of National VI and Tier 4 engines and new energy products.

6. Intangible assets (cont'd)

Diesel engines segment

Development expenditure

The Group capitalised technology development costs for new engines that comply with National VI and Tier 4 emission standards and new energy products.

Annually, the Group performs an impairment test on the development costs that are not available for use. No impairment was identified in 2021 and 2022.

The recoverable amount was determined based on its value in use using the discounted cash flow approach. Cash flows were projected based on historical growth, past experience and management's best estimation of future business outlook.

Trademark

In 2019, the Group entered into a trademark licence agreement under which the Group was granted an exclusive and perpetual use of the trademarks listed in the trademark license agreement for a one-time usage fee of \$32,791,000 (net of exchange difference). As at 31 December 2022, the carrying amount was \$32,723,000 (2021: \$36,017,000) (net of accumulated impairment losses, accumulated amortisation and exchange difference).

Management has assessed the right to use of the trademark licence according to the clauses, terms and conditions in the agreement and is of the view that the Group has the right to use the trademark licence for unlimited period.

Annually, the Group performs an impairment test on the trademark, which has been identified as a separate cash generating unit ("CGU") for impairment testing purposes. No impairment was identified in 2021 and 2022.

The recoverable amount of the unit was determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a 5-year period (2021: 10-year period).

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6. Intangible assets (cont'd)

Company	Computer software and related costs \$'000	Club membership \$'000	Total \$'000
At 30 June 2022			
Cost	1,502	313	1,815
Accumulated amortisation and impairment losses	(1,502)	(313)	(1,815)
Net carrying amount	-	-	-
Half year ended 31 December 2022			
Opening net carrying amount	-	-	-
Amortisation charge for the period	-	-	-
Closing net carrying amount	-	-	-
At 31 December 2022			
Cost	1,502	313	1,815
Accumulated amortisation and impairment losses	(1,502)	(313)	(1,815)
Net carrying amount	-	-	-

Hong Leong Asia Ltd. and its subsidiaries

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7. Loans and borrowings

	Group		Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Amount repayable in one year or less, or on demand				
Unsecured bank loans	654,120	712,007	217,713	236,696
Secured bank loans	17,408	12,453	-	-
	<u>671,528</u>	<u>724,460</u>	<u>217,713</u>	<u>236,696</u>
Unsecured lease liabilities	12,260	12,533	7	6
Secured lease liabilities	-	39	-	-
	<u>12,260</u>	<u>12,572</u>	<u>7</u>	<u>6</u>
Amount repayable after one year				
Unsecured bank loans	198,540	161,210	160,000	140,000
Secured bank loans	4,535	15,163	-	-
	<u>203,075</u>	<u>176,373</u>	<u>160,000</u>	<u>140,000</u>
Unsecured lease liabilities	28,332	29,887	27	1
	<u>28,332</u>	<u>29,887</u>	<u>27</u>	<u>1</u>

The secured banking facilities of the Group are secured on the assets of certain subsidiaries with a total carrying value as at 31 December 2022 of \$92,158,000 (31 December 2021: \$108,884,000).

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

8. Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
Issued and fully paid ordinary shares, with no par value				
At 1 January	747,906	467,938	747,817	467,890
Shares issued under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	73	39	89	48
At 31 December	747,979	467,977	747,906	467,938

The total number of issued shares as at 31 December 2022 was 747,978,318 (31 December 2021: 747,905,718). There were no shares held as treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares/subsidiary holdings during the year ended 31 December 2022.

Share options

During the year ended 31 December 2022, options to acquire 72,600 shares granted in 2020 were exercised at \$0.54 per share pursuant to the terms of the Scheme.

During the year ended 31 December 2022, options to acquire a total of 187,800 shares granted in 2014 and 2020 under the Scheme had been cancelled due to the cessation of employment.

As at 31 December 2022, there were a total of 498,000 (31 December 2021: 758,400) unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2014	\$1.31	60,000
2020	\$0.54	178,000
2021	\$0.72	200,000
2021	\$0.87	60,000
Total		498,000

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Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

9. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	Half year ended 31 December 2022				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	420,650	-	-	-	420,650
Sale of medium-duty engines	448,047	-	-	-	448,047
Sale of light-duty engines	180,601	-	-	-	180,601
Sale of precast concrete products	-	60,637	-	-	60,637
Sale of ready-mix concrete	-	134,468	-	-	134,468
Sale of cement	-	84,307	-	-	84,307
Sale of other goods	-	23,990	-	-	23,990
Sale of rigid packaging products	-	-	12,567	-	12,567
Hospitality operations	5,146	-	-	3,528	8,674
Others ⁽¹⁾	410,606	-	-	17	410,623
	<u>1,465,050</u>	<u>303,402</u>	<u>12,567</u>	<u>3,545</u>	<u>1,784,564</u>

⁽¹⁾ Included sales of power generator sets, engine components, service-type maintenance services and others.

