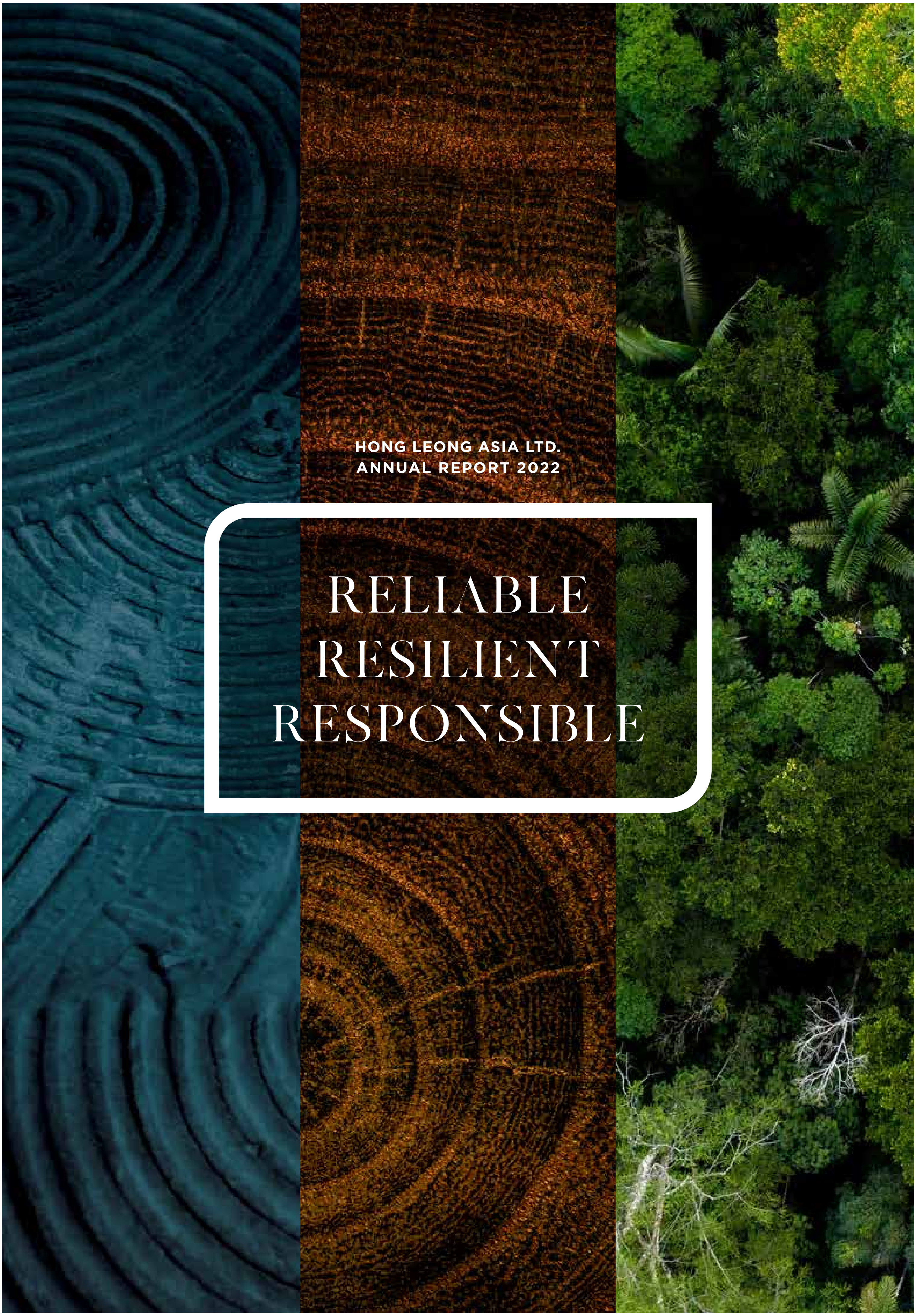


HONG LEONG ASIA LTD.
ANNUAL REPORT 2022

RELIABLE RESILIENT RESPONSIBLE

ABOUT US

Hong Leong Asia Ltd. (“HLA” or the “Group”) is a diversified Asian multinational with core businesses in Building Materials and Powertrain Solutions[1]. Headquartered in Singapore with an operating network spanning Singapore, Malaysia and China, HLA was incorporated in Singapore on 30 August 1963, and listed on the mainboard of the Singapore Exchange (SGX: H22) since 1998.

With industry-leading businesses – China Yuchai International Limited (“CYI”) through its principal operating subsidiary, Guangxi Yuchai Machinery Company Limited (“GYMCL” or “Yuchai”) under the Powertrain Solutions portfolio, as well as Island Concrete (Private) Limited (“Island Concrete”), HL Building Materials Pte. Ltd. (“HLBM”) and Tasek Corporation Berhad (“Tasek”) under the Building Materials portfolio, the Group works closely with customers to develop and deliver innovative and sustainable solutions for cities of the future.

OUR PARENT COMPANY

The Hong Leong Group[2], based in Singapore, is a globally-diversified company with gross assets of over S$40 billion. It employs over 20,000 people across Asia Pacific, the Middle East, Europe and North America with core businesses comprising property development, hotels, financial services and trade & industry.

1 Formerly known as diesel engines
2 https://www.hongleong.com.sg/
Information as at 16 March 2023

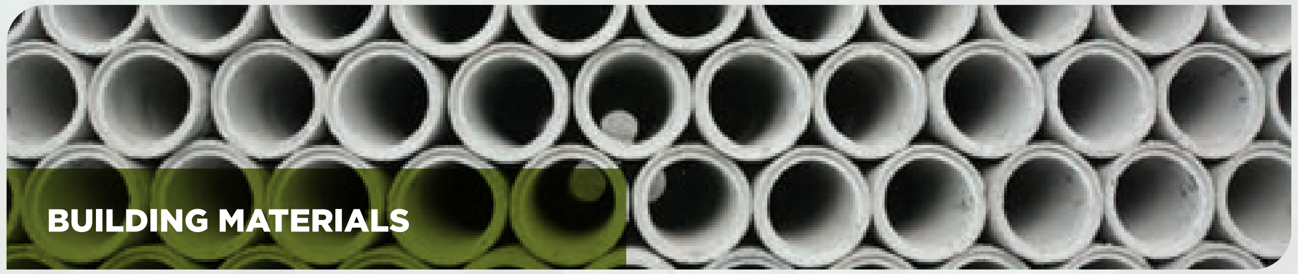
CONTENTS

CORPORATE PROFILE

POWERTRAIN SOLUTIONS

CYI, a subsidiary of HLA, is a Bermuda investment holding company established since 1993 and is separately listed on the New York Stock Exchange (NYSE:CYD). Its principal operating subsidiary, GYMCL, is one of the largest Powertrain Solutions manufacturers in China.

Based in Yulin City, Guangxi Zhuang Autonomous Region, GYMCL manufactures, assembles and sells a variety of light, medium and heavy-duty engines for trucks, buses, passenger vehicles, industrial equipment, marine and agricultural applications, as well as high-value core spare parts for each application. GYMCL’s Research and Development Institute holds a portfolio of patents and partnerships focused on energy efficiency, new energy components, high-power electrical systems as well as hybrid and electric engine technologies.



BUILDING MATERIALS

HLA’s Building Materials portfolio is one of the most-established integrated Building Materials businesses in Southeast Asia, with subsidiaries across the value chain from raw materials to cement, ready-mix concrete and precast.

