

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

HONG LEONG ASIA LTD.

Securities

HONG LEONG ASIA LTD. - SG1F76860344 - H22

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

28-Feb-2024 18:52:05

Status

New

Announcement Sub Title

Full Yearly Results

Announcement Reference

SG240228OTHR8I40

Submitted By (Co./ Ind. Name)

Ng Siew Ping, Jaslin

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached documents:

1. Condensed Interim Consolidated Financial Statements for the Half Year and Year Ended 31 December("FY") 2023;
2. Press Release titled 'Hong Leong Asia FY 2023 Attributable Net Profit Rises 19% to S\$64.9 million'; and
3. FY 2023 Results Presentation.

Additional Details

For Financial Period Ended

31-Dec-2023

Attachments



[1. Hong Leong Asia Ltd Condensed Interim Consolidated Financials 31 Dec 2023.pdf](#)



[2. HLA Press Release FY 2023.pdf](#)



[3. HLA FY2023 Results Presentation Final.pdf](#)

Total size =2706K MB

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 2023

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 2023

	Note	Group		Company	
		31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Non-current assets					
Property, plant and equipment	5	779,625	887,895	1,120	1,567
Intangible assets	6	323,923	323,541	-	-
Investment in subsidiaries		-	-	229,867	229,867
Interests in associates		134,941	126,166	14,605	14,605
Interests in joint ventures		53,767	44,058	-	-
Investment property		761	916	-	-
Other investments		6,040	11,056	-	-
Non-current receivables		52,281	4,560	-	-
Capitalised contract costs		25,074	38,095	-	-
Right-of-use assets		119,045	126,381	234	34
Deferred tax assets		80,183	92,255	-	-
Long-term deposits		-	3,854	-	-
		<u>1,575,640</u>	<u>1,658,777</u>	<u>245,826</u>	<u>246,073</u>
Current assets					
Inventories		937,315	1,028,903	-	-
Development properties		3,104	3,221	-	-
Trade and other receivables		1,744,786	1,609,808	384,966	381,257
Cash and short-term deposits		1,233,720	1,013,614	15,916	9,481
		<u>3,918,925</u>	<u>3,655,546</u>	<u>400,882</u>	<u>390,738</u>
Assets of disposal group classified as held for distribution to owners		1,415	1,736	-	-
		<u>3,920,340</u>	<u>3,657,282</u>	<u>400,882</u>	<u>390,738</u>
Total assets		<u>5,495,980</u>	<u>5,316,059</u>	<u>646,708</u>	<u>636,811</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 2023

	Note	Group		Company	
		31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Current liabilities					
Trade and other payables		1,845,195	1,678,954	7,668	5,555
Contract liabilities		118,574	119,038	-	-
Lease liabilities	7	11,150	12,260	51	7
Provisions		51,285	45,592	-	-
Loans and borrowings	7	509,986	671,528	133,080	217,713
Current tax payable		19,233	22,737	-	-
Derivatives		30	142	-	-
		<u>2,555,453</u>	<u>2,550,251</u>	<u>140,799</u>	<u>223,275</u>
Liabilities directly associated with disposal group classified as held for distribution to owners		782	1,122	-	-
		<u>2,556,235</u>	<u>2,551,373</u>	<u>140,799</u>	<u>223,275</u>
Net current assets		<u>1,364,105</u>	<u>1,105,909</u>	<u>260,083</u>	<u>167,463</u>
Non-current liabilities					
Loans and borrowings	7	377,995	203,075	250,000	160,000
Deferred tax liabilities		23,366	22,617	3,549	2,463
Deferred grants		83,826	91,799	-	-
Other liabilities		46,042	45,345	-	-
Contract liabilities		9,686	14,903	-	-
Lease liabilities	7	31,366	28,332	182	27
Retirement benefit obligations		4	2	-	-
		<u>572,285</u>	<u>406,073</u>	<u>253,731</u>	<u>162,490</u>
Total liabilities		<u>3,128,520</u>	<u>2,957,446</u>	<u>394,530</u>	<u>385,765</u>
Net assets		<u>2,367,460</u>	<u>2,358,613</u>	<u>252,178</u>	<u>251,046</u>
Equity attributable to owners of the Company					
Share capital	8	467,977	467,977	467,977	467,977
Reserves		453,205	433,782	(215,799)	(216,931)
Reserve attributable to disposal group classified as held for distribution to owners		825	793	-	-
		<u>922,007</u>	<u>902,552</u>	<u>252,178</u>	<u>251,046</u>
Non-controlling interests		<u>1,445,453</u>	<u>1,456,061</u>	<u>-</u>	<u>-</u>
Total equity		<u>2,367,460</u>	<u>2,358,613</u>	<u>252,178</u>	<u>251,046</u>
Total equity and liabilities		<u>5,495,980</u>	<u>5,316,059</u>	<u>646,708</u>	<u>636,811</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 2023

	Note	Group			Group		
		Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000	+/- %	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000	+/- %
Continuing operations							
Revenue	9	2,006,369	1,784,564	12.4%	4,081,454	3,881,141	5.2%
Cost of sales		(1,624,487)	(1,463,054)	11.0%	(3,326,668)	(3,199,547)	4.0%
Gross profit		381,882	321,510	18.8%	754,786	681,594	10.7%
Other item of income							
Other income		66,269	51,531	28.6%	96,887	84,878	14.1%
Other items of expense							
Selling and distribution expenses		(169,585)	(150,923)	12.4%	(300,086)	(279,432)	7.4%
Research and development expenses		(87,754)	(84,743)	3.6%	(165,607)	(170,619)	-2.9%
General and administrative expenses		(98,775)	(79,494)	24.3%	(194,888)	(162,371)	20.0%
Finance costs		(19,249)	(15,789)	21.9%	(39,862)	(31,167)	27.9%
Other expenses		(9,126)	(2,298)	297.1%	(10,555)	(2,734)	286.1%
Share of results of associates and joint ventures, net of income tax		11,287	2,914	287.3%	25,765	3,503	635.5%
Profit before income tax from continuing operations	10	74,949	42,708	75.5%	166,440	123,652	34.6%
Income tax expense	11	(19,113)	(3,942)	384.9%	(46,350)	(20,735)	123.5%
Profit from continuing operations, net of tax		55,836	38,766	44.0%	120,090	102,917	16.7%
Discontinued operation							
Loss from discontinued operation, net of tax		(34)	(210)	-83.8%	(167)	(325)	-48.6%
Profit for the period/year		55,802	38,556	44.7%	119,923	102,592	16.9%
Attributable to:							
Owners of the Company							
- Profit from continuing operations, net of tax		34,108	12,100	181.9%	64,991	54,756	18.7%
- Loss from discontinued operation, net of tax		(23)	(141)	-83.7%	(112)	(218)	-48.6%
		34,085	11,959	185.0%	64,879	54,538	19.0%
Non-controlling interests							
- Profit from continuing operations, net of tax		21,728	26,666	-18.5%	55,099	48,161	14.4%
- Loss from discontinued operation, net of tax		(11)	(69)	-84.1%	(55)	(107)	-48.6%
		21,717	26,597	-18.3%	55,044	48,054	14.5%
Earnings per share from continuing operations attributable to owners of the Company (cents per share)							
- Basic	12	4.56	1.62		8.69	7.32	
- Diluted	12	4.56	1.62		8.69	7.32	
Earnings per share (cents per share)							
- Basic	12	4.56	1.60		8.67	7.29	
- Diluted	12	4.56	1.60		8.67	7.29	