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Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Half year ended 31 December 2022				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	1,447,177	-	12,567	-	1,459,744
Singapore	747	195,888	-	-	196,635
Malaysia	24	107,514	-	3,545	111,083
Others	17,102	-	-	-	17,102
	<u>1,465,050</u>	<u>303,402</u>	<u>12,567</u>	<u>3,545</u>	<u>1,784,564</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	1,459,904	303,402	12,567	856	1,776,729
Services transferred over time	5,146	-	-	2,689	7,835
	<u>1,465,050</u>	<u>303,402</u>	<u>12,567</u>	<u>3,545</u>	<u>1,784,564</u>

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Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Half year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	540,796	-	-	-	540,796
Sale of medium-duty engines	667,235	-	-	-	667,235
Sale of light-duty engines	224,138	-	-	-	224,138
Sale of precast concrete products	-	30,862	-	-	30,862
Sale of ready-mix concrete	-	127,554	-	-	127,554
Sale of cement	-	71,591	-	-	71,591
Sale of other goods	-	18,236	-	-	18,236
Sale of rigid packaging products	-	-	15,916	-	15,916
Hospitality operations	4,774	-	-	1,817	6,591
Others ⁽¹⁾	390,916	-	-	12	390,928
	<u>1,827,859</u>	<u>248,243</u>	<u>15,916</u>	<u>1,829</u>	<u>2,093,847</u>

⁽¹⁾ Included sales of power generator sets, engine components, service-type maintenance services and others.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Half year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	1,825,670	-	15,358	-	1,841,028
Singapore	-	173,709	558	-	174,267
Malaysia	-	70,922	-	1,829	72,751
Others	2,189	3,612	-	-	5,801
	<u>1,827,859</u>	<u>248,243</u>	<u>15,916</u>	<u>1,829</u>	<u>2,093,847</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	1,823,085	248,243	15,916	1,396	2,088,640
Services transferred over time	4,774	-	-	433	5,207
	<u>1,827,859</u>	<u>248,243</u>	<u>15,916</u>	<u>1,829</u>	<u>2,093,847</u>

Hong Leong Asia Ltd. and its subsidiaries

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For the Half Year and Year Ended 31 December 2022

9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Year ended 31 December 2022				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	1,032,560	-	-	-	1,032,560
Sale of medium-duty engines	1,033,505	-	-	-	1,033,505
Sale of light-duty engines	389,796	-	-	-	389,796
Sale of precast concrete products	-	113,876	-	-	113,876
Sale of ready-mix concrete	-	271,778	-	-	271,778
Sale of cement	-	155,537	-	-	155,537
Sale of other goods	-	44,226	-	-	44,226
Sale of rigid packaging products	-	-	25,747	-	25,747
Hospitality operations	9,695	-	-	6,669	16,364
Others ⁽¹⁾	797,716	-	-	36	797,752
	3,263,272	585,417	25,747	6,705	3,881,141

⁽¹⁾ Included sales of power generator sets, engine components, service-type maintenance services and others.

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Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Year ended 31 December 2022				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	3,240,517	-	25,747	-	3,266,264
Singapore	747	403,737	-	-	404,484
Malaysia	24	181,680	-	6,705	188,409
Others	21,984	-	-	-	21,984
	<u>3,263,272</u>	<u>585,417</u>	<u>25,747</u>	<u>6,705</u>	<u>3,881,141</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	3,253,577	585,417	25,747	1,571	3,866,312
Services transferred over time	9,695	-	-	5,134	14,829
	<u>3,263,272</u>	<u>585,417</u>	<u>25,747</u>	<u>6,705</u>	<u>3,881,141</u>

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9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	1,544,219	-	-	-	1,544,219
Sale of medium-duty engines	1,472,228	-	-	-	1,472,228
Sale of light-duty engines	506,298	-	-	-	506,298
Sale of precast concrete products	-	66,344	-	-	66,344
Sale of ready-mix concrete	-	238,633	-	-	238,633
Sale of cement	-	142,050	-	-	142,050
Sale of other goods	-	24,103	-	-	24,103
Sale of rigid packaging products	-	-	30,171	-	30,171
Hospitality operations	9,047	-	-	2,442	11,489
Others ⁽¹⁾	897,038	-	-	16	897,054
	<u>4,428,830</u>	<u>471,130</u>	<u>30,171</u>	<u>2,458</u>	<u>4,932,589</u>

⁽¹⁾ Included sales of power generator sets, engine components, service-type maintenance services and others.

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9. Revenue (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

Segments	Year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	4,421,756	-	28,781	-	4,450,537
Singapore	-	325,650	1,390	-	327,040
Malaysia	-	140,677	-	2,458	143,135
Others	7,074	4,803	-	-	11,877
	<u>4,428,830</u>	<u>471,130</u>	<u>30,171</u>	<u>2,458</u>	<u>4,932,589</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	4,419,783	471,130	30,171	1,681	4,922,765
Services transferred over time	9,047	-	-	777	9,824
	<u>4,428,830</u>	<u>471,130</u>	<u>30,171</u>	<u>2,458</u>	<u>4,932,589</u>

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9. Revenue (cont'd)

A breakdown of sales:

	2022 \$'000	Group 2021 \$'000	+/- %
Sales reported for first half	2,096,577	2,838,742	-26.1%
Operating profit after tax before deducting non-controlling interests reported for first half year	64,151	90,338	-29.0%
Sales reported for second half	1,784,564	2,093,847	-14.8%
Operating profit after tax before deducting non-controlling interests reported for second half year	38,766	28,405	36.5%

10. Profit before income tax from continuing operations

Profit before income tax from continuing operations includes the following:

	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	+/- %	Group		
				Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000	+/- %
Gain on disposal of property, plant and equipment, net	7	67	-89.6%	1,374	561	144.9%
(Loss)/gain on disposal of right-of-use assets, net	(3)	1,004	NM	801	3,066	-73.9%
Gain on disposal of assets classified as held-for-sale	-	-	NM	10,489	-	NM
Impairment losses on property, plant and equipment and intangible assets	(3,843)	(1,507)	155.0%	(3,843)	(1,507)	155.0%
Impairment losses written back for trade and other receivables, net	825	6,517	-87.3%	1,190	7,762	-84.7%
Impairment losses on interests in joint ventures	(202)	-	NM	(202)	-	NM
Allowance (recognised)/written back for inventories obsolescence	(8,688)	1,573	NM	(11,447)	1,650	NM
Inventories written off	-	(24)	NM	-	(2,101)	NM
Depreciation and amortisation	(75,523)	(75,582)	-0.1%	(153,191)	(145,498)	5.3%
Foreign exchange (loss)/gain, net	(3,870)	(431)	797.9%	(3,339)	933	NM
Fair value gain on derivatives, net	-	12	NM	-	-	NM
Interest expense	(15,241)	(12,566)	21.3%	(30,118)	(28,904)	4.2%
Interest income	14,910	13,289	12.2%	28,285	28,321	-0.1%
Gain on disposal of associate	271	-	NM	271	-	NM
Write-off of property, plant & equipment	(810)	(344)	135.5%	(880)	(410)	114.6%
Gain on debt assignment	-	-	NM	-	9,990	NM

11. Taxation

For the year ended 31 December 2022, the Group's tax charge included additional provision of \$5,608,000 for prior years (31 December 2021: reversal of provision of \$5,417,000 for prior years).

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2022

12. Earnings per share

The weighted average number of ordinary shares adjusted for the effect of unissued ordinary shares under the Scheme is determined as follows:

	Group	
	Year ended 31 December 2022	Year ended 31 December 2021
	No. of Shares	No. of shares
Weighted average number of shares issued, used in the calculation of basic earnings per share	747,914,289	747,866,637
Dilutive effect of share options	95,628	185,072
Weighted average number of ordinary shares (diluted)	<u>748,009,917</u>	<u>748,051,709</u>

120,000 (31 December 2021: 190,000) share options granted to Group Employees (as defined in the Scheme) under the Scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive as the options are out-of-the-money.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2022

13. Related party transactions

(a) *Sale and purchase of goods and services*

During the year ended 31 December 2022, the Group made payments to firms, in which a director has an interest, in respect of professional services rendered. This amounted to \$133,085 (31 December 2021: \$106,389). At the balance sheet date, \$18,369 (31 December 2021: Nil) was outstanding.

Significant transactions with related parties made at terms agreed between the parties during the half year and year ended 31 December, other than those disclosed elsewhere in the financial statements, are as follows:

	Group			
	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
Sale of engines and materials				
- associates and joint ventures	73,731	32,894	102,190	91,909
- related corporations	166,689	193,045	461,473	671,756
Purchase of materials, supplies and engines				
- associates and joint ventures	202,971	175,615	379,159	491,090
- related corporations	113,879	123,898	214,918	272,375
Management services income				
- an associate	222	222	444	444
Management services paid and payable				
- related corporations	346	85	459	806
Rental paid and payable (include general expenses)				
- immediate holding company	343	256	679	491
General and administrative expenses				
- joint ventures	26	954	26	1,068
- related corporations	9,519	7,215	17,023	11,950
Delivery, storage, distribution and handling expenses				
- related corporations	20,084	32,269	41,137	62,658
Hospitality, restaurant and consultancy service income				
- joint ventures	584	366	1,039	448
- related corporations	2,039	820	2,121	1,377
Rental income				
- joint ventures	532	769	986	961
- related corporations	27	1	118	57
Purchase of vehicles and machineries				
- related corporations	30	721	513	721

(b) *Outstanding balances with a related party*

As at 31 December 2022, fixed deposits held with a related party amounted to \$7,045,000 (31 December 2021: \$29,958,000).

(c) *Commitments with related parties*

As at 31 December 2022, the Group has commitments to purchase raw materials from related parties amounting to approximately \$29,804,000 between 2023 and 2024 (31 December 2021: \$22,453,000 between 2022 and 2024).

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2022

14. Dividends

	Group	
	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
Declared and paid during the financial period		
<i>Dividends on ordinary shares:</i>		
First and final tax exempt dividend paid of 2 cent per share in respect of year 2021 (2021: 1 cent per share in respect of year 2020)	14,958	7,478
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
First and final tax exempt (one-tier) dividend for 2022: 2 cents (2021: 2 cent) per share	14,960	14,958

15. Net Asset Value

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per ordinary share (cents)	120.67	127.94	33.56	32.81

16. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the assets or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

16. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Total \$'000
31 December 2022			
Financial assets			
Other investments	11,056	-	11,056
Bill receivables	-	957,930	957,930
As at 31 December 2022	<u>11,056</u>	<u>957,930</u>	<u>968,986</u>
Financial liabilities			
Derivatives	-	142	142
As at 31 December 2022	<u>-</u>	<u>142</u>	<u>142</u>
31 December 2021			
Financial assets			
Other investments	22,984	-	22,984
Bill receivables	-	1,365,309	1,365,309
As at 31 December 2021	<u>22,984</u>	<u>1,365,309</u>	<u>1,388,293</u>
Financial liabilities			
Derivatives	-	7	7
As at 31 December 2021	<u>-</u>	<u>7</u>	<u>7</u>

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of current trade and other receivables, cash and short-term deposits, trade and other payables, and current loans and borrowings are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of non-current receivables and other non-current liabilities are reasonable approximation of fair values as the consideration of time value of money is not material.