In Singapore, the Building Materials group of key companies comprising wholly-owned Island Concrete and HLBM, supplies all grades of ready-mixed concrete as well as precast concrete elements for public and private housing construction including the real estate and built environment sectors in Singapore.

In Malaysia, Tasek, a subsidiary of HLA, is one of the largest integrated cement manufacturers, adding to the Group’s Building Materials portfolio. Tasek’s key business activities encompass the manufacturing and sale of cement, cement-related products and ready-mixed concrete in Peninsular Malaysia.

The Group also actively seeks to deliver sustainable growth and create long-term shareholder value through partnerships and investments synergistic to its Building Materials businesses. HLA currently holds equity stakes in:

- Singapore Cement Manufacturing Company (Private) Limited (50% stake)
- BRC Asia Limited (20.15% stake)

To learn more, visit www.hlasia.com.sg

CORPORATE HIGHLIGHTS

AWARDS & ACCOLADES

HLA

Named **Asia's 200 leading public-listed companies** on the inaugural Nikkei-FT Statista Asia Pacific Climate Leaders list for transparency in reporting and the greatest reduction in Scopes 1 and 2 greenhouse gas emissions intensity between 2015 and 2020

Ranked 21st amongst 489 companies on the Singapore Governance and Transparency Index 2022

Awarded "**Best Managed Board**" (Silver Award, S$300 million to less than S$1 billion market capitalisation category) by Singapore Corporate Awards 2022

Awarded "**Best Annual Report**" (Bronze Award, S$300 million to less than S$1 billion market capitalisation category) by Singapore Corporate Awards 2022

Awarded "**Best Traditional Annual Report**" (Gold, Manufacturing & Distributing Category) at 2022 International Annual Report Competition Awards

Named "**Grand Award Winner**" (Best in Singapore) at 2022 International Annual Report Competition Awards

CORPORATE DEVELOPMENTS

Powertrain Solutions

GYMCL, China
Supplied **new energy buses** equipped with Yuchai's range extenders to Macau SAR

Joint venture - Beijing Yuchai Xingshunda New Energy Technology Co. Ltd., in partnership with a subsidiary, Yuchai Xin-Lan New Energy Power Technology Co., Ltd., to develop fuel cell powertrain systems for Beijing, Tianjin and Hebei markets

Successfully ignited YCK16H, China's largest displacement and highest horsepower hydrogen engine

Building Materials

Refreshed Vision Statement and kicked off rebranding projects for key Building Materials businesses in Singapore

Island Concrete, Singapore
Rolled out Singapore's first 12-cubic metre ready-mix concrete trucks which marked a progressive shift away from 9-cubic metre trucks to improve operational and diesel usage efficiency as well as reduce traffic on Singapore's roads

HLBM, Singapore
Completed construction of the Group's **Integrated Construction and Prefabrication Hub manufacturing facility** at Pulau Punggol Barat

BUSINESS SUSTAINABILITY

HLA

Signed up as a **Green Pledge Advocator** to support Singapore's 2030 Green Plan

Powertrain Solutions

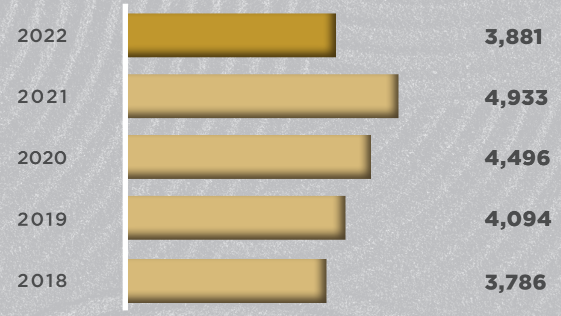
GYMCL, China
S04220-61 engine series became the first Chinese engines to obtain the **UN R49.07 Euro VI E stage emission standard certification**

Building Materials

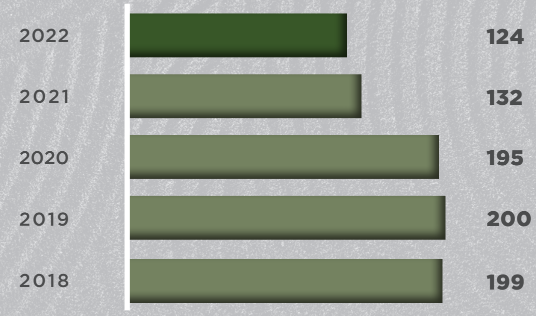
Island Concrete, Singapore
Obtained the **Champion Award in Eco-Manufacturing certification** for implementing lower environmental impact manufacturing practices within its production processes at one operational site

FINANCIAL HIGHLIGHTS

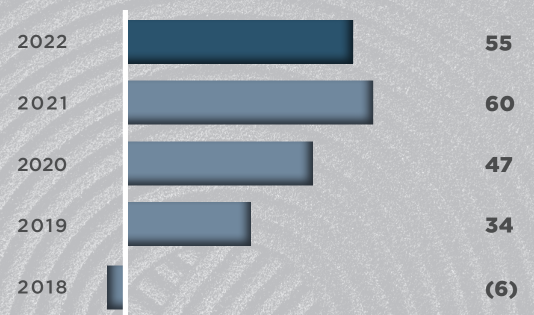
REVENUE*
(S$ million)



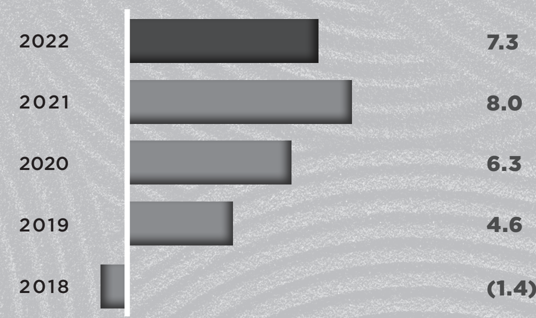
PROFIT BEFORE TAX*
(S$ million)



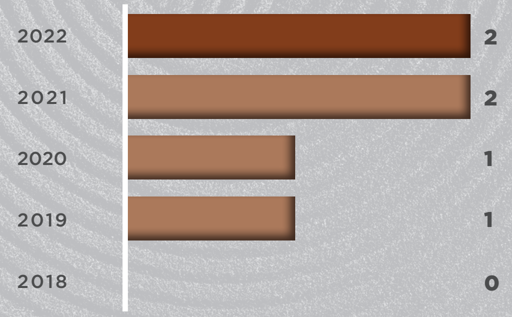
ATTRIBUTABLE PROFIT/(LOSS)
(S$ million)



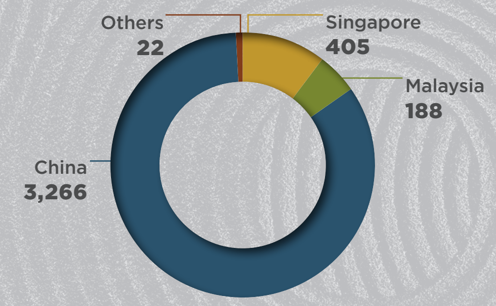
EARNINGS/(LOSS) PER SHARE
(cents)



DIVIDEND PER SHARE
(cents)



REVENUE BY COUNTRY
(S$ million)



REVENUE BY BUSINESS SEGMENT
(S$ million)