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 2023

	Group			Group		
	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000	+/- %	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000	+/- %
Profit for the period/year	55,802	38,556	44.7%	119,923	102,592	16.9%
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	1,373	(2,399)	NM	2,694	(11,477)	NM
Items that may be subsequently reclassified to profit or loss						
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	(14,349)	(167,574)	-91.4%	(86,584)	(214,888)	-59.7%
Net fair value changes of debt instruments at fair value through other comprehensive income	(3,552)	(5,810)	-38.9%	2,012	89	2160.7%
Realisation of reserves upon disposal and liquidation of subsidiaries	603	-	NM	568	-	NM
Other comprehensive income for the period/year, net of income tax	(15,925)	(175,783)	-90.9%	(81,310)	(226,276)	-64.1%
Total comprehensive income for the period/year	39,877	(137,227)	NM	38,613	(123,684)	NM
Attributable to:						
Owners of the Company	30,696	(53,381)	NM	35,311	(36,694)	NM
Non-controlling interests	9,181	(83,846)	NM	3,302	(86,990)	NM
Total comprehensive income for the period/year	39,877	(137,227)	NM	38,613	(123,684)	NM
Attributable to:						
Owners of the Company						
- Total comprehensive income from continuing operations, net of tax	30,719	(53,240)	NM	35,423	(36,476)	NM
- Total comprehensive income from discontinued operation, net of tax	(23)	(141)	-83.7%	(112)	(218)	-48.6%
	30,696	(53,381)	NM	35,311	(36,694)	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 2023

	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 2023	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
Profit for the year	-	-	-	-	-	-	-	-	64,879	64,879	55,044	119,923
<u>Other comprehensive income</u>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(34,559)	-	-	-	(34,559)	(52,025)	(86,584)
Realisation of reserve upon disposal of instruments at fair value through other comprehensive income	-	-	-	(1,366)	-	-	-	-	1,366	-	-	-
Net fair value changes of equity instruments at fair value through other comprehensive income	-	-	-	2,574	-	-	-	-	-	2,574	120	2,694
Net fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	688	-	-	-	-	-	688	1,324	2,012
Realisation of reserves upon disposal and liquidation of subsidiaries	-	-	(166)	-	-	1,895	-	-	-	1,729	(1,161)	568
Other comprehensive income for the year, net of tax	-	-	(166)	1,896	-	(32,664)	-	-	1,366	(29,568)	(51,742)	(81,310)
Total comprehensive income for the year	-	-	(166)	1,896	-	(32,664)	-	-	66,245	35,311	3,302	38,613
Transactions with owners, recorded directly in equity												
<u>Contributions by and distributions to owners</u>												
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(14,960)	(14,960)	-	(14,960)
Dividends paid/payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(15,125)	(15,125)
Cost of share-based compensation	-	-	-	-	11	-	-	-	-	11	-	11
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,779	3,779
<u>Changes in ownership interests in subsidiaries</u>												
Dilution of interest in subsidiary	-	-	-	-	-	-	279	-	-	279	(279)	-
<u>Others</u>												
Transfer to statutory reserve	-	-	8,689	-	-	-	-	-	(8,689)	-	-	-
Reserve attributable to disposal group classified as held for distribution to owners	-	-	-	-	-	(32)	-	32	-	-	-	-
Issuance of put option to non-controlling interests of subsidiary	-	(1,186)	-	-	-	-	-	-	-	(1,186)	(2,285)	(3,471)
At 31 December 2023	467,977	(19)	30,730	9,693	5,405	(84,508)	63,286	825	428,618	922,007	1,445,453	2,367,460

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 2023**

	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
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
<i>Other comprehensive income</i>												
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												
<i>Contributions by and distributions to owners</i>												
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
<i>Contributions by and distributions to owners</i>												
Dilution of interest in subsidiary	-	-	-	-	-	-	410	-	-	410	(410)	-
<i>Others</i>												
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 Statement of Changes in Equity
For the Year Ended 31 December 2023**

Company	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Accumulated (losses)/profits \$'000	Total equity \$'000
At 1 January 2023	467,977	9,199	2,618	(228,748)	251,046
Total comprehensive income for the year	-	-	-	16,081	16,081
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends paid to shareholders	-	-	-	(14,960)	(14,960)
Cost of share-based compensation	-	-	11	-	11
At 31 December 2023	<u>467,977</u>	<u>9,199</u>	<u>2,629</u>	<u>(227,627)</u>	<u>252,178</u>
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>

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 2023**

	Group	
	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
Operating activities		
Profit before income tax from continuing operations	166,440	123,652
Loss before income tax from discontinued operation	(167)	(325)
Adjustments for:		
Share of results of associates and joint ventures, net of income tax	(25,765)	(3,503)
Cost of share-based payments	11	34
Depreciation and amortisation	151,306	153,191
Allowance recognised for inventories obsolescence	10,439	11,447
Impairment losses recognised/(written back) for trade and other receivables	4,685	(1,190)
Impairment losses recognised for property, plant and equipment and intangible assets	8,439	3,843
Impairment losses on interests in joint ventures	-	202
Property, plant and equipment written off	464	880
Finance costs	39,862	31,167
Dividend income from other investments	(153)	(79)
Interest income	(32,716)	(28,296)
Gain on disposal of:		
- subsidiary	(19,593)	-
- associate	-	(271)
- property, plant and equipment	(395)	(1,374)
- right-of-use assets	(1,442)	(801)
- assets classified as held-for-sale	-	(10,489)
- other investments	-	(59)
Gain on liquidation of a subsidiary	(129)	-
Provision for warranties and other costs, net	78,891	65,003
Operating cash flows before changes in working capital	380,177	343,032
Changes in working capital:		
Inventories and development properties	40,046	37,470
Trade and other receivables and capitalised contract costs	(233,427)	(90,067)
Trade and other payables and contract liabilities	229,429	(211,896)
Grant received from government	48,670	39,652
Provisions utilised	(71,053)	(70,667)
Cash flows from operations	393,842	47,524
Income tax paid	(31,803)	(9,875)
Net cash flows from operating activities	362,039	37,649

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 2023**

	Group	
	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
Investing activities		
Additional investment in associates and joint ventures	(1,228)	(1,072)
Dividends received from:		
- associates and joint ventures	9,857	8,663
- other investments	153	66
Interest received	32,618	28,221
Net (placement)/release of deposits with banks	(18,243)	29,386
Purchase of:		
- property, plant and equipment	(68,310)	(115,880)
- intangible assets	(32,161)	(34,100)
Net cash (outflow)/inflow on disposal of:		
- subsidiary, net of cash disposed	(6,056)	-
- subsidiary, net of cash liquidated	1,862	-
- associate	189	204
- property, plant and equipment	1,681	2,097
- right of use assets	-	1,466
- assets classified as held-for-sale	-	11,476
- other investments	7,228	110
Net cash flows used in investing activities	(72,410)	(69,363)
Financing activities		
Contribution by non-controlling interests	3,779	10,913
Dividends paid to non-controlling interests of subsidiaries	(15,125)	(33,419)
Dividends paid to shareholders of the Company	(14,960)	(14,958)
Interest paid	(41,344)	(32,296)
Net proceeds from shares issue	-	39
Proceeds from borrowings	606,743	408,673
Repayment in respect of borrowings	(575,603)	(389,608)
Repayment of obligation under lease liabilities	(12,867)	(12,905)
Net cash flows used in financing activities	(49,377)	(63,561)
Net increase/(decrease) in cash and cash equivalents	240,252	(95,275)
Cash and cash equivalents at beginning of the financial year	942,268	1,129,344
Effect of exchange rate changes on balances held in foreign currencies	(39,360)	(91,801)
Cash and cash equivalents at end of the financial year	1,143,160	942,268
Comprising:		
Cash and short-term deposits	1,233,720	1,013,614
Less: Short-term deposits and restricted deposits	(91,975)	(73,082)
Add: Cash at bank attributable to discontinued operation	1,415	1,736
	1,143,160	942,268

The attributable net assets of subsidiary disposed during the year are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
Disposal of subsidiary		
Non-current assets	12,071	-
Net current liabilities	10,824	-
Realisation of reserves	1,763	-
Gain on disposal of subsidiary	19,593	-
Total cash consideration	44,251	-
Less: Proceeds reflected as receivable, net of unpaid transaction costs	(44,251)	-
Less: Cash and cash equivalents of subsidiary disposed	(6,056)	-
Net cashflow on disposed of subsidiary	(6,056)	-

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 2023

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 powertrain solutions 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 2023 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 2023.

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 2022.

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) Powertrain solutions: engines for on-road, off-road, genset and marine applications.
- (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 2023 or 2022.