The carrying amounts of long term deposits and non-current loans and borrowings are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting period or their interest rates approximate the market lending rate.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022

16. Fair value of assets and liabilities (cont'd)

(c) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)**

Set out below is a comparison by category of carrying amounts of the Group's financial instruments that are carried in the financial statements:

Classification of financial instruments

	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Fair value through other comprehensive income \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
31 December 2022					
Assets					
Other investments	-	-	11,056	-	11,056
Trade and other receivables*	580,950	-	-	-	580,950
Bills receivables	-	-	957,930	-	957,930
Cash and bank balances	1,017,468	-	-	-	1,017,468
	<u>1,598,418</u>	<u>-</u>	<u>968,986</u>	<u>-</u>	<u>2,567,404</u>
Liabilities					
Trade and other liabilities [^]	-	-	-	1,721,716	1,721,716
Loans and borrowings	-	-	-	874,603	874,603
Lease liabilities	-	-	-	40,592	40,592
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636,911</u>	<u>2,636,911</u>
31 December 2021					
Assets					
Other investments	-	129	22,855	-	22,984
Trade and other receivables*	262,600	-	-	-	262,600
Bills receivables	-	-	1,365,309	-	1,365,309
Cash and bank balances	1,242,352	-	-	-	1,242,352
	<u>1,504,952</u>	<u>129</u>	<u>1,388,164</u>	<u>-</u>	<u>2,893,245</u>
Liabilities					
Trade and other liabilities [^]	-	-	-	2,161,478	2,161,478
Loans and borrowings	-	-	-	900,833	900,833
Lease liabilities	-	-	-	42,459	42,459
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,104,770</u>	<u>3,104,770</u>

* Excludes advances paid to suppliers, prepaid expenses and tax recoverable.

[^] Excludes deferred grants.

Hong Leong Asia Ltd. and its subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2022**

17. Comparative figures

The Group enters into contractual arrangements with certain customers that entitle them to sales rebates based on sales volume achieved in the financial year. Management has determined that it is more appropriate to net such sales rebates with the receivables due from these customers in the same financial year. Where receivables have been settled, such sales rebates will then be classified as refund liabilities. Accordingly, the comparative figures in the balance sheet as of 31 December 2021 for trade and other receivables and trade and other payables had been adjusted by \$41,439,000 to conform with current year's presentation.

The changes to 2021 comparatives have no impact on the income statement, net current assets and net assets of the Group.

**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2022**

1. Review

The condensed interim consolidated balance sheets of Hong Leong Asia Ltd. and its subsidiaries as at 31 December 2022 and the related condensed interim consolidated income statement and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the half year period then ended and certain explanatory notes have not been audited or reviewed.

2. Notes to the financial statements for the half year (“2H”) and year ended 31 December (“FY”) 2022

2.1 Explanatory notes to the balance sheets of the Group and the Company

Group

- **Non-current assets:** The decrease in non-current assets was mainly due to (a) lower property, plant and equipment upon translation as Renminbi (“RMB”) weakened against Singapore Dollars (“SGD”) by approximately 10% and depreciation, partially offset by additional capital expenditure, (b) lower intangible assets upon translation (from RMB to SGD) and amortisation, partially offset by capitalisation of development costs for National VI and Tier 4 engines and new energy products, (c) fair value changes of other investments, (d) depreciation of right-of-use assets, and (e) decrease in long-term deposits placement. This was partially offset by increase in deferred tax assets recognised.
- **Current assets:** The decrease in current assets was mainly due to (a) lower inventory level maintained at year-end, coupled with translation effect as RMB weakened against the SGD, (b) lower trade and other receivables mainly due to RMB translation effect, and (c) lower cash and cash equivalents held as at 31 December 2022.
- **Current liabilities:** The decrease in current liabilities was mainly due to lower trade and other payables, provisions and loans and borrowings as at 31 December 2022. This was partially offset by higher current tax payable. In particular:
 - The decrease in trade and other payables was mainly due to lower purchases made towards year-end and RMB translation effect.
 - The decrease in provisions was mainly due to higher utilisation of warranty provision and RMB translation effect.
 - The decrease in loans and borrowings was mainly due to net repayment of short-term borrowings, RMB translation effect and refinancing of loans and borrowings with longer tenures.
 - The increase in current tax payable was mainly due to higher taxable income in FY2022.
- **Non-current liabilities:** The increase in non-current liabilities was mainly due to (a) refinancing of loans and borrowings as long-term liabilities, (b) increase in deferred tax liabilities and deferred grants recognised, and (c) recognition of financial liabilities by Yuchai’s subsidiary relating to the issuance of put option to its non-controlling interest.
- **Assets held for sale:** As previously announced by the Company on 7 December 2021, the Group’s subsidiary entered into a sale and purchase agreement with an unrelated party for the sale of its property in Malaysia for a cash consideration of Malaysian Ringgit (“RM”) 45 million. As at 31 December 2021, the asset was classified as “assets held for sale”, pending completion of the sale transaction. The sale transaction was completed in February 2022.

Hong Leong Asia Ltd. and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2022

2. Notes to the financial statements for the half year and year ended 31 December 2022 (cont'd)

2.1 Explanatory notes to the balance sheets of the Group and the Company (cont'd)

Group (cont'd)

- **Assets and liabilities of disposal group classified as held for distribution to owners (Airwell):** The decrease in assets of disposal group was mainly due to settlement of payables during the year. As a result, liabilities of disposal group also decreased.