TOTAL S$3.9 BILLION

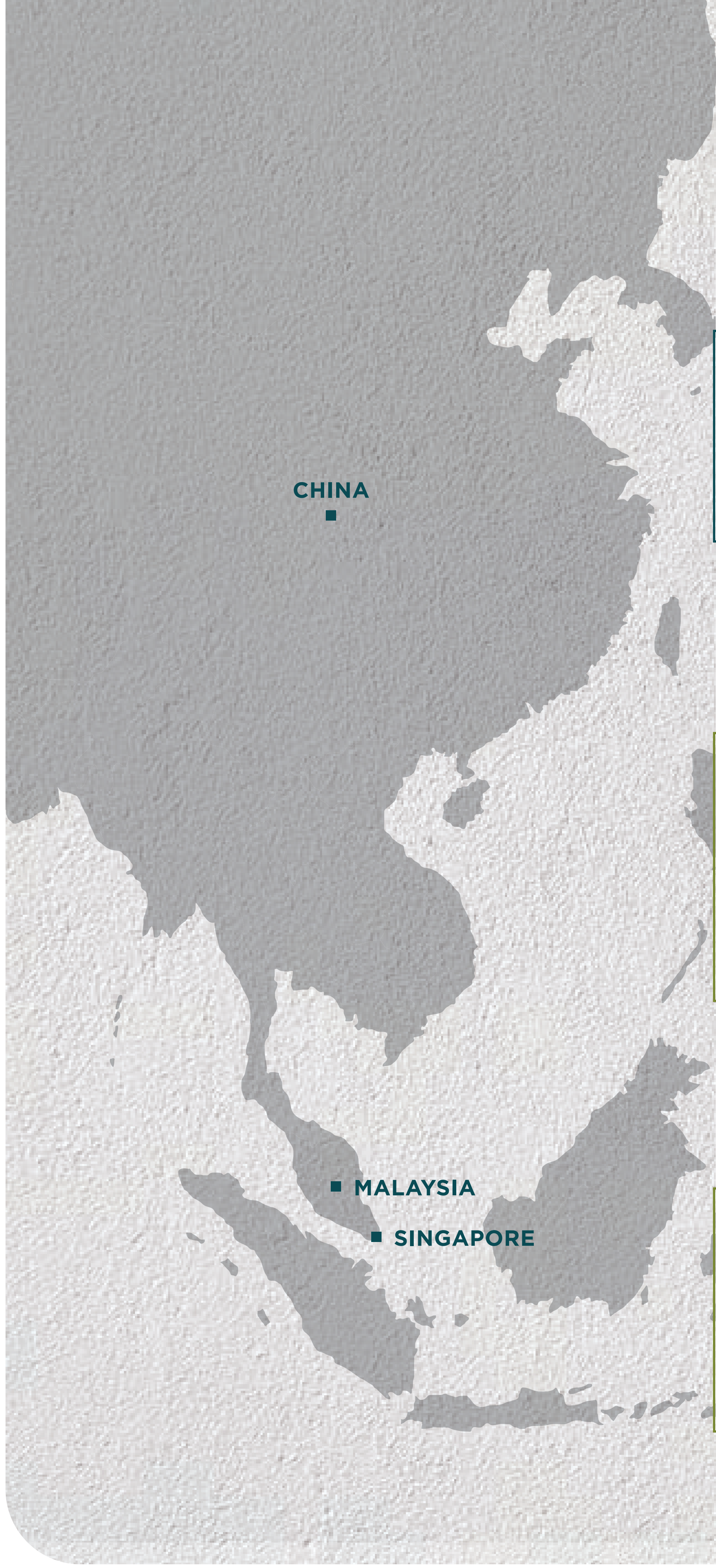
3,263 POWERTRAIN SOLUTIONS

585 BUILDING MATERIALS

33 OTHERS

* Encompasses continuing operations only.

WHAT WE DO



Hoh Weng Ming
President of China Yuchai International

"With the lockdown behind us and the re-opening of China, we look forward to expand our range of high quality and reliable powertrain systems to our customers."

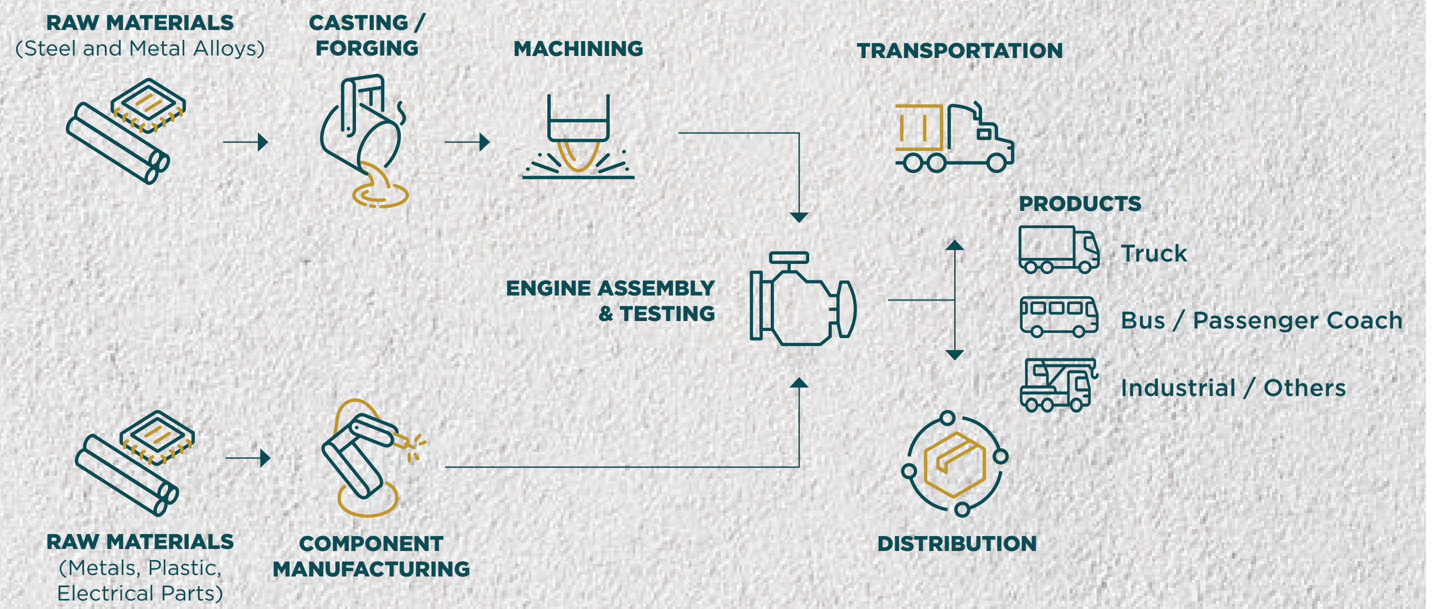
Chen Fun Tee
Chief Operating Officer of Tasek Group, Malaysia

"Knowing what our customers want most and leveraging our capabilities to provide reliable, responsible and innovative products, we continuously strive to exceed expectations and enable customer success."

Simon Loh
Chief Operating Officer of Building Materials Group, Singapore

"To manage increased volatility of input costs, we will continue to build on core competencies to be agile and resilient, growing services with a focus on digital-enabled solutions to deliver value to our customers."