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 2023

4. Segment information (cont'd)

Reportable segments (cont'd)

	Powertrain solutions \$'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 2023							
Total external revenue	1,647,825	344,326	11,020	3,198	-	-	2,006,369
Interest income ^A	13,320	778	258	8,490	4	(6,461)	16,389
Interest expense	(8,166)	(443)	(697)	(15,876)	-	6,450	(18,732)
Depreciation and amortisation	(64,085)	(12,725)	(386)	(726)	-	-	(77,922)
Reportable segment profit/(loss) before income tax ^A	35,142	56,366	(921)	(15,638)	(34)	34	74,949
Share of results of associates and joint ventures, net of income tax	6,049	5,239	-	(1)	-	-	11,287
Reportable segment profit/(loss) after income tax ^A	28,384	45,244	(983)	(16,809)	(34)	34	55,836
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

* 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 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 2023

4. Segment information (cont'd)

Reportable segments (cont'd)

	Powertrain solutions \$'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 2023							
Total external revenue	3,403,538	650,596	21,451	5,869	-	-	4,081,454
Interest income ^A	27,368	1,264	473	16,324	8	(12,729)	32,708
Interest expense	(18,059)	(1,051)	(1,370)	(31,112)	-	12,715	(38,877)
Depreciation and amortisation	(124,716)	(24,375)	(780)	(1,435)	-	-	(151,306)
Reportable segment profit/(loss) before income tax ^A	104,411	93,384	(2,083)	(29,272)	(167)	167	166,440
Share of results of associates and joint ventures, net of income tax	11,721	14,037	-	7	-	-	25,765
Reportable segment profit/(loss) after income tax ^A	76,454	76,276	(2,181)	(30,459)	(167)	167	120,090
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

* 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 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 2023

4. Segment information (cont'd)

Reportable segments (cont'd)

	Powertrain solutions \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
31 December 2023							
<i>Assets and liabilities</i>							
Reportable segment assets [^]	4,658,874	478,527	43,798	1,111,074	1,415	(986,416)	5,307,272
Interests in associates and joint ventures	43,696	144,656	-	356	-	-	188,708
Reportable segment liabilities	2,517,378	184,396	105,413	1,240,056	782	(919,505)	3,128,520
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

* 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 2023

5. Property, plant and equipment

During the half year ended 31 December 2023, the Group acquired assets with a cost of \$38,506,000 (31 December 2022: \$53,755,000).

Capital commitments

As at 31 December 2023, the Group had capital expenditure contracted for but not recognised in the financial statements amounting to \$34,400,000 (31 December 2022: \$71,531,000).

6. Intangible assets

Group	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 2023					
Cost	347,222	35,322	313	11,569	394,426
Accumulated amortisation and impairment losses	(63,194)	(3,635)	(313)	(10,667)	(77,809)
Net carrying amount	<u>284,028</u>	<u>31,687</u>	-	902	<u>316,617</u>
Half year ended 31 December 2023					
Opening net carrying amount	284,028	31,687	-	902	316,617
Additions	23,934	-	-	-	23,934
Amortisation charge for the period	(14,628)	-	-	-	(14,628)
Translation differences	(1,813)	(187)	-	-	(2,000)
Closing net carrying amount	<u>291,521</u>	<u>31,500</u>	-	902	<u>323,923</u>
At 31 December 2023					
Cost	368,854	35,049	313	11,569	415,785
Accumulated amortisation and impairment losses	(77,333)	(3,549)	(313)	(10,667)	(91,862)
Net carrying amount	<u>291,521</u>	<u>31,500</u>	-	902	<u>323,923</u>

Additions during the half year ended 31 December 2023 were mainly capitalised technology development costs for development of National VI and Tier 4 engines and new energy products.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2023

6. Intangible assets (cont'd)

Powertrain solutions 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 2022 and 2023.

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.

Trademarks

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 2023, the carrying amount was \$31,500,000 (2022: \$32,723,000) (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 2022 and 2023.

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 10-year period (2022: 10-year period).

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

6. Intangible assets (cont'd)

Company	Computer software and related costs \$'000	Club membership \$'000	Total \$'000
At 30 June 2023 and 31 December 2023			
Cost	1,502	313	1,815
Accumulated amortisation and impairment losses	(1,502)	(313)	(1,815)
Net carrying amount	-	-	-

7. Loans and borrowings

	Group		Company	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
Amount repayable in one year or less, or on demand				
Unsecured bank loans	503,852	654,120	133,080	217,713
Secured bank loans	6,134	17,408	-	-
	<u>509,986</u>	<u>671,528</u>	<u>133,080</u>	<u>217,713</u>
Unsecured lease liabilities	11,150	12,260	51	7
	<u>11,150</u>	<u>12,260</u>	<u>51</u>	<u>7</u>
Amount repayable after one year				
Unsecured bank loans	377,995	198,540	250,000	160,000
Secured bank loans	-	4,535	-	-
	<u>377,995</u>	<u>203,075</u>	<u>250,000</u>	<u>160,000</u>
Unsecured lease liabilities	31,366	28,332	182	27
	<u>31,366</u>	<u>28,332</u>	<u>182</u>	<u>27</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 2023 of \$81,530,000 (31 December 2022: \$92,158,000).

Hong Leong Asia Ltd. and its subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023**

8. Share capital

	Group and Company			
	2023		2022	
	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	747,979	467,977	747,906	467,938
Shares issued under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	–	–	73	39
At 31 December	747,979	467,977	747,979	467,977

The total number of issued shares as at 31 December 2023 was 747,978,318 (31 December 2022: 747,978,318). There were no shares held as treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares/subsidiary holdings during the year ended 31 December 2023.

Share options

There was no option exercised pursuant to the terms of the Scheme during the year ended 31 December 2023.

As at 31 December 2023, there were a total of 498,000 (31 December 2022: 498,000) 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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

9. Revenue

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

Segments	Half year ended 31 December 2023				Consolidated total \$'000
	Powertrain solutions \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	520,054	-	-	-	520,054
Sale of medium-duty engines	460,604	-	-	-	460,604
Sale of light-duty engines	147,962	-	-	-	147,962
Sale of precast concrete products	-	67,592	-	-	67,592
Sale of ready-mix concrete	-	176,085	-	-	176,085
Sale of cement	-	90,377	-	-	90,377
Sale of other goods	-	10,272	-	-	10,272
Sale of rigid packaging products	-	-	11,020	-	11,020
Hospitality operations	1,403	-	-	3,185	4,588
Others ⁽¹⁾	517,802	-	-	13	517,815
	<u>1,647,825</u>	<u>344,326</u>	<u>11,020</u>	<u>3,198</u>	<u>2,006,369</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 2023

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 2023				Consolidated total \$'000
	Powertrain solutions \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	1,632,402	-	9,806	-	1,642,208
Singapore	1,651	222,196	1,214	-	225,061
Malaysia	475	122,130	-	3,198	125,803
Others	13,297	-	-	-	13,297
	<u>1,647,825</u>	<u>344,326</u>	<u>11,020</u>	<u>3,198</u>	<u>2,006,369</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	1,641,549	344,326	11,020	694	1,997,589
Services transferred over time	6,276	-	-	2,504	8,780
	<u>1,647,825</u>	<u>344,326</u>	<u>11,020</u>	<u>3,198</u>	<u>2,006,369</u>

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

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
	Powertrain solutions \$'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.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

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
	Powertrain solutions \$'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>

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

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 2023				Consolidated total \$'000
	Powertrain solutions \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Major product or service lines					
Sale of heavy-duty engines	1,049,014	-	-	-	1,049,014
Sale of medium-duty engines	1,076,152	-	-	-	1,076,152
Sale of light-duty engines	306,349	-	-	-	306,349
Sale of precast concrete products	-	126,101	-	-	126,101
Sale of ready-mix concrete	-	315,532	-	-	315,532
Sale of cement	-	184,581	-	-	184,581
Sale of other goods	-	24,382	-	-	24,382
Sale of rigid packaging products	-	-	21,451	-	21,451
Hospitality operations	10,569	-	-	5,841	16,410
Others ⁽¹⁾	961,454	-	-	28	961,482
	3,403,538	650,596	21,451	5,869	4,081,454