Company

- **Non-current assets:** The decrease in non-current assets was mainly due to reclassification of intercompany loans (maturing within the next 12 months) to current assets. This was partially offset by purchase of property, plant and equipment during the year.
- **Current assets:** The increase in current assets was mainly due to higher cash and short-term deposits and additional inter-company loans extended to subsidiaries during the year, partially offset by impairment of receivables due from a subsidiary.
- **Current liabilities:** The decrease in current liabilities was mainly due to refinancing of loans and borrowings with longer tenures, partially offset by additional loans and borrowings (net) taken up as at 31 December 2022 and higher interest payable.
- **Non-current liabilities:** The increase in non-current liabilities was mainly due to refinancing loans and borrowings as long-term liabilities during the year.

2.2 Notes to the consolidated income statement

Items included in profit before income tax from continuing operations:

- Net gains on disposal of property, plant and equipment in 2H 2022 and 2H 2021 were attributed mainly to the Group's Building Materials Unit ("**BMU**"), partially offset by loss on disposal by the Group's Diesel Engines Unit ("**Yuchai**").

Net gain on disposal of property, plant and equipment in FY2022 was attributed mainly to Yuchai and BMU. Net gain on disposal of property, plant and equipment in FY2021 was attributed mainly to Yuchai, BMU and the Group's Rigid Packaging Unit ("**Rex**").

- Net (losses)/gains on disposal of right-of-use assets in 2022 and 2021 were attributed mainly to Yuchai.
- Gain on disposal of assets classified as held-for-sale was recognised upon completion of the disposal of property held by Rex Plastic (Malaysia) Sdn.Bhd. in 2022.
- Impairment loss on property, plant and equipment and intangible assets in 2022 was mainly related to impairment of property, plant and equipment in Yuchai and intangible assets in BMU.

Impairment loss on property, plant and equipment and intangible assets in 2021 was mainly related to impairment of property, plant and equipment in Yuchai.

**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2022**

**2. Notes to the financial statements for the half year and year ended 31 December 2022
(cont'd)**

2.2 Notes to the consolidated income statement (cont'd)

- Net impairment loss written back for trade and other receivables in 2022 was attributed mainly to BMU, a subsidiary of the Company and Yuchai. Net impairment loss written back for trade and other receivables in 2021 was attributed mainly to the Company upon debt recovery, partially offset by impairment loss recognised by BMU.
- Impairment losses on interests in joint ventures in 2022 was attributed to Yuchai.
- Net allowances (made)/written back for inventories obsolescence in 2022 and 2021 were attributed mainly to Yuchai.
- Inventories written off in 2021 were attributed mainly to Yuchai.
- The lower depreciation and amortisation recorded in 2H 2022 as compared to 2H 2021 were mainly due to RMB translation effect, partially offset by additional capital expenditure and the commencement of amortisation of technology know-how transferred from capitalised development expenditure upon completion and ready for use.

The higher depreciation and amortisation recorded in 2022 as compared to 2021 were mainly due to additional capital expenditure and the commencement of amortisation of technology know-how transferred from capitalised development expenditure upon completion and ready for use.

- The net foreign exchange loss recorded in 2H 2022 was mainly due to (a) foreign exchange loss on revaluation of United States dollar (“USD”) assets, as a result of the strengthening of Singapore Dollars (“SGD”) against USD, and (b) foreign exchange loss on revaluation of SGD liabilities in subsidiaries with functional currency in Malaysia Ringgit (“RM”), as a result of the strengthening of SGD against RM. This was partially offset by foreign exchange gain on revaluation of SGD assets in China Yuchai International Limited (“CYI”) (with functional currency in USD). The net foreign exchange loss recorded in 2H 2021 was mainly due to (a) foreign exchange loss on revaluation of SGD assets in CYI, and (b) realised foreign exchange loss on USD denominated transactions, as a result of the strengthening of USD against SGD and RM.

The net foreign exchange loss recorded in FY2022 was mainly due to (a) foreign exchange loss on revaluation of SGD liabilities in subsidiaries with functional currency in RM, and (b) realised foreign exchange loss on USD denominated transactions, as a result of the strengthening of USD against RM. The net foreign exchange gain recorded in FY2021 was mainly due to foreign exchange gain on revaluation of USD assets, as a result of the weakening of SGD against USD.

- Net fair value gain on derivatives (for hedging against foreign currency risk) arose from forward foreign exchange contracts in BMU in 2H 2021.
- The increase in interest expense in 2022 as compared to 2021 was mainly due to higher interest rates, partially offset by lower borrowings.
- The increase in interest income in 2H 2022 as compared to 2H 2021 was due mainly to higher deposits placement.

The decrease in interest income in FY2022 as compared to FY2021 was due mainly to translation effect as RMB weakened against SGD, partially offset by income from higher deposits placement.

Hong Leong Asia Ltd. and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2022

2. Notes to the financial statements for the half year and year ended 31 December 2022 (cont'd)

2.2 Notes to the consolidated income statement (cont'd)

- Gain on disposal of an associate in 2022 was attributed to Yuchai.
- The write-offs of property, plant and equipment in 2022 and 2021 were recorded mainly by Yuchai.
- Gain on debt assignment recorded in 2021 was related to the debt outstanding from the Xinfei Companies.

3. Review of performance of the Group

Note:

- (a) *Approximately 84% of the Group's total revenue is generated from its businesses in China. For the year ended 31 December, translation of income statements from Renminbi ("RMB") to Singapore dollar ("SGD") has been made at the average exchange rates of RMB4.9024 = SGD1.00 for FY2022 and RMB4.7990 = SGD1.00 for FY2021. For FY2022, RMB has depreciated by about 2.2% as compared to FY2021.*
- (b) *Discontinued operation – Airwell Air-conditioning Technology (China) Co., Ltd. and its subsidiary, Airwell Air-conditioning (Hong Kong) Company Limited (collectively, "Airwell") had ceased business operations in 2020. Accordingly, the operating performance of Airwell had been presented separately under "discontinued operation" in the income statement.*

The Group operates mainly in China, Singapore and Malaysia.