POWERTRAIN SOLUTIONS



CUSTOMER SECTORS

Mobility / New Energy · Commercial Road Transport · Industrial · Agriculture · Marine

BUILDING MATERIALS

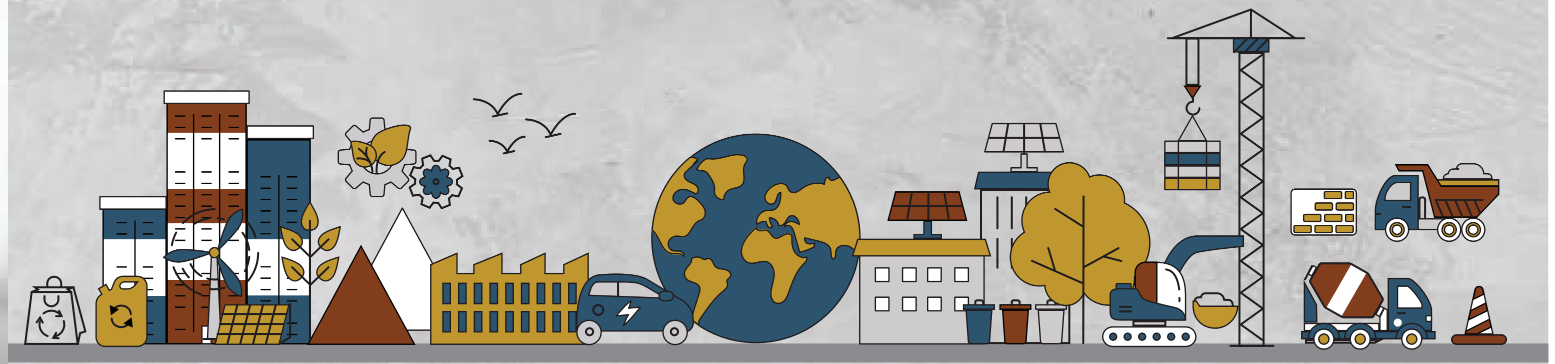
Cement Production

CUSTOMER SECTORS

Residential · Commercial · Industrial · Infrastructure

OUR VISION

Established Asian multinational known for our **Market Leadership** and **Financial Strength**, working closely with our customers to Develop and Deliver Sustainable and Innovative Urban Solutions for cities of the future.



OUR CORE VALUES

KEEP THE CUSTOMER FIRST

Stay ahead of our customers' need by constantly having our fingers on the market's pulse and ensuring our products and services exceed their expectations today and in the future

MIND THE DETAILS THAT MATTER

Sometimes, small things can make a big difference, so while we're growing quickly, let's make sure we continue to maintain our attention on things – big and small – that matter

DO THE RIGHT THINGS

Maintain the highest level of business ethics and take personal ownership to conduct ourselves in an honest and responsible manner in order to do what's right

THINK FAST, WORK FASTER

Let's make sure we take the time to think and plan, but also make sure we take decisive action to put our plans into action and drive our businesses forward

CREATE AN IMPACT BEYOND OUR BUSINESS

Let's ensure our products and our actions as an organisation help nurture an inclusive society and contribute towards environmental sustainability

CHAIRMAN'S MESSAGE

"I AM CONFIDENT THAT OUR EMPLOYEES WILL CONTINUE TO BUILD AND STRENGTHEN OUR OPERATIONAL RESILIENCE AND INNOVATE TO STAY AHEAD."

KWEK LENG PECK
Executive Chairman

Dear Shareholders

On behalf of the Directors, I am pleased to present the Annual Report of Hong Leong Asia ("HLA" or the "Group") to you for the financial year ended 31 December 2022 ("FY2022").

MARKETS TRANSITIONING TO ENDEMIC COVID-19 LIVING

As we look back at 2022, we were faced with markets that were recovering at different speed. Singapore and Malaysia, with its early enforcement of containment measures and the swift rollout of double vaccination and booster shots, managed to resume economic activities early. Our biggest market in China, with a much larger population and more complex healthcare infrastructure needs, had to implement a strict zero-COVID policy that included city lockdowns, quarantines and mass testing to contain the spread of COVID-19. As a result, China entered into a period of slow growth and reported GDP growth of 3.0% for 2022, well below the 5.5% target set by the Chinese Government*. Our China operations suffered from a sharp fall in demand for commercial diesel engines. Although China ended its zero-COVID policy in December 2022 and has since moved to endemic phase, market demand for medium and heavy-duty diesel engines is likely to be moderate in the initial phases of China's recovery as existing truck fleets are re-deployed and inventory stockpiles digested.

INFLATIONARY ENVIRONMENT CALLS FOR EXTRAORDINARY MEASURES

The Russian-Ukraine war that started in February 2022 had a major impact on commodity prices, especially on precious metals, energy and coal. Our input costs had risen during the year and while prices have retreated from the peaks when the war broke out, they remain at elevated levels. We responded by raising our prices when possible and looked to productivity gains to help mitigate some of the cost increases. The inflationary environment is likely to stay for some time and Central Banks in major economies globally, with the exception of China, have maintained a hawkish stance by raising interest rates substantially. The Group has responded by preserving our cash and cutting back on non-essential capital expenditures. We also focused on improving our cash flow management and enforcing discipline in our credit control.

OPERATIONAL RESILIENCE STILL KEY TO LONG-TERM SUCCESS

HLA started from humble beginnings in the 1940s to become a diversified Asian multinational today with core expertise in Building Materials and Powertrain Solutions. Two of our corporate values of "Keeping the Customer First" and "Minding the Details that Matters" still hold true today. The Building Materials business is vertically integrated from granite to concrete and this helps to reinforce our supply chain reliability. We collaborate with long-term joint venture partner Taiheiyo Cement Corporation to develop deep expertise in Portland Fly Ash Cement ("PFAC") concrete products and today, it is our core sustainable concrete mix products for all projects in Singapore. Our Powertrain Solutions business in China under Yuchai has developed a wide range of products that meet the stringent National VI emission standards, and an upgraded Yuchai S04220-61 series of engines have obtained European certification UN R49.07, which indicates that Yuchai engine technology has reached the world's most advanced level.

OUR TWO ACQUISITIONS MADE DURING COVID-19 LOCKDOWN HAVE DONE WELL

As previously reported, in 2021 we acquired a 20% stake in BRC Asia Limited ("BRC") and 100% of all the limestone quarry assets from MCB Quarries Sdn Berhad ("MCB") located adjacent to ours in Ipoh, Perak, adding substantially to our limestone reserves. BRC is a market leader in providing steel reinforcement solutions in Singapore, offering standard length rebar, cut and bend services, prefabrication services as well as standard and customised welded wire mesh for the building and construction industry. I am pleased to share that BRC has reported record earnings in the financial year ended 30 September 2022 with Profit after Tax of S$90.2 million. MCB has resumed full operations after the lifting of Movement Control Order, and is supplying to our cement production.

SUSTAINABILITY

We have made strong progress in shaping our Sustainability agenda and are on track to meet the 2025 goals. We have defined the three Sustainability pillars that are critical to the success of our business strategy and create long-term value for our stakeholders - "Driving Innovation for a Low-Carbon and Circular Economy", "Empowering our People and Communities" and "Building Resilience for the Long-Term." I encourage you to follow the progress in the 2022 Sustainability Report that will be published in digital format on 5 April 2023 on the websites of SGX and HLA.

Yuchai employee conducting routine checks on engine component machining line.

* https://www.reuters.com/article/china-parliament-gdp-idUSKBN2V700B

AWARDS AND RECOGNITION

In recognition of the Group's commitment to uphold the highest standards of corporate governance and sustainability efforts to improve business practices, HLA was recognised in May 2022 in the inaugural Nikkei-FT Statista Asia Pacific List as one of Asia's Climate Leaders 2022. In July 2022, HLA went on to garner a joint Silver Award for the Best Managed Board and a Bronze Award for the Best Annual Report amongst listed companies with market capitalisation of S$300 million to less than S$1 billion at the Singapore Corporate Awards 2022. In August 2022, the Group also won the Gold Award in the Manufacturing and Distributing Category for the Best Traditional Annual Report and subsequently, the Grand Award for Best in Singapore at the 2022 International Annual Report Competition Awards. On the Corporate Governance front, HLA improved its ranking to 21st place from 23rd position with a score of 100 points in the Singapore Governance and Transparency Index 2022.