⁽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 2023

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 2023				Consolidated total \$'000
	Powertrain solutions \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
Geographical markets					
The PRC	3,377,490	-	19,201	-	3,396,691
Singapore	2,121	426,515	2,250	-	430,886
Malaysia	884	224,081	-	5,869	230,834
Others	23,043	-	-	-	23,043
	<u>3,403,538</u>	<u>650,596</u>	<u>21,451</u>	<u>5,869</u>	<u>4,081,454</u>
Timing of revenue recognition					
Goods and services transferred at a point in time	3,392,968	650,596	21,451	1,533	4,066,548
Services transferred over time	10,570	-	-	4,336	14,906
	<u>3,403,538</u>	<u>650,596</u>	<u>21,451</u>	<u>5,869</u>	<u>4,081,454</u>

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

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
	Powertrain solutions \$'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.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the Half Year and Year Ended 31 December 2023

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
	Powertrain solutions \$'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>

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2023

9. Revenue (cont'd)

A breakdown of sales:

	2023 \$'000	Group 2022 \$'000	+/- %
Sales reported for first half	2,075,085	2,096,577	-1.0%
Operating profit after tax before deducting non-controlling interests reported for first half year	64,254	64,151	0.2%
Sales reported for second half	2,006,369	1,784,564	12.4%
Operating profit after tax before deducting non-controlling interests reported for second half year	55,836	38,766	44.0%

10. Profit before income tax from continuing operations

Profit before income tax from continuing operations includes the following:

	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000	+/- %	Group		
				Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000	+/- %
Gain on disposal of property, plant and equipment, net	306	7	4271.4%	395	1,374	-71.3%
Gain/(loss) on disposal of right-of-use assets, net	1,442	(3)	NM	1,442	801	80.0%
Gain on disposal of assets classified as held-for-sale	-	-	NM	-	10,489	NM
Impairment losses on property, plant and equipment and intangible assets	(8,439)	(3,843)	119.6%	(8,439)	(3,843)	119.6%
Impairment losses (recognised)/written back for trade and other receivables, net	(4,512)	825	NM	(4,685)	1,190	NM
Impairment losses on interests in joint ventures	-	(202)	NM	-	(202)	NM
Allowance recognised for inventories obsolescence	(10,883)	(8,688)	25.3%	(10,439)	(11,447)	-8.8%
Depreciation and amortisation	(77,922)	(75,523)	3.2%	(151,306)	(153,191)	-1.2%
Foreign exchange loss, net	(2,082)	(3,870)	-46.2%	(3,448)	(3,339)	3.3%
Interest expense	(18,732)	(15,241)	22.9%	(38,877)	(30,118)	29.1%
Interest income	16,389	14,910	9.9%	32,708	28,285	15.6%
Gain on disposal of a subsidiary	19,593	-	NM	19,593	-	NM
Gain on disposal of an associate	-	271	NM	-	271	NM
Write-off of property, plant & equipment	(421)	(810)	-48.0%	(464)	(880)	-47.3%

11. Taxation

For the year ended 31 December 2023, the Group's tax charge included additional provision of \$15,494,000 for prior years (31 December 2022: additional provision of \$5,608,000 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 2023

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 2023	Year ended 31 December 2022
	No. of Shares	No. of shares
Weighted average number of shares issued, used in the calculation of basic earnings per share	747,978,318	747,914,289
Dilutive effect of share options	30,191	95,628
Weighted average number of ordinary shares (diluted)	<u>748,008,509</u>	<u>748,009,917</u>

320,000 (31 December 2022: 120,000) 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.

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Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2023

13. Related party transactions

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

During the year ended 31 December 2023, the Group made payments to firms, in which a director has an interest, in respect of professional services rendered. This amounted to \$57,464 (31 December 2022: \$133,085). At the balance sheet date, \$324 (31 December 2022: \$18,369) 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 2023	Half year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000	\$'000	\$'000
Sale of engines and materials				
- associates and joint ventures	102,501	73,731	178,575	102,190
- related corporations	175,689	166,689	384,331	461,473
Purchase of materials, supplies and engines				
- associates and joint ventures	236,082	202,971	393,986	379,159
- related corporations	165,781	113,879	339,516	214,918
Management services income				
- an associate	222	222	444	444
Management services paid and payable				
- related corporations	262	346	333	459
Rental paid and payable (include general expenses)				
- immediate holding company	319	343	637	679
General and administrative expenses				
- joint ventures	660	26	660	26
- related corporations	9,095	9,519	17,180	17,023
Delivery, storage, distribution and handling expenses				
- related corporations	25,449	20,084	40,159	41,137
Hospitality, restaurant, consultancy and other service income				
- Joint ventures	22,207	584	22,986	1,039
- related corporations	2,474	2,039	3,405	2,121
Rental income				
- associates and joint ventures	533	532	724	986
- related corporations	2,249	27	2,310	118
Purchase of vehicles and machineries				
- related corporations	-	30	-	513

(b) *Outstanding balances with a related party*

As at 31 December 2023, fixed deposits held with a related party amounted to \$9,500,000 (31 December 2022: \$7,045,000).

(c) *Commitments with related parties*

As at 31 December 2023, the Group has commitments to purchase raw materials from related parties amounting to approximately \$67,468,000 between 2024 and 2027 (31 December 2022: \$29,804,000 between 2023 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 2023

14. Dividends

	Group	
	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
Declared and paid during the financial period		
<i>Dividends on ordinary shares:</i>		
First and final tax exempt dividend paid of 2 cents per share in respect of year 2022 (2022: 2 cents per share in respect of year 2021)	14,960	14,958
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the 2024 AGM:</i>		
First and final tax exempt (one-tier) dividend in respect of year 2023: 2 cents (2022: 2 cents) per share	14,960	14,960

15. Net Asset Value

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net asset value per ordinary share (cents)	123.27	120.67	33.71	33.56

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 2023

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 2023			
Financial assets			
Other investments	6,040	-	6,040
Bill receivables	-	710,424	710,424
As at 31 December 2023	<u>6,040</u>	<u>710,424</u>	<u>716,464</u>
Financial liabilities			
Derivatives	-	30	30
As at 31 December 2023	<u>-</u>	<u>30</u>	<u>30</u>
31 December 2022			
Financial assets			
Other investments	11,056	-	11,056
Bill receivables	-	621,900	621,900
As at 31 December 2022	<u>11,056</u>	<u>621,900</u>	<u>632,956</u>
Financial liabilities			
Derivatives	-	142	142
As at 31 December 2022	<u>-</u>	<u>142</u>	<u>142</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 2023

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 other comprehensive income \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
31 December 2023				
Assets				
Other investments	-	6,040	-	6,040
Trade and other receivables*	1,049,788	710,424	-	1,760,212
Cash and bank balances	1,233,720	-	-	1,233,720
	<u>2,283,508</u>	<u>716,464</u>	<u>-</u>	<u>2,999,972</u>
Liabilities				
Trade and other payables [^]	-	-	1,843,699	1,843,699
Other non-current liabilities	-	-	46,042	46,042
Loans and borrowings	-	-	887,981	887,981
	<u>-</u>	<u>-</u>	<u>2,777,722</u>	<u>2,777,722</u>
31 December 2022				
Assets				
Other investments	-	11,056	-	11,056
Trade and other receivables*	916,985	621,900	-	1,538,885
Cash and bank balances	1,017,468	-	-	1,017,468
	<u>1,934,453</u>	<u>632,956</u>	<u>-</u>	<u>2,567,409</u>
Liabilities				
Trade and other payables [^]	-	-	1,676,371	1,676,371
Other non-current liabilities	-	-	45,345	45,345
Loans and borrowings	-	-	874,603	874,603
	<u>-</u>	<u>-</u>	<u>2,596,319</u>	<u>2,596,319</u>

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

[^] Excludes deferred grants.