The main business units of the Group are the Diesel Engines Unit ("**Yuchai**") and the Building Materials Unit ("**BMU**"). The other business units of the Group include the Rigid Packaging Unit ("**Rex**") and the Air-conditioning Systems Unit ("**Airwell**") – in which the latter is classified as discontinued operation.

In FY2022, the Group's business in China was affected by renewed COVID-19 related curbs and lower pace of growth. This resulted in lower sales volume and revenue for Yuchai. Recovery of volumes and pricing was seen for the Group's operations in Singapore and Malaysia.

China's GDP grew 2.9% in the fourth quarter ("**4Q**") of 2022, slower than pace of 3.9% in the third quarter ("**3Q**") of 2022. For 2022, GDP expanded 3.0% as compared to growth of 8.4% in 2021, amid COVID-19 curbs, weak market demand and property downturn. Yuchai recorded a decline in unit sales in FY2022 in view of overall market weakness.

In Singapore, the Ministry of Trade and Industry announced that the construction sector grew by 10.0% on a year-on-year basis in 4Q 2022, faster than the 8.1% growth in the third quarter of 2022, as both public and private sector construction output increased. For 2022, the construction sector expanded by 6.7%, extending the 20.5% expansion in 2021, supported by both public and private sector construction works. BMU in Singapore ("**BMU Singapore**") recorded higher profits in FY2022, with recovery of volumes and improved selling prices.

3. Review of performance of the Group (cont'd)

In Malaysia, the construction sector maintained a double-digit growth of 10.1% in 4Q 2022, which was contributed by positive growth in all sub-sectors, particularly in civil engineering and non-residential buildings. Recovery momentum continued in 2022 for BMU in Malaysia ("Tasek") operating in a tight credit environment. However, rise in input costs, weak volumes reported by its concrete business and higher share of an associate's losses led Tasek to report a net loss for FY2022.

While key input costs continued to rise during 2022, the Group had responded with measures to improve operational efficiencies, diversify its supply chain as well as in managing selling prices to counter these costs increases. Throughout the COVID-19 pandemic, the Group has put the safety of its employees first while managing business risks effectively.

2H 2022 versus 2H 2021

Revenue for the Group was \$1.785 billion in 2H 2022, a decrease of \$309.2 million or 14.8%, from \$2.094 billion in 2H 2021. The decrease in revenue was mainly due to lower revenue recorded by Yuchai, partially offset by higher revenue by BMU.

- Yuchai's revenue decreased by \$362.8 million or 19.8% as compared to 2H 2021. It sold 140,345 engines in 2H 2022 as compared to 171,449 units sold in 2H 2021. The decrease was mainly due to lower engine sales in the truck, bus and marine and power generation application markets, partially offset by higher sales in agricultural and industrial engines. According to data reported by the China Association of Automobile Manufacturers ("CAAM"), commercial vehicle unit sales (excluding sales of gasoline-powered and electric-powered vehicles) decreased by 26.3% compared to 2H 2021, as unit sales of trucks and buses declined by 27.5% and 18.4% respectively, reflecting weak demand in these market segments.
- BMU's revenue increased by \$55.2 million or 22.2% as compared to 2H 2021, with the recovery of sales volumes and pricing as construction activities in Singapore and Malaysia continued to recover.

The Group's gross profit was \$321.5 million in 2H 2022, a decrease of \$19.7 million from \$341.2 million in 2H 2021. This was mainly due to the decrease in gross profit recorded by Yuchai, with lower sales volumes in 2H 2022, partially offset by improved profit of BMU. The Group's gross margin was 18.0% in 2H 2022 as compared to 16.3% in 2H 2021. The increase in gross margin was mainly due to a change in revenue mix with an increase in off-road segment over the on-road segment, cost reductions and lower sales rebates for Yuchai.

Other income, which comprised mainly interest income and government grants was \$51.5 million in 2H 2022, a decrease of \$1.3 million or 2.3% from \$52.8 million in 2H 2021. The decrease was largely due to the absence of impairment loss written back for other receivables recognised in 2021, partially offset by higher interest income and higher government grants.

Selling and distribution ("S&D") expenses were \$150.9 million in 2H 2022, an increase of \$15.8 million or 11.7% as compared to \$135.1 million in 2H 2021, largely due to higher staff costs and higher warranty expenses for Yuchai.

Research and development ("R&D") expenses were \$84.7 million in 2H 2022, a decrease of \$27.1 million or 24.2% as compared to \$111.8 million in 2H 2021. The decrease was mainly due to lower R&D expenses incurred in commercial vehicle engines that were partially offset by higher R&D expenses incurred in marine engines and power generation engines and new energy products for Yuchai.

**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2022**

3. Review of performance of the Group (cont'd)

2H 2022 versus 2H 2021 (cont'd)

General and administrative (“G&A”) expenses were \$79.5 million in 2H 2022, a decrease of \$13.2 million or 14.3% as compared to \$92.7 million in 2H 2021. The decrease was mainly due to lower staff costs and depreciation.

Finance costs were \$15.8 million in 2H 2022, an increase of \$2.7 million or 20.9% as compared to \$13.1 million in 2H 2021. The increase in finance costs was mainly due to higher interest rates in 2H 2022.