DIVIDENDS

With our satisfactory performance and strong balance sheet, we are able to maintain a dividend payment to our shareholders. The Board has recommended a first and final dividend of S$0.02 per share for FY2022.

LOOKING FORWARD

The operating environment remains uncertain with the impact of the war and geopolitical rivalry that can further alter the dynamics of the supply chain and sustain high inflation. As such, a slower growth is expected in the coming year. Nevertheless, I am confident that our employees will continue to build and strengthen our operational resilience, anticipate problems along the way and innovate to stay ahead.

Employees inspecting the production line at Tasek

The Group will also be exploring capital markets initiatives to enhance its long-term value for shareholders and stakeholders.

APPRECIATION

On behalf of the Board of Directors, I would like to express my thanks to all our customers, suppliers, joint venture partners and business associates for their trust and support that they have given us, and to our employees for living the Corporate Values and making us a reliable partner to all our stakeholders. I would also like to thank my fellow Board members for their invaluable contribution, advice and guidance. Finally, wishing everyone a safe and healthy 2023.

Kwek Leng Peck
Executive Chairman
24 March 2023

董事长致辞

各位股东:

我谨代表董事会欣然提呈丰隆亚洲(简称"HLA"或"集团")截至2022年12月31日财年("2022财年")的年度报告。

疫情成为地方性流行病，市场迎来转机

回顾2022年，各地市场的复苏步调不一。新加坡和马来西亚市场方面，在早期有效遏制疫情的措施以及迅速推出两针疫苗接种和加强针的政策支持下，经济活动恢复得较快。集团最大的市场——中国，由于人口众多，医疗基础设施需求更加复杂，不得不实施严格动态清零政策，包括封城、隔离和大规模核酸检测，以遏制新冠病毒的传播。在疫情冲击下，中国进入经济增长较慢的时期，2022年国内生产总值(简称"GDP")仅增长3.0%，低于中国政府设定的5.5%的目标。我们在中国的业务因商用柴油发动态机需求急剧下降而受到影响。尽管中国于2022年12月解除清零政策，自此步入与冠病共存阶段，但由于现有卡车车辆重新投入运营加上现有库存有待售出，在中国经济复苏的初始阶段，市场对中型和重型发动机的需求将保持平稳。

通胀环境需要采取非常措施

2022年2月俄乌战争爆发，对大宗商品价格造成了重大影响，特别是对贵金属、能源和煤炭的影响。这一年，我们的投入成本有所上升，虽然价格已从战争爆发时的峰值回落，但仍处于高位。为应对这种情势，我们在情况允许下提高价格，并通过提高生产力缓解一些成本增加压力。通货膨胀预计将会持续一段时间，除中国外，全球主要经济体的央行都保持着鹰派立场，大幅加息。为此，集团确保现金储备充裕、审慎地控制非必要的资本支出，以作应对。我们也同时专注于改善现金流管理以及实施严谨的信用管理。

运营韧性仍是长期致胜关键

丰隆亚洲于1940创立，距今已发展成为在建筑材料和动力传动系统领域拥有核心技术专长的亚洲多元化跨国企业。我们始终奉行"客户至上"、"关注重要细节"的企业价值观。集团建筑材料业务从花岗岩到混凝土的一体化产业链，有助加强我们供应链的可靠性。我们与长期合资伙伴Taiheiyo Cement Corporation合作，开发粉煤灰硅酸盐水泥(简称"PFAC")混凝土产品方面的精湛技术，如今，该产品已成为我们的核心可持续混凝土混合产品，应用于我们在新加坡的各项项目。我们设在中国玉柴旗下的动力传动系统业务已经开发出一系列符合严格国六排放标准的产品，升级版的玉柴S04220-61系列发动机同时还获得了欧洲认证UN R49.07欧六E阶段排放，证明玉柴发动机技术已达到世界顶尖水平。

新冠疫情封控期间完成的两项收购项目业绩良好

如前所述，我们在2021年收购了BRC Asia Limited(简称"BRC")20%的股份，以及MCB Quarries Sdn Berhad(简称"MCB")位于霹雳州怡保市的全部石灰石采矿场资产，矿场位置恰好与我们的矿场为邻，大大增加了我们的石灰石储备。BRC是新加坡钢筋解决方案市场的领先者，为建筑行业提供标准长度的钢筋、切割折弯服务、预制服务以及标准和定制焊接网。我很高兴通报，在截至2022年9月30日的财政年度，BRC盈利创下新高，税后利润达至9,020万新元。MCB采矿场在行动管制令取消后，已全面恢复运行，为我们的水泥生产提供原料。

可持续发展

我们在制定可持续发展议程方面取得了较大进展，并逐步迈进2025年目标。为了确保我们的业务战略的有效执行、以及利益相关者创造长期价值，我们确立了可持续发展的三大支柱——"推动低碳和循环经济创新"、"向员工和社区赋权"、"培养长期韧性"。2022年可持续发展报告将于2023年4月5日发布，并将在新交所网站和公司网站提供电子文档，请大家及时关注。

奖项与认可

2022年5月，丰隆亚洲在首份"Nikkei-FT Statista亚太名单"(Nikkei-FT Statista Asia Pacific List)中被评为"2022年度亚太区气候领袖企业"(Asia's Climate Leaders 2022)之一，表彰集团在公司治理和可持续发展工作中承诺坚持最高标准。2022年7月，丰隆亚洲在2022年度新加坡企业奖评选中，同获颁"最佳董事会"银奖及"最佳年报"铜奖(市值3至10亿新元区间)。2022年8月，集团还在2022年度国际年报比赛(2022 International Annual Report Competition Awards)中获得了制造和分销组别"最佳传统年报金奖" (Best Traditional Annual Report)，随后又获颁了"新加坡头名大奖"(Grand Award for Best in Singapore)。在公司治理方面，丰隆亚洲在2022年新加坡治理与透明度指数排名中，以100分的得分从第23位跃升至第21位。

股息

鉴于集团总体业绩良好加上资产负债表强劲，我们能够保持持续向股东派发股息。董事会提议为2022财年派发每股0.02新元的年终股息。

展望未来

在战争和地缘政治竞争的影响之下，经营环境仍然面临着不确定性，并且会进一步影响供应链的动态亦同时延续高通胀状况。因此，预计未来一年增长将会放缓。尽管如此，我坚信全体员工会继续建设并加强我们的运营韧性，未雨绸缪，并通过创新保持领先地位。集团也将探索各种资本市场机遇，为股东和利益相关者增加长期价值。

致意与感谢

在此，我谨代表董事会，向所有客户、供应商、合资伙伴和业务伙伴致以衷心的感谢，感谢大家给予的信任和支持；感谢全体员工践行企业价值观，让我们成为所有利益相关者的可靠伙伴。我也要感谢全体董事作出的宝贵贡献以及建议和指导。最后，祝愿大家2023年平安康健。

郭令栢
董事长
2023年3月24日

From left to right:

(Standing)
Tan Chian Khong
Ng Sey Ming

(Seated)
Kwong Ka Lo @ Caroline Kwong
Kwek Leng Peck
Stephen Ho Kiam Kong

BOARD OF DIRECTORS

KWEK LENG PECK, 66

Executive Chairman

First appointment as Director
1 September 1982

Appointment as Executive Chairman
28 April 2017

Last re-election as Director
27 April 2022

Board committees
- Nominating Committee (Member)
- Hong Leong Asia Share Option Scheme 2000 Committee (Member)

Present directorships in other listed companies and principal commitments
- China Yuchai International Limited* (Non-Executive Director)
- Hong Leong Corporation Holdings Pte Ltd (Executive Director)
- Hong Leong Finance Limited* (Non-Executive Director)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Director)
- Tasek Corporation Berhad (Non-Executive Chairman)

Other appointments
Nil

Past directorships in other listed companies and principal commitments held in the preceding three years
- City Developments Limited* (Non-Executive Director)
- Millennium & Copthorne Hotels plc* (Non-Executive Director) (delisted and privatised in 2019, and now known as Millennium & Copthorne Hotels Limited)
- Tasek Corporation Berhad* (Non-Executive Chairman) (delisted on 24 August 2020)

Mr Kwek has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management as well as extensive involvement in Hong Leong Group real estate developments, investments and hotel operations.