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 2023

1. Review

The condensed interim consolidated balance sheets of Hong Leong Asia Ltd. and its subsidiaries as at 31 December 2023 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”) 2023

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) depreciation of property, plant and equipment and translation effect as Renminbi (“RMB”) weakened against Singapore Dollar (“SGD”), partially offset by additional capital expenditure, (b) recognition of capitalised contract costs in income statement upon contract performance, (c) decrease in deferred tax assets, (d) depreciation of right-of-use assets, partially offset by addition of right-of-use assets during the year, and (e) disposal of other investment designated as fair value through other comprehensive income. This was partially offset by (f) reclassification of amounts due from related corporations (with longer tenure) to non-current assets, and (g) recognition of share of profits (net) of joint ventures and associates.
- **Current assets:** The increase in current assets was mainly due to (a) higher cash and cash equivalents held as at 31 December 2023, and (b) higher trade and other receivables mainly due to higher collection of bill receivables towards year-end, partially offset by RMB translation effect. However, lower inventory level was maintained at year-end, in part affected by RMB translation effect.
- **Current liabilities:** The increase in current liabilities was mainly due to higher trade and other payables and provisions. This was partially offset by lower loans and borrowings and current tax payable as at 31 December 2023. In particular:
 - The increase in trade and other payables was mainly due to higher issuance of bill payables towards year-end, partially offset by RMB translation effect.
 - The increase in provisions was mainly due to additional provision for warranty made.
 - The decrease in loans and borrowings was mainly due to refinancing of loans and borrowings as long-term liabilities, partially offset by additional short-term borrowings (net) taken up during the year.
 - The decrease in current tax payable was mainly due to tax paid during the year.
- **Non-current liabilities:** The increase in non-current liabilities was mainly due to (a) additional borrowings and refinancing of loans and borrowings as long-term liabilities, and (b) higher lease liabilities recognised. This was partially offset by lower deferred grants and the reclassification of contract liabilities, expected to be satisfied within the next 12 months, to current liabilities.
- **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.

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 2023

2. Notes to the financial statements for the half year and year ended 31 December 2023 (cont'd)

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

Company

- **Non-current assets:** The decrease in non-current assets was mainly due to depreciation of property, plant and equipment, partially offset by addition of right-of-use assets during the year.
- **Current assets:** The increase in current assets was mainly due to higher cash and short-term deposits and receivables from subsidiaries as at 31 December 2023.
- **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 2023 and higher interest payable.
- **Non-current liabilities:** The increase in non-current liabilities was mainly due to refinancing of loans and borrowings as long-term liabilities during the year and higher deferred tax liabilities recognised.

2.2 Notes to the consolidated income statement

Items included in profit before income tax from continuing operations:

- Net gain on disposal of property, plant and equipment in 2H 2023 was attributed mainly to the Group's Powertrain Solutions Unit ("Yuchai") and Building Materials Unit ("BMU"). Net gain on disposal of property, plant and equipment in 2H 2022 was attributed mainly to BMU, partially offset by loss on disposal by Yuchai.

Net gains on disposal of property, plant and equipment in FY2023 and FY2022 were attributed mainly to Yuchai and BMU.
- Net gains/(losses) on disposal of right-of-use assets in 2023 and 2022 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 2023 was mainly related to impairment of property, plant and equipment in Yuchai. 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.
- Net impairment loss recognised for trade and other receivables in 2023 was attributed mainly to Yuchai. Net impairment loss written back for trade and other receivables in 2022 was attributed mainly to BMU, a subsidiary of the Company and Yuchai.
- Impairment losses on interests in joint ventures in 2022 was attributed to Yuchai.
- Net allowances made for inventories obsolescence in 2023 and 2022 were attributed mainly to Yuchai.

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 2023

2. Notes to the financial statements for the half year and year ended 31 December 2023 (cont'd)

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

- The higher depreciation and amortisation recorded in 2H 2023 as compared to 2H 2022 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, partially offset by RMB translation effect.

The lower depreciation and amortisation recorded in FY2023 as compared to FY2022 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 net foreign exchange loss recorded in 2H 2023 was mainly due to foreign exchange loss on revaluation of United States Dollar (“**USD**”) assets, as a result of the strengthening of SGD against USD. 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 2022 was mainly due to (a) foreign exchange loss on revaluation of USD assets, 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 CYI.

The net foreign exchange loss recorded in FY2023 was mainly due to (a) foreign exchange loss on revaluation of USD assets, as a result of the strengthening of SGD against USD, (b) foreign exchange loss on revaluation of SGD liabilities in subsidiaries with functional currency in RM, and (c) foreign exchange loss on revaluation of RMB assets in CYI’s subsidiaries (with functional currency in USD), as a result of the weakening of RMB against USD. This was partially offset by foreign exchange gain on revaluation of SGD assets in CYI. 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 increase in interest expense in 2023 as compared to 2022 was mainly due to higher interest rates.
- The increase in interest income in 2023 as compared to 2022 was due mainly to higher deposits placement and interest rates.
- Gain on disposal of a subsidiary in 2023 was attributed to Yuchai.
- Gain on disposal of an associate in 2022 was attributed to Yuchai.
- The write-offs of property, plant and equipment in 2023 and 2022 were recorded mainly by Yuchai and BMU.

3. Review of performance of the Group

Notes:

- (a) *Approximately 83% 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 RMB5.2931 = SGD1.00 for FY2023 and RMB4.9024 = SGD1.00 for FY2022. For FY2023, RMB has depreciated by about 8.0% as compared to FY2022.*
- (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 Powertrain Solutions 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 China, the National Bureau of Statistics reported that the economy grew by 5.2% in 2023. China's economy grew 5.2% in 2023, but the recovery was uneven with tepid demand casting a pall over the outlook for 2024¹. Despite a decline in unit sales, Yuchai recorded a higher revenue and improved margins due mainly to favourable sales mix and continued cost reduction efforts. Better results from joint ventures further contributed to higher profits for Yuchai, despite negative effect of a weaker RMB against SGD upon translation.

In Singapore, the Ministry of Trade and Industry announced that the construction sector grew by 5.2% in 2023, improving from the 4.6% growth in the previous year, supported by expansions in both public and private sector construction works². Despite higher input costs and a tighter credit environment, BMU in Singapore ("**BMU Singapore**") had healthy activity levels, helped by strong local construction demand.

In Malaysia, the Department of Statistics Malaysia announced that the performance of the construction work done in 2023 reached a value of RM132.2 billion, demonstrating continuous positive momentum at 8.4% after turning around in 2022 with 8.8% growth³. BMU in Malaysia ("**Tasek**") reported profits in 2023 on the strong recovery of cement volumes and pricing, a turnaround from net losses in 2022. Input costs remain elevated but have eased from their peaks.

¹ <https://www.reuters.com/world/china/chinas-q4-gdp-grows-52-yy-below-market-forecast-2024-01-17/>

² <https://www.mti.gov.sg/Newsroom/Press-Releases/2024/02/MTI-Maintains-2024-GDP-Growth-Forecast-at-1-0-to-3-0-Per-Cent>

³ <https://www.dosm.gov.my/portal-main/release-content/construction-statistics-fourth-quarter-2023>

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

2H 2023 versus 2H 2022

Revenue for the Group was \$2.006 billion in 2H 2023, an increase of \$221.8 million or 12.4%, from \$1.785 billion in 2H 2022. The increase in revenue was mainly due to higher revenue recorded by Yuchai and BMU.

- Yuchai's revenue increased by \$182.7 million or 12.5% as compared to 2H 2022. The total number of engines sold by Yuchai in 2H 2023 was 147,700 units, a 5.2% increase as compared to 140,345 units sold in 2H 2022. The increase was mainly due to higher heavy-duty and medium-duty engine sales in the truck and bus markets as well as increased sales in the marine and power generation and industrial markets.
- BMU's revenue increased by \$40.9 million or 13.5% as compared to 2H 2022, largely due to recovery of sales volumes and improved average selling prices for Tasek.

The Group's gross profit was \$381.9 million in 2H 2023, an increase of \$60.4 million or 18.8% from \$321.5 million in 2H 2022. This was mainly due to the increase in gross profit recorded by BMU and Yuchai. The Group's gross margin was 19.0% in 2H 2023 as compared to 18.0% in 2H 2022. The increase in gross margin was mainly due to improved average selling prices for Tasek.

Other income, which mainly comprised government grants, gain on disposal of subsidiary and interest income, was \$66.3 million in 2H 2023, an increase of \$14.8 million or 28.6% from \$51.5 million in 2H 2022. The increase was largely due to the gain on disposal of Yuchai's subsidiary recognised, partially offset by lower government grants.

Selling and distribution ("**S&D**") expenses were \$169.6 million in 2H 2023, an increase of \$18.7 million or 12.4% as compared to \$150.9 million in 2H 2022, largely due to higher warranty expenses and allowance for doubtful debt, partially offset by lower delivery costs for Yuchai.