Other expenses, which comprised mainly net foreign exchange loss and net reversal of provision for onerous contracts, were \$2.3 million in 2H 2022, an increase of \$1.7 million from \$0.6 million in 2H 2021. Other expenses comprised mainly value-added tax recoverable written off and net reversal of provision for onerous contracts in 2H 2021.

Share of results of associates and joint ventures was a profit of \$2.9 million in 2H 2022 in contrast to a loss of \$19.5 million in 2H 2021. The loss in 2H 2021 was mainly due to higher engine development expenses and warranty costs in a joint venture of Yuchai, partially offset by share of profits recognised for a new associate during 2H 2021.

Income tax expenses was \$3.9 million in 2H 2022 in contrast to income tax credit of \$7.4 million in 2H 2021. The change was mainly due to higher taxable income in 2H 2022.

The Group's profit increased from \$28.6 million in 2H 2021 to \$38.6 million in 2H 2022. Profit attributable to the owners of the Company (“PATMI”) for 2H 2022 decreased by \$7.4 million to \$12.0 million, as compared to \$19.4 million in 2H 2021.

FY2022 versus FY2021

Revenue for the Group was \$3.881 billion in FY2022, a decrease of \$1.052 billion or 21.3%, from \$4.933 billion in FY2021. The decrease in revenue was mainly due to lower revenue recorded by Yuchai, partially offset by higher revenue recorded by BMU.

- Yuchai's revenue decreased by \$1.166 billion or 26.3% as compared to FY2021. The total number of engines sold by Yuchai in FY2022 decreased by 29.7% to 321,256 units compared with 456,791 units in FY2021. The decrease was mainly due to weakness in the truck and bus commercial vehicle markets, and markets for marine and power generation engines. According to CAAM, in FY2022, commercial vehicle unit sales (excluding sales of gasoline-powered and electric-powered vehicles) decreased by 41.4% compared to FY2021, as sales of trucks declined by 42.9% while sales of buses decreased by 27.1%. The COVID-19 restrictions impacted market conditions in China and in foreign markets.
- BMU's revenue increased by \$114.3 million or 24.3% as compared to FY2021, with improvement in both volume and pricing as the construction sector recovered.

The Group's gross profit was \$681.6 million in FY2022, a decrease of \$47.8 million from \$729.4 million in FY2021. This was mainly due to decrease in gross profit recorded by Yuchai with lower sales volumes reported, partially offset by higher gross profit for BMU. The Group's gross margin increased to 17.6% in FY2022 as compared to 14.8% in FY2021, mainly due to a change in revenue mix with higher off-road revenue as a greater proportion of the total revenue, and lower sales rebates for Yuchai.

**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2022**

3. Review of performance of the Group (cont'd)

FY2022 versus FY2021 (cont'd)

Other income, which comprised mainly government grants, interest income and gain on disposal of assets held for sale, was \$84.9 million in FY2022, a decrease of \$8.2 million from \$93.1 million in FY2021. The decrease was largely due to the absence of gain on debt assignment and impairment loss written back for other receivables recognised in FY2021, partially offset by gain on disposal of assets held for sale and higher government grants.

S&D expenses were \$279.4 million in FY2022, a decrease of \$7.6 million or 2.6% as compared to \$287.0 million in FY2021, mainly due to lower warranty expenses for Yuchai and delivery costs, partially offset by higher staff costs.

R&D expenses were \$170.6 million in FY2022, a decrease of \$6.3 million or 3.5% as compared to \$176.9 million in FY2021. The decrease was mainly due to lower experimental costs and consultancy fees. Yuchai continued with its initiatives to improve engine performances and the qualities of its engines compliant with China's National VI and Tier 4 emission standards, and to develop new energy products.

G&A expenses were \$162.4 million in FY2022, a decrease of \$15.7 million or 8.8% as compared to \$178.1 million in FY2021. The decrease was mainly due to lower staff costs and depreciation.

Finance costs were \$31.2 million in FY2022, an increase of \$1.1 million or 3.6% as compared to \$30.1 million in FY2021. The increase in finance costs was mainly due to higher loan interest.

Other expenses, which comprised mainly net foreign exchange loss and net reversal of provision for onerous contracts, were \$2.7 million in FY2022, an increase of \$1.0 million from \$1.7 million in FY2021. Other expenses comprised mainly value-added tax recoverable written off and net reversal of provision for onerous contracts in FY2021.

Share of results of associates and joint ventures was a profit of \$3.5 million in FY2022 in contrast to a loss of \$16.4 million in FY2021. The loss in FY2021 was mainly due to higher engine development expenses and warranty costs in a joint venture of Yuchai, partially offset by share of profits recognised for a new associate during FY2021.

Income tax expenses was \$20.7 million in FY2022 as compared to \$13.8 million in FY2021. The increase was mainly due to higher taxable income in FY2022.

In conclusion, the Group's profit decreased from \$119.4 million in FY2021 to \$102.6 million in FY2022. PATMI was \$54.5 million in FY2022 as compared to \$60.1 million in FY2021.

Working Capital and Cash Flow

The Group had cash and short-term deposits of \$1.014 billion as at 31 December 2022 compared with \$1.219 billion as at 31 December 2021.

During the year under review, the Group generated operating cash inflow before changes in working capital of \$343.0 million and net cash inflow from operating activities of \$37.6 million. This was mainly due to lower trade and other payables and provision, partially offset by lower inventories holdings as compared to 31 December 2021.

3. Review of performance of the Group (cont'd)

Working Capital and Cash Flow (cont'd)

The net cash outflow from investing activities of \$69.4 million was mainly due to purchase of property, plant and equipment and intangible assets, partially offset by net release of bank deposits, interest received and net proceeds from disposal of assets held for sale.