With his in-depth knowledge of the Hong Leong Asia Ltd. ("HLA") Group's business, Mr Kwek has overseen the growth of the HLA Group over the last four decades from an integrated building materials group in the 1980s and 1990s to being also a major player in the consumer products and diesel engines industries in China beginning in the 2000s.

Note:
Hong Leong Corporation Holdings Pte Ltd and Hong Leong Investment Holdings Pte. Ltd. are the immediate and ultimate holding companies of HLA respectively. City Developments Limited, Hong Leong Finance Limited and Millennium & Copthorne Hotels Limited are related corporations under the Hong Leong Group of companies. China Yuchai International Limited and Tasek Corporation Berhad are subsidiaries of HLA.

** listed company*
Information as at 16 March 2023

STEPHEN HO KIAM KONG, 63

Executive Director and Chief Executive Officer

First appointment as Director
3 August 2020

Last election as Director
28 April 2021

Board committees
Nil

Present directorships in other listed companies and principal commitments
- BRC Asia Limited* (Non-Executive Director)
- China Yuchai International Limited* (Non-Executive Director)
- Tasek Corporation Berhad (Non-Executive Director)

Other appointments
Nil

Past directorships in other listed companies and principal commitments held in the preceding three years
- Shree Renuka Sugars Limited* (Non-Executive Director)
- Tasek Corporation Berhad* (Non-Executive Director) (delisted on 24 August 2020)
- Wilmar International Limited* (Chief Financial Officer)

Mr Ho has extensive experience in finance, treasury and risk management from his executive positions previously held at Wilmar International Limited and Dutch multinational corporate, Royal Philips. Prior to his financial management role, Mr Ho worked for major international financial institutions in Singapore, Hong Kong and New York in the areas of corporate banking, global markets trading, marketing and sales.

Mr Ho holds a Bachelor of Commerce and Administration degree from the Victoria University of Wellington, New Zealand and had attended the Advanced Management Program at the Harvard Business School, Boston, US.

Note:
China Yuchai International Limited and Tasek Corporation Berhad are subsidiaries of HLA while BRC Asia Limited is an associated company of HLA.

KWONG KA LO @ CAROLINE KWONG, 64

Non-Executive and Independent Director

First appointment as Director
22 February 2016

Last re-election as Director
27 April 2022

Board committees
- Nominating Committee (Chairman)
- Audit and Risk Committee (Member)
- Remuneration Committee (Member)
- Hong Leong Asia Share Option Scheme 2000 Committee (Member)

Present directorships in other listed companies and principal commitments
- The Global Value Investment Portfolio Management Pte Ltd (Managing Director)

Other appointments
- Singapore Association for Mental Health (Non-Executive Director)

Past directorships in other listed companies and principal commitments held in the preceding three years
Nil

Ms Kwong is currently the Managing Director of The Global Value Investment Portfolio Management Pte Ltd, an investment management company based in Singapore with its investment focus on commercialisation of leading edge technology beneficial to a clean environment and sustainable living. She has more than eight years' involvement in technology companies in alternative energy and circular economy including photovoltaics and biogas as well as solid state batteries based in global innovation centres.

Ms Kwong has extensive experience in investment, fund raising, corporate finance, capital markets and debt restructuring arising from her senior management positions previously held at Laurel Capital Kingsway LLP, United Kingdom; HL Bank Singapore; Mycom Berhad (now Dutaland) and Olympia Industries Berhad Group, Malaysia; PrimeEast Capital Ltd (now BNP Paribas Hong Kong), Hong Kong; and Deutsche Morgan Grenfell (Asia) Ltd (now Deutsche Bank), Singapore and Hong Kong.

Ms Kwong holds a Bachelor of Science in Business Administration with Major in Finance and Human Resources Management, and Minor in French, from the California State University, Sacramento, and a Master of Science in Finance and Accounting from the London School of Economics and Political Science.

** listed company*
Information as at 16 March 2023

NG SEY MING, 48

Non-Executive and Independent Director

First appointment as Director
8 May 2017

Last re-election as Director
18 June 2020
(Will be seeking re-election at the 2023 Annual General Meeting)

Board committees
- Remuneration Committee (Chairman)
- Hong Leong Asia Share Option Scheme 2000 Committee (Chairman)
- Audit and Risk Committee (Member)

Present directorships in other listed companies and principal commitments
- Rajah & Tann Singapore LLP (Partner)

Other appointments
- Christopher & Lee Ong (Partner)
- Yew Tee Citizens' Consultative Committee (Member)
- Unity Secondary School (School Advisory Committee Member)

Past directorships in other listed companies and principal commitments held in the preceding three years
- XMH Holdings Ltd.* (Non-Executive Director)

Mr Ng is currently a partner in the Banking & Finance Practice Group in Rajah & Tann Singapore LLP ("R&T") and a partner in Christopher & Lee Ong, a member of the R&T Asia network of law firms. He commenced his legal practice in R&T in 2000 and became a partner in 2007. His main areas of practice are banking, project finance and debt restructurings. He has also advised on cross border transactions, joint ventures, investments, restructurings, mergers and acquisitions, listings on Singapore Exchange and shareholders' disputes.

Mr Ng was admitted as an Advocate and Solicitor of the Supreme Court in Singapore in 2000, and a Solicitor of England and Wales and an Advocate and Solicitor of the High Court of Malaya, in 2007. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

TAN CHIAN KHONG, 67

Non-Executive and Lead Independent Director

First appointment as Director
1 March 2018

Appointment as Lead Independent Director
28 April 2021

Last re-election as Director
28 April 2021
(Will be seeking re-election at the 2023 Annual General Meeting)

Board committees
- Audit and Risk Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)
- Hong Leong Asia Share Option Scheme 2000 Committee (Member)

Present directorships in other listed companies and principal commitments
- Alliance Bank Malaysia Berhad* (Non-Executive Director)
- Banyan Tree Holdings Limited* (Non-Executive Director)
- CSE Global Limited* (Non-Executive Director)
- The Straits Trading Company Limited* (Non-Executive Director)
- SMRT Corporation Ltd (Non-Executive Director)
- Trailblazer Foundation Ltd. (Honorary Executive Director)
- Methodist Welfare Services (Honorary Treasurer)

Other appointments
- Gambling Regulatory Authority of Singapore (formerly known as Casino Regulatory Authority of Singapore) (Board Member)
- Energy Market Company Pte Ltd (Member of Rules Change Panel)

Past directorships in other listed companies and principal commitments held in the preceding three years
- Xinghua Port Holdings Ltd.* (Non-Executive Director)

Mr Tan joined Ernst & Young LLP ("EY") (then known as Ernst & Whinney) in 1981 and became a partner in 1996. He has approximately 35 years of experience in providing audit and business advisory services to clients in a wide range of industries. He retired as an audit partner of EY in June 2016.