Research and development ("**R&D**") expenses were \$87.8 million in 2H 2023, an increase of \$3.1 million or 3.6% as compared to \$84.7 million in 2H 2022. The increase was mainly due to higher staff costs for Yuchai.

General and administrative ("**G&A**") expenses were \$98.8 million in 2H 2023, an increase of \$19.3 million or 24.3% as compared to \$79.5 million in 2H 2022. The increase was mainly due to higher staff costs.

Finance costs were \$19.2 million in 2H 2023, an increase of \$3.4 million or 21.9% as compared to \$15.8 million in 2H 2022. The increase in finance costs was mainly due to higher interest rates in 2H 2023.

Other expenses, which comprised mainly impairment losses on property, plant and equipment and net foreign exchange loss, were \$9.1 million in 2H 2023, an increase of \$6.8 million from \$2.3 million in 2H 2022. Other expenses comprised mainly net foreign exchange loss and net reversal of provision for onerous contracts in 2H 2022.

Share of results of associates and joint ventures was a profit of \$11.3 million in 2H 2023 as compared to \$2.9 million in 2H 2022. The increase was mainly due to better results from the associates of BMU and joint ventures of Yuchai.

**Other Information Required by Listing Rule Appendix 7.2
For the Half Year and Year Ended 31 December 2023**

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

2H 2023 versus 2H 2022 (cont'd)

Income tax expenses was \$19.1 million in 2H 2023 as compared to \$3.9 million in 2H 2022. The increase was mainly due to under-provision in prior years and higher taxable income in 2H 2023.

The Group's profit increased from \$38.6 million in 2H 2022 to \$55.8 million in 2H 2023. Profit attributable to the owners of the Company ("PATMI") for 2H 2023 increased by \$22.1 million to \$34.1 million, as compared to \$12.0 million in 2H 2022.

FY2023 versus FY2022

Revenue for the Group was \$4.081 billion in FY2023, an increase of \$200.4 million or 5.2%, from \$3.881 billion in FY2022. The increase in revenue was mainly due to higher revenue recorded by Yuchai and BMU.

- Yuchai's revenue increased by \$140.2 million or 4.3% as compared to FY2022. The total number of engines sold by Yuchai in FY2023 was 313,493 units, a 2.4% decrease as compared to 321,256 units sold in FY2022. The decrease was mainly due to lower sales in the truck and agricultural markets, partially offset by increased sales in the bus, industrial, marine and power generation and new energy markets.
- BMU's revenue increased by \$65.2 million or 11.1% as compared to FY2022, largely due to recovery of sales volumes and improved average selling prices for Tasek.

The Group's gross profit was \$754.8 million in FY2023, an increase of \$73.2 million or 10.7% from \$681.6 million in FY2022. This was mainly due to increase in gross profit recorded by BMU and Yuchai. The Group's gross margin increased to 18.5% in FY2023 as compared to 17.6% in FY2022, mainly due to (a) improved average selling prices for Tasek and (b) higher revenue from heavy-duty engines and continuing cost reduction initiatives, partially offset by higher customer sales rebates for Yuchai.

Other income, which comprised mainly government grants, interest income and gain on disposal of a subsidiary of Yuchai, was \$96.9 million in FY2023, an increase of \$12.0 million from \$84.9 million in FY2022. The increase was largely due to the gain on disposal of a subsidiary of Yuchai and higher interest income, partially offset by the absence of gain on disposal of assets held for sale recognised in FY2022 and lower government grants.

S&D expenses were \$300.1 million in FY2023, an increase of \$20.7 million or 7.4% as compared to \$279.4 million in FY2022. The increase was mainly due to higher warranty expenses and higher allowance for doubtful debts for Yuchai, partially offset by lower delivery costs.

R&D expenses were \$165.6 million in FY2023, a decrease of \$5.0 million or 2.9% as compared to \$170.6 million in FY2022, mainly due to RMB translation effect. Yuchai continued its initiatives to enhance the engine quality and performance of its National VI and Tier-4 emission standard compliant engines, and to develop new energy products.

G&A expenses were \$194.9 million in FY2023, an increase of \$32.5 million or 20.0% as compared to \$162.4 million in FY2022. The increase was mainly due to higher staff costs.

Finance costs were \$39.9 million in FY2023, an increase of \$8.7 million or 27.9% as compared to \$31.2 million in FY2022. The increase in finance costs was mainly due to higher loan interest.

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

FY2023 versus FY2022 (cont'd)

Other expenses, which comprised mainly impairment losses on property, plant and equipment and net foreign exchange loss, were \$10.6 million in FY2023, an increase of \$7.9 million from \$2.7 million in FY2022. Other expenses comprised mainly net foreign exchange loss and net reversal of provision for onerous contracts in FY2022.

Share of results of associates and joint ventures was a profit of \$25.8 million in FY2023 as compared to \$3.5 million in FY2022. The increase was mainly due to better results from the associates of BMU and joint ventures of Yuchai.

Income tax expenses was \$46.4 million in FY2023 as compared to \$20.7 million in FY2022. The increase was mainly due to under-provision in prior years and higher taxable income in FY2023.

In conclusion, the Group's profit was \$119.9 million in FY2023, an increase of \$17.3 million as compared to FY2022. PATMI was \$64.9 million in FY2023, an increase of \$10.4 million or 19.0% as compared to \$54.5 million in FY2022. Adjusting for one-off gains of \$6.7 million for disposal of a subsidiary of Yuchai in FY2023 and \$10.5 million for disposal of assets held-for-sale in FY2022, PATMI for FY2023 would have increased by \$14.2 million or 32.3% YoY.

Working Capital and Cash Flow

The Group had cash and short-term deposits of \$1.234 billion as at 31 December 2023 compared with \$1.014 billion as at 31 December 2022.

During the year under review, the Group generated operating cash inflow before changes in working capital of \$380.2 million and net cash inflow from operating activities of \$362.0 million. This was mainly due to higher trade and other payables and provisions, partially offset by higher trade and other receivables as compared to 31 December 2022.

The net cash outflow from investing activities of \$72.4 million was mainly due to purchase of property, plant and equipment and intangible assets and net placement of bank deposits, partially offset by interest received and dividends received from associates and joint ventures.

The Group had net cash outflow from financing activities of \$49.4 million. It was mainly due to interest payment, dividends paid to non-controlling interests of subsidiaries and shareholders of the Company of \$30.1 million and repayment of obligation under lease liabilities, partially offset by net proceeds from borrowings of \$31.1 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 11 August 2023, the Group had announced that \$188.0 million of the net proceeds had been utilised. Since then, no further utilisation of the rights proceeds has been made, and other than previously announced, the remaining unutilised funds had been used in the interim to repay short-term revolving facilities pending future deployment. The Company will make periodic announcements via SGXNET on the further deployment of the rights proceeds.

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 2023

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.**

While the World Bank has projected for 4.5% growth for 2024 in China⁴, the recovery remains slow, marked by volatility, ongoing deflationary pressures and the still weak consumer confidence. The outlook is also clouded by continued weakness in the real estate sector and persistently tepid global demand.

Yuchai is working to improve its extensive portfolio of engines, in compliance with China's National VI emission standards for on-road markets and Tier-4 compliant engines for the off-road markets. Yuchai also seeks to improve on its overall volume, working capital efficiency as well as continue on its R&D programs to improve its powertrains, and to further develop its New Energy solutions such as e-CVT power-split hybrids, integrated electric drive axles, hydrogen fuel cell systems and hydrogen engines.

In Singapore, BMU's order books in the Precast and Ready Mix Concrete segments continue to benefit from public and private sector project launches, as the Building and Construction Authority (BCA) updated its projection for the total value of local construction contracts awarded in 2024 to be between \$32 billion and \$38 billion⁵. Amidst this backdrop, the industry continues to tackle challenges including rising labour, energy costs as well as higher rental costs of premises. The Group will continue to push productivity from its new facilities such as the Integrated Construction and Prefabrication Hub (ICPH) in Punggol Barat and the RMC Ecosystem Batching Plant at Jurong Port have begun commercial operations. These new facilities will 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 continue to be strong given the increased development expenditure as announced in Malaysia's 2024 budget. While key input costs remain elevated, selling prices now better reflect these heightened costs but the overall credit environment remains a concern. Tasek will continue to expand its footprint and work towards improving on its operational efficiencies, including logistics, energy use and in alternative fuels and raw materials.