The Group had net cash outflow from financing activities of \$63.6 million. It was mainly due to dividends paid to non-controlling interests of subsidiaries and shareholders of the Company of \$48.4 million and interest payment, partially offset by net proceeds from borrowings of \$19.1 million.

As reported in the Group's results announcement for the third quarter of 2018 dated 14 November 2018, the Company had raised net proceeds of \$201.1 million from the rights issue exercise in October 2018. On 28 November 2022, the Group had announced that \$182.8 million of the net proceeds had been utilised. Since then, a further \$3.4 million of the net proceeds had been utilised for the construction of a fully mechanised integrated precast plant with state of art technology (the "Plant") on a piece of land at Pulau Punggol Barat, Singapore.

Other than the above and previously announced, the remaining unutilised funds had been used in the interim to repay short-term revolving facilities and the balance had been deposited with financial institutions pending future deployment. The Company will make periodic announcements via SGXNET on the further deployment of the rights proceeds.

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

None.

5. 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 World Bank expects China's GDP growth to recover back to 4.3% in 2023 amid a reopening of its economy, post 2022's uneven growth performance with GDP growth of just 2.7% percent. Improved economic activities in China should gradually lead to greater growth opportunities for Yuchai's portfolio of National VI and Tier 4 compliant powertrains and engines.

Yuchai's R&D programmes continue to improve on its engine performance and the qualities of its engines, and develop New Energy solutions in hydrogen fuel cells, hybrid powertrains as well as hydrogen engines. Yuchai is working to grow its New Energy solutions further from the 6,300 units achieved in FY2022, which represented a 12 fold increase from the previous year.

In Singapore, BMU's order books in the Precast and Ready Mix Concrete segments continue to see strong demand in both private and public housing. The Housing and Development Board (HDB) announced plans earlier in the year to launch 23,000 flats (similar to the volume of flats launched in 2022) and the Group expects construction tenders to increase. The Building and Construction Authority (BCA) has projected that the total value of local construction contracts awarded in 2023 will be between \$27 billion and \$32 billion versus

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Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2022

about \$30 billion for 2022. Amidst this improved situation, the industry continues to digest challenges including escalating labour and energy costs. Heightened worksite safety measures have also in instances slowed-down site progress. We continue to digitalise workflows and work on measures to improve productivity.

The completion of the Group's Integrated Construction and Prefabrication Hub ("ICPH") manufacturing facility in December 2022 will enable the Precast division to be substantially automated and continue to position itself as a leading player in Singapore. The Group's Jurong RMC Ecosystem Batching Plant operations at Jurong Port will be ready by the first half of 2023, which will enable the Ready Mix Concrete unit to optimise supply chain efficiencies while enabling a greener footprint operationally. These initiatives position the Group for future growth and are in line with the Singapore Government's plan to improve construction productivity with the adoption of Design for Manufacturing and Assembly (DfMA) technologies.

In Malaysia, Tasek, with its integrated cement plant and Ready Mix Concrete products, expects demand to pick up as Malaysia's economy recovers, with GDP growth for 2023 projected to be between 4% and 5% (vs 8.7% in 2022 from 2021's lowered base due to COVID-19). Industry conditions remain challenging given higher input, electricity and energy costs, coupled with the still tight credit conditions in the construction sector.

The Group is focused on strengthening its capabilities to execute new growth strategies, improving supply chain resilience and strengthening market position. It is also working closely with partners to develop solutions and increase innovation efforts with customers to address climate-change issues. With a conservative balance sheet and net cash position, the Group is cautiously optimistic that its businesses should perform satisfactorily in 2023. The Group will continue to improve its operational resilience, remain a reliable partner to customers and be responsible to all stakeholders.

6. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Proposed First and Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	2 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	First and Final (Paid)
Dividend Type	Cash
Dividend Amount per Share (in cents)	2 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

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Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2022

(c) Date payable

Subject to shareholders' approval at the forthcoming 62nd Annual General Meeting of the Company, the proposed first and final dividend for financial year ended 31 December 2022 will be payable on 16 May 2023.

(d) Record date

5.00 pm on 4 May 2023

7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

8. Interested person transactions

Name of Interested Person ("IP")	Nature of Relationship	Aggregate value of all interested person transactions for FY2022 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hume Cemboard Industries Sdn Bhd ("HCI")	Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is a controlling shareholder of the Company. HCI and KS, being associates of HLIH, are IPs.	Construction-related Transaction - Sale of raw materials to IP: \$2,995,676
Kim Sik Sdn Bhd ("KS")		Construction-related Transaction - Sale of raw materials to IP: \$1,956,971
		Total: \$4,952,647

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

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	14,960	14,958
Preference	-	-
Total:	14,960	14,958

The figure under the latest full year comprises the proposed first and final dividend for FY2022 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 747,978,318 issued shares in the capital of the Company as at 24 February 2023.

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**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2022**

10. **Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.**

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Pei Xuan	31	Daughter of Mr Kwek Leng Peck, Executive Chairman of Hong Leong Asia Ltd. ("HLA").	Appointed Head of Sustainability and Corporate Affairs of HLA on 1 January 2021. - Having overall responsibility for the management of the sustainability practices and reporting and corporate affairs (which involves overseeing corporate communications and business relation with stakeholders) of the Company and its subsidiaries.	Nil

11. **Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in compliance with Rule 720(1) of the Listing Manual in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Ng Siew Ping, Jaslin
Yeo Swee Gim, Joanne
Company Secretaries

24 February 2023