Mr Tan holds a Bachelor of Accountancy degree from the National University of Singapore and an Environmental Management degree from the University of Adelaide. He is a member of the American Institute of Certified Public Accountants, a Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia. Mr Tan contributes to the non-profit sector, serving as an Honorary Executive Director of Trailblazer Foundation Ltd.

** listed company*
Information as at 16 March 2023

PROPOSED DIRECTORS

KWEK PEI XUAN, 31

Proposed Appointment as Executive Director

Proposed appointment as Director
26 April 2023

Present directorships in other listed companies and principal commitments
- BRC Asia Limited* (Non-Executive Director)
- Tasek Corporation Berhad (Non-Executive Director)

Other appointments
Nil

Past directorships in other listed companies and principal commitments held in the preceding three years
Nil

Ms Kwek is currently the Head of Sustainability and Corporate Affairs of HLA where she oversees the Group's strategic direction in its management of environmental, social and governance ("ESG") issues, sustainability reporting framework and corporate communication. Her past experience included business development, marketing and communications and investment.

Ms Kwek holds a Bachelor of Commerce degree, majoring in Marketing and Finance from University of Melbourne as well as a Masters in Hospitality Management from Les Roches International School of Hotel Management, Switzerland. She has also been awarded certifications of completion for Business Sustainability Management and Supply Chain Management from the University of Cambridge.

Subject to shareholders' approval at the annual general meeting of the Company to be held on 26 April 2023 ("2023 AGM"), Ms Kwek is proposed to be appointed as an Executive Director of the Company.

Note:
Tasek Corporation Berhad is a subsidiary, while BRC Asia Limited is an associated company, of HLA.

** listed company*
Information as at 16 March 2023

DATUK MAIMOONAH BINTE MOHAMED HUSSAIN, 64

Proposed Appointment as Non-Executive and Independent Director

Proposed appointment as Director
26 April 2023

Present directorships in other listed companies and principal commitments
- Ekuiti Nasional Berhad (Independent Non-Executive Director)
- A5-DB (M) Berhad (Independent Non-Executive Director)
- National Gallery Singapore (Independent Non-Executive Director)

Other appointments
Nil

Past directorships in other listed companies and principal commitments held in the preceding three years
Nil

Datuk Maimoonah is an accomplished banker with over 40 years of experience specialising in debt capital markets, structured finance, securities, asset management and investment banking. She had worked with leading global financial and banking institutions including Morgan Grenfell (Asia) Ltd, Standard Chartered Bank, Singapore and Malaysia, Affin Bank and Affin Hwang Capital group, Malaysia.

Datuk Maimoonah joined the Affin Group in 2003 and held various senior management positions with the latest being the Group Managing Director of Affin Hwang Capital from 2014 until her retirement in 2019. She led the successful merger of Affin Investment Bank and Hwang DBS Investment Bank, exceeding all merger targets. She was instrumental in building the business and franchise, and transformed Affin Investment Bank to become one of the leading players in Malaysia, recognised as 'Overall Best Equities House' by Bursa Malaysia for five consecutive years. Her contributions have been recognised through various awards, notably Singapore Business Awards 'Outstanding Chief/Senior Executive (Overseas) 2014 and World HRD Congress' Asian CEO of the Year and Malaysian CEO with HR orientation 2019.

Datuk Maimoonah is a Chartered Banker and holds a Bachelor of Accountancy from the National University of Singapore.

Subject to shareholders' approval at the 2023 AGM, Datuk Maimoonah is proposed to be appointed as a Non-Executive and Independent Director, and if her appointment is approved, she would also be appointed as a member of the Audit and Risk Committee following the conclusion of the 2023 AGM.

MANAGEMENT TEAM (CORPORATE OFFICE)

Seated (From left):
Patrick Yau, Chief Investment Officer
Stephen Ho, Chief Executive Officer
Low Xiao Ting, Deputy Chief Financial Officer

Standing (From left):
Joshua Loh, Head of Information Technology
Kwek Pei Xuan, Head of Sustainability and Corporate Affairs
Loo Hwee Fang, Group General Counsel and Head of Compliance
Serene Wong, Head of Group Human Resource
Vincent Lo, Head of Internal Audit

DRIVING INNOVATION FOR LONG-TERM **RESILIENCE**

CEO'S REVIEW

Dear Shareholders

I am pleased to share some insights with you on the operational performance of the Group in 2022.

2022 had been a challenging but fulfilling year for the Group. Despite the threat of a prolonged health crisis, the constant disruptions on the global supply chain and the rising inflationary environment, our employees and businesses have shown resilience and the Group has reported a satisfactory set of results.

Our biggest market in China was impacted by renewed COVID-19 outbreaks and frequent city lockdowns during the year as the Government responded with strict implementation of the zero-COVID policy. The domestic transportation sector was badly affected and as a result, commercial diesel on-road trucks and buses saw a severe contraction in demand with industry unit sales falling in excess of 40%*. The Russia-Ukraine war that began in February 2022 added more anxieties to the already fragile global supply chain and increased the input costs significantly across the board. Our Building Materials business in Singapore and Malaysia suffered to some degree from labour shortages with strict entry controls for migrant workers. Construction projects in Singapore also slowed down due to overall industry concerns on health and safety issues like industrial accidents and dengue outbreak which needed time to address.

Mainly due to COVID-19 induced market conditions in China, the Group reported lower Revenues of S$3.9 billion in FY2022 (FY2021: S$4.9 billion), down 21.3%. Our Building Materials business performed better in Singapore. Overall, we recorded Net Profits attributable to the owners of the Company ("PATMI") of S$54.5 million (FY2021: S$60.1 million), a drop of 9.3% compared with a year ago.

"COST PRESSURES WILL INCREASE, ESPECIALLY ENERGY AND LABOUR COSTS AS THE GLOBAL INFLATIONARY ENVIRONMENT IS HERE TO STAY, AND INTEREST RATES WILL REMAIN HIGH FOR SOME TIME. WITH OUR FOCUS ON INNOVATION AND PRODUCTIVITY ENHANCEMENTS, THIS WILL HELP TO MITIGATE SOME OF THE COST CONCERNS."

STEPHEN HO
Executive Director and Chief Executive Officer

* Internal market research

Despite recording lower sales in our Powertrain Solutions business, margins have gradually improved for our new National VI engines due to sales mix changes helped by price increases as well as costs reduction efforts. Further margin improvements can be achieved when output volume starts to increase. The Powertrain Solutions business has been focusing on keeping costs down and innovating to stay ahead.

In Singapore, the re-start of projects in the construction sector allowed the Group's Building Materials business to record improvement in performance, both in terms of volume and pricing. In Malaysia, while the recovery momentum continued as the country moved into COVID-19 endemic phase, the credit environment remained weak, and higher input costs affected our downstream concrete business. The upstream business of clinker and cement production and sales did better. The Group continues to focus on expanding our logistic solutions and achieving greater efficiency with our integrated model in our Building Materials business.

The Group generated positive Net Cash Flows from Operating Activities of S$37.6 million in FY2022.

As interest rates have risen substantially, it is even more important for us to manage our cash flow and remain financially strong. We continue to divest assets that are non-core. In the first quarter of 2022, we completed the sale of a 19,894 sq. metre of freehold land and property under Rex Plastics (Malaysia) that had remained dormant for some time.