The Group remains focused on strengthening its capabilities to execute new growth strategies, improving supply chain resilience and strengthening its market position. The Group is working closely with partners and customers to develop solutions and increase innovation efforts for a sustainable future. Despite a challenging macro-environment, the Group is cautiously optimistic that its businesses should perform satisfactorily in 2024. The Group will continue to improve its operational resilience, remain a reliable partner to customers and be responsible to all stakeholders.

⁴ <https://www.worldbank.org/en/news/press-release/2023/12/14/sustained-policy-support-and-deeper-structural-reforms-to-revive-china-s-growth-momentum-world-bank-report>

⁵ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

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 2023

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)

(c) Date payable

Subject to shareholders' approval at the forthcoming 63rd Annual General Meeting of the Company, the proposed first and final dividend for financial year ended 31 December 2023 will be payable on 15 May 2024.

(d) Record date

5.00 pm on 6 May 2024

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

Not applicable.

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 2023

8. Interested person transactions

Name of Interested Person ("IP")	Nature of Relationship	Aggregate value of all interested person transactions for FY2023 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: \$3,687,802
Kim Sik Sdn Bhd ("KS")		Construction-related Transaction - Sale of raw materials to IP: \$914,689
		Total: \$4,602,491

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	14,960
Preference	-	-
Total:	14,960	14,960

The figure under the latest full year comprises the proposed first and final dividend for FY2023 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 28 February 2024.

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 2023

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 Leng Peck	67	Father of Ms Kwek Pei Xuan, Executive Director and Head of Sustainability and Corporate Affairs of Hong Leong Asia Ltd. ("HLA").	Appointed Executive Director since April 1998 and Executive Chairman of HLA on 28 April 2017. - Having overall executive responsibility for the Group's business and lead the Board in developing policies and strategies for the Group.	Nil
Kwek Pei Xuan	32	Daughter of Mr Kwek Leng Peck, Executive Chairman of HLA.	Appointed Head of Sustainability and Corporate Affairs of HLA on 1 January 2021, and Executive Director of HLA on 26 April 2023. - 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 Group.	Appointed Executive Director of HLA at its annual general meeting on 26 April 2023.

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

28 February 2024



Media Release

Hong Leong Asia FY 2023 Attributable Net Profit Rises 19% to S\$64.9 million

Singapore, February 28, 2024 – Hong Leong Asia (“HLA” or the “Group”), a diversified Asian multinational with core businesses in building materials and powertrain solutions, today announced attributable net profit of S\$64.9 million for the full year ended 31 December 2023 (“FY 2023”), up 19.0% from FY 2022.

- Group revenue increased 5.2% YoY to S\$4.1 billion, underlined growth for both powertrain solutions (“Yuchai”) and building materials units (“BMU”). There was a sharp revenue growth in BMU as Tasek recorded a strong recovery.
- Net Profit Attributable to Shareholders grew 19.0% YoY to S\$64.9 million, helped by better margins as well as improved contributions from joint ventures and associates.
- First and final dividend of S\$0.02 per share, subject to shareholders’ approval.
- Yuchai recorded improved results as China’s market gradually recovered post lifting of Covid-related restrictions.
- Order books for BMU’s Precast, Ready-Mix Concrete (“RMC”) segments in both Singapore and Malaysia remained strong.

FY 2023 FINANCIAL SUMMARY

	Full Year ended 31 Dec 2023	Full Year ended 31 Dec 2022	+/-
	S\$’000	S\$’000	%
Revenue	4,081,454	3,881,141	5.2%
Net Profit	119,923	102,592	16.9%
Net Profit Attributable to Shareholders	64,879	54,538	19.0%
Earnings Per Share (cents)	8.67	7.29	18.9%
Dividends Per Share (cents)	2.00	2.00	-



The Group's profitability was helped by better margins at both Yuchai as well as BMU, which mitigated the impact of weaker forex translation as well as the impact of higher finance costs which rose by 27.9% YoY. Excluding one-off disposal gains in FY 2023 and FY 2022 respectively, Net Profit Attributable to Shareholders would have increased by 32.3% YoY.

Yuchai revenue grew 4.3% YoY to S\$3.4 billion, with reportable segment profit after tax of S\$76.5 million, up 14.1% YoY. While total number of engines sold in FY 2023 declined 2.4% YoY to 313,493 units, better average selling prices, higher gross margins on improved cost reduction efforts, improved sales mix towards marine and power generation markets with better performance from joint ventures boosted net profit.

BMU revenue grew 11.1% YoY to S\$650.6 million, with reportable segment profit after tax of S\$76.3 million, representing significant growth of 67.2% YoY. Demand for building materials remained strong in Singapore. Malaysia's improving building materials environment saw both higher volumes and selling prices, which allowed Tasek to return to a higher level of profitability compared to pre Covid-19 times. The industry continues to tackle challenges in supply chain uncertainties, rising costs in labour and energy inputs as well as tight credit conditions.

Market Outlook

In China, market recovery is still in its nascent stage and the Group expects the demand for medium and heavy-duty diesel engines for trucks and buses to improve gradually. While sentiment remain cautious with business confidence taking time to recover, Yuchai continues to invest in R&D to improve its powertrain portfolio including new energy solutions with Yuchai Xin-Lan New Energy Power Technology Co., Ltd focusing on full electric, range extenders, hybrids, hydrogen fuel cell systems and hydrogen engines.

In Singapore, BMU's order books in the Precast and RMC segments continue to be strong and the Group expects to benefit from public and private sector project launches, with the Building and Construction Authority's updated projection for the total value of local construction contracts awarded in 2024 to be between S\$32 billion and S\$38 billion¹. The Group's new investments in advanced automation such as the Integrated Construction and Prefabrication Hub in Punggol Barat and the RMC Ecosystem Batching Plant at Jurong Port have started commercial production. Productivity in RMC delivery has improved with a bigger fleet of 12 cubic metre RMC trucks.

¹ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>



In Malaysia, while Tasek expects construction demand to hold firm as Malaysia's economy recovers, the overall credit environment remains a concern. Tasek remains focused on its sustainability agenda to improve its operational efficiency as well as the increased use of alternative raw materials and alternative fuels.

The Group's FY 2023 results demonstrate the resilience of HLA over the last six decades, pioneering innovative solutions with diversified operations interests across the Asia Pacific region. Notwithstanding evolving macro-environment, the Group will continue to focus on strengthening its market position and executing on our growth strategies. Looking ahead, the Group is cautiously optimistic that its businesses will perform satisfactorily in 2024 and will continue to collaborate with partners and customers to bring innovation to our markets for a sustainable future.

About Hong Leong Asia:

Hong Leong Asia Ltd. has been listed on the Singapore Exchange since 1998 and is part of Hong Leong Group, a Singapore-based conglomerate. We are a diversified Asian multinational with core businesses in building materials and powertrain solutions. We work closely with customers to develop and deliver innovative and sustainable solutions for cities of the future.

For more information, please visit <https://www.hlasia.com.sg> or follow us on LinkedIn.

About Hong Leong Group:

Headquartered in Singapore, the Hong Leong Group is a globally-diversified company with gross assets of over S\$40 billion in property investment and development, hotel ownership and management, financial services and industrial enterprises across Asia Pacific including China, the Middle East, Europe and North America.

For more information, please contact:

Patrick Yau
Chief Investment Officer
T: 6322 6259
E: patrickyau@hlasia.com.sg

Lilian Low
Corporate Communications Manager
T: 6322 6223
E: lilianlow@hlasia.com.sg



HONG LEONG ASIA LTD.

FY 2023 RESULTS PRESENTATION

28 FEBRUARY 2024 | MR. STEPHEN HO, CEO

2023 FINANCIALS

	2H 2023	2H 2022	Change (%)	FY 2023	FY 2022	Change (%)
Revenue (S\$'000)	2,006,369	1,784,564	12.4%	4,081,454	3,881,141	5.2%
Net Profit (S\$'000)	55,802	38,556	44.7%	119,923	102,592	16.9%
Net Profit Excluding Discontinued Operation (S\$'000)	55,836	38,766	44.0%	120,090	102,917	16.7%
Net Profit Attributable to Shareholders (S\$'000)	34,085	11,959	185.0%	64,879	54,538	19.0%
Earnings Per Share (Cent)	4.56	1.60	185.0%	8.67	7.29	18.9%
Dividends Per Share (Cent)				2.00	2.00	-
Net Cash Flow Generated from Operating Activities (S\$'000)				362,039	37,649	861.6 %
				31 Dec 2023	31 Dec 2022	Change (%)
Net Debt ¹ / Equity Ratio				(0.39)	(0.16)	143.8%
Net Debt ² / Equity Ratio				1.75	1.81	(3.3%)

¹ Net Debt is defined as Loans and Borrowings, less Cash and Deposits. The Group is in a Net Cash position of S\$346M (31 Dec 2022: S\$143M)

² Net Debt is defined as Trade and Other Liabilities and Loans and Borrowings, less Cash and Deposits and does not include Trade and Other Receivables. Including Trade and Other Receivables, the Group is in a Net Cash Position of S\$252M (31 Dec 2022: Net Cash Position of S\$33M)

KEY SEGMENT RESULTS

	Unless specified, figures are in S\$'000	2H 2023	2H 2022	Change (%)	FY 2023	FY 2022	Change (%)
Powertrain Solutions	Volume (Units)	147,700	140,345	5.2%	313,493	321,256	(2.4%)
	Revenue	1,647,825	1,465,050	12.5%	3,403,538	3,263,272	4.3%
	Profit After Tax	28,384	37,047	(23.4%)	76,454	66,991	14.1%
Building Materials	Revenue	344,326	303,402	13.5%	650,596	585,417	11.1%
	Profit After Tax	45,244	16,970	166.6%	76,276	45,626	67.2%
Rigid Packaging	Revenue	11,020	12,567	(12.3%)	21,451	25,747	(16.7%)
	(Loss)/Profit After Tax	(983)	(1,626)	(39.5%)	(2,181)	8,228 ¹	N.M
Corporate and Others	Revenue	3,198	3,545	(9.8%)	5,869	6,705	(12.5%)
	Loss After Tax	(16,809)	(13,625)	23.4%	(30,459)	(17,928)	69.9%

Note 1: Profit after tax for FY 2022 included gain on disposal of assets held-for-sale of S\$10.5 million.

KEY HIGHLIGHTS OF CASH FLOW

	FY 2023 (S\$'000)	FY 2022 (S\$'000)
Operating Cash Flow before Working Capital Changes	380,177	343,032
Net Cash Flow Generated from Operating Activities	362,039	37,649
(Less)/Add:		
Capital Expenditure (PPE and Intangible Assets)	(100,471)	(149,980)
Net Cash Inflow from Disposal/Liquidation of Subsidiaries, Associate, PPE, Right-of-Use Assets, Assets classified as held-for-sale and Other Investments	4,904	15,353
Contribution by Non-Controlling Interests	3,779	10,913
Additional Investment in Associates and Joint Ventures	(1,228)	(1,072)
Dividends Received from Associates, Joint Ventures and Other investments	10,010	8,729
Dividends Paid to Shareholders of the Company	(14,960)	(14,958)
Dividends Paid to Non-Controlling Interests of Subsidiaries	(15,125)	(33,419)
Net Proceeds from Shares Issue	-	39
Net Increase from Borrowings	31,140	19,065
Net (Placement)/Release of Deposits with Banks	(18,243)	29,386
Interest Paid, Net	(8,726)	(4,075)
Repayment of Obligations under Lease Liabilities	(12,867)	(12,905)
Net Cash Flow	240,252	(95,275)
Free Cash Flow	261,568	(112,331)



KEY BUSINESS UPDATES

Business Segment

Business Updates

Powertrain Solutions

- 313,493 engine units sold in FY 2023, a decrease of 2.4% YoY. Volume growth recovered 2H 2023, with 147,700 engine units sold, an increase of 5.2% YoY.
- Higher gross margins on improved cost reduction efforts, improved sales mix towards marine and power generation markets plus better performance from joint ventures boosted net profit.
- R&D initiatives to develop New Energy powertrains such as hybrids, integrated electric drive axles, hydrogen fuel cell systems and hydrogen powered engines.

Some Key Developments:

- ❖ Tsinghua University R&D partnership to develop high performance fuel cell stacks and systems, with production base in Wuxi High Tech Zone.
- ❖ SANY Group's 12 cubic metre concrete mixer trucks – Significant fuel savings using Yuchai's S06-100kW P1 parallel hybrid powertrain system.
- ❖ Liugong Tractors - a 350-Horsepower Electric Hybrid CVT Powertrain. (large-size hybrid tractor)
- ❖ Xing Yun Cloud Technology Co to develop proprietary operating systems to enable data analytics for smart and connected solutions for both on-road and off-road vehicles and machineries.

KEY BUSINESS UPDATES

Business Segment

Business Updates

Building Materials

- Demand for concrete and related products in Singapore and Malaysia remained strong. Malaysia's improved buildings materials environment saw both higher volumes and improved prices which allowed Tasek to return to a higher profitability compared to pre Covid period.
- BMU's order books in the Precast and RMC segments in Singapore continue to benefit from public and private sector project launches.
- In Malaysia, Tasek (integrated cement plant and RMC) expects demand to continue to be strong given increased development expenditure as per Malaysia's 2024 budget. Tasek will continue to expand its footprint and work to increase use of alternative fuels and alternative raw materials.
- Digitalisation of business processes and automation to help improve efficiency levels.

Some Key Developments:

- ❖ Group's Integrated Construction and Prefabrication Hub manufacturing facility in Punggol and RMC Ecosystem Batching Plant at Jurong Port have both begun commercial production. Higher scale, investments in automation will help position us as leading players in Singapore.
- ❖ Productivity in RMC delivery being improved with greater use of 12 cubic metre trucks.

SUSTAINABILITY

At HLA, our vision is to develop and deliver sustainable and innovative urban solutions for cities of the future.

In pursuit of this vision, we are committed to integrating sustainability into our business strategy. Empowering our people and driving innovation in low carbon and circular solutions for the built environment and transport sectors are crucial focus areas of our strategy.

Achieving our vision will not be easy. It will require investment, concerted effort and time, but it is an imperative for HLA given the global and local sustainability contexts facing our businesses.

We are committed to achieving the following focus Sustainable Development Goals throughout our operations and in our strategy:



DRIVING INNOVATION FOR A LOW-CARBON AND CIRCULAR ECONOMY

EMPOWERING OUR PEOPLE AND COMMUNITIES

BUILDING RESILIENCE FOR THE LONG-TERM

KEY 2023 INITIATIVES

- *CYI/GYMCL* – Established 2nd research and development base in Wuxi High Tech Zone, collaborating with Tsinghua University to develop high performance fuel cell stacks and systems.
- *CYI/GYMCL* – Eliminated coal in the blast furnace operations for engine casting of the Yulin plant.
- *CYI/GYMCL* – Established subsidiary, Guangxi Foundry Company Ltd. to tap on GYMCL's engine casting capabilities to produce wind turbine shafts for the Chinese market.
- *BMU, Malaysia* – Surpassed alternative raw materials usage target in the calcination process two years ahead of time by over 25%.
- *HLA* – Completed first Scope 3 emissions data collection exercise.
- *HLA* – Launched the BeyondHLA Impact Programme to drive positive environmental and social impact initiatives and innovative solutions.
- *HLA* – Established a Board Sustainability Committee
- *HLA* – Launched Supplier Code of Conduct policy reflecting ESG criteria and screened 106 high value suppliers.
- *HLA* – Launched Occupational, Health and Safety policy.
- *BMU, Singapore* – All operating sites in Singapore are fully certified to ISO45001.


CONTACT US

HONG LEONG ASIA LTD.

16 Raffles Quay #26-00


Hong Leong Building

Singapore 048581

 +65 6220 8411

 investor_relations@corp.hla-grp.com

 www.hlasia.com.sg

 Hong Leong Asia Ltd.