POWERTRAIN SOLUTIONS

Guangxi Yuchai Machinery Company Limited ("GYMCL" or "Yuchai") is a leading manufacturer and distributor for on- and off-road Powertrain Solutions business and applications in China. It is also involved in the development and sale of new energy solutions in hybrid power, electric and fuel cell development for the Chinese commercial vehicles market.

321,256 units of engines were sold in FY2022, down 29.7% from 456,791 a year ago. The decrease was mainly attributable to the on-road truck and bus segments and in particular, the medium and heavy-duty engines, as demand was affected by the COVID-19 outbreaks and frequent city lockdowns. The Marine Power and Genset segment also saw a decline in unit sales as there were far less outages in power supply during the year. Only the off-road Agricultural and Industrial engines sales were not as badly hit by the slowdown. Our new energy vehicle business registered a sale of 6,327 units during the year as compared to 501 units the previous year, which is a small but important achievement.

As a result of lower unit sales, net revenues for the Powertrain Solutions business dropped by 26.3% to S$3.3 billion. At the Profit after Tax level, S$67.0 million profits were reported in FY2022 as compared to S$85.7 million the previous year, a drop of 21.8% year-on-year.

New Energy Solutions Key to the Future

Yuchai has invested in research and its development to improve its product offerings and in new energy solutions.

During the year, Yuchai teamed up with partners and customers to develop new energy solutions. In March 2022, it formed a joint venture with Beijing Xingshunda to accelerate the development, manufacture and sale of fuel cell powertrain systems as well as core fuel cell power system components for the Beijing, Tianjin and Hebei markets. In September 2022, its new energy solutions subsidiary, Yuchai Xin-Lan New Energy Power Technology Co., Ltd. ("Yuchai-Xin-Lan") developed and integrated a 3.5 tonne electric drive axle into an EV light duty bus from Guangxi Shenlong for the Nanning bus market. Another example is Inner Mongolia Easy-Move Intelligent Technology Co., Ltd. which launched the EM200, its first domestically-made 200-metric tonne smart mining truck featuring Yuchai Xin-Lan's 300 kW high-power range extender powertrain system. It will improve the payload management efficiency, lower carbon emissions and provide intelligent control.

It is important to keep in mind that these collaborations on new energy solutions will take some time to realise its full potential, and the success is dependent on the broader infrastructure development and cost competitiveness of the product offering. Yuchai is committed to developing new energy solutions as they are key to the future, and is fully aligned with the Chinese Government's plan to achieve its national emission targets.

BUILDING MATERIALS

Our Building Materials business in Singapore benefited from the construction rebound as many projects re-started last year. Demand was strong and according to the Building Construction Authority ("BCA"), construction demand for 2022 reached S$29.8 billion, led by residential and infrastructure projects in both public and private sectors*. This has translated into favourable demand for ready-mixed concrete and the forecast is for demand to remain stable in 2023. In Malaysia, the construction sector registered a growth of 8.8% in 2022 after two years in the declining trend**. Our Building Materials business's combined sales in Singapore and Malaysia reached S$585.4 million in FY2022, up 24.3% from S$471.1 million a year ago. Including our associated company results, Profit after Tax increased to S$45.6 million, up 61.9% from S$28.2 million in 2021.

Newly branded 12m³ ready-mix concrete trucks under Island Concrete

* https://www1.bca.gov.sg/
** https://www.dosm.gov.my/

Investing for Greater Productivity

I. State-of-the-art Singapore manufacturing facility - Integrated Construction and Prefabricated Hub ("ICPH") officially launched

In December 2022, we obtained temporary occupation permit for our ICPH located in Pulau Punggol Bharat. The facility is the latest addition to our Group's Precast innovation as we move towards higher automation and reinforce our position as a significant player in Singapore with enhanced ability to deliver products of higher specification. This is in line with the Singapore Government's plan to improve construction productivity with the adoption of Design for Manufacturing and Assembly ("DfMA") technologies. We expect demand for precast concrete, in particular Advanced Precast Concrete System ("APCS") and Prefabricated Prefinished Volumetric Construction ("PPVC"), to increase over the next few years.

II. Higher Productivity with the Launch of 12-cubic metre Trucks

During the year, we became the very first company in Singapore to obtain regulatory approval to roll out 12-cubic metre ready-mix concrete trucks. This innovation is expected to help reduce the number of truck trips overall and in doing so, reduce the traffic on the road and the demand for truck drivers. Over time, we expect productivity to increase by about 30% as compared to 9-cubic metre ready-mix concrete trucks.

III. Commencement of Ready-Mixed Concrete ("RMC") eco-system batching plant operations at Jurong Port in first half 2023

We will be moving to Jurong Port where we will access the world's first-of-its-kind shared user facility that comes equipped with its own RMC Port-Centric Eco-system. The RMC Eco-system will be part of a larger construction setup that includes port infrastructure and facilities such as fully enclosed aggregate storage areas and RMC batching plants. Once it is operational, the Jurong Port facility will optimise supply chain efficiencies for building materials while enabling a greener footprint operationally.

Reinforcing our Sustainability Values on the Health and Safety of our Employees

We have refreshed our approach on managing the health and safety of our employees. Safety protocols on traffic management, working-at-height, use of chemicals, working with moving parts of machineries etc. were reviewed and safety policies are cascaded across the organisation. Safety briefings and toolbox meetings were held where employees would share their experiences and discuss opportunities where we can improve our occupational health and safety measures. This is an on-going journey as we work towards achieving our sustainable goal of building resilience for the long term.

INDUSTRIAL PACKAGING

We have two main plants in China, one in Dongguan and the other in Tianjin. The plants manufacture rigid packaging products for the industrial and consumer packaging markets. During the year, our operations were impacted by slower demand and higher input costs in resin. Sales dropped to S$25.7 million as compared to S$30.2 million the previous year. A Profit after Tax of S$8.2 million, including a gain from the sale of land and property as mentioned previously was reported in FY2022.

PROSPECTS

With China lifting its zero-COVID policy, market demand for medium and heavy-duty diesel engines will gradually improve when older trucks are retired and existing inventory stockpiles cleared. New energy vehicles will do well with local Government supporting their use in the public sector. In Singapore, the Building Materials business should continue to benefit from high construction demand, and the Malaysia market will continue to recover as confidence returns and the credit environment starts to ease. Cost pressures will increase, especially energy and labour costs as the global inflationary environment is here to stay, and interest rates will remain high for some time. With our focus on innovation and productivity enhancements, this will help to mitigate some of the cost concerns. We continue to collaborate with our partners and customers on new energy solutions, and look to bring innovation to the market.

We are cautiously optimistic that our businesses will perform satisfactorily in 2023, and will continue to strengthen our operational resilience, remain a reliable partner to our customers and be responsible to our stakeholders and the community.

Stephen Ho Kiam Kong
Executive Director and Chief Executive Officer
24 March 2023

首席执行官 业绩回顾

各位股东：

本人很高兴借呈报集团2022年业绩之时，对集团2022年的运作情况与各位股东做一分享。

2022年对集团而言是充满挑战但充实的一年。尽管健康危机旷日持久，全球供应链持续中断，通货膨胀不断飙升，但集团各部门和子公司攻坚克难，不仅取得了圆满的业绩也体现了全体员工以及集团业务模式的韧性。

在中国出现一波又一波的新冠疫情影响下，中国政府为了严格执行清零政策，一年内频繁封城，导致集团最大的市场——中国受到冲击。由于国内运输业受到严重影响，卡车和公共汽车商用公路柴油发动机需求严重萎缩，导致行业产品销量下滑逾40%。2022年2月俄乌战争爆发，让本已脆弱的全球供应链更是雪上加霜，投入成本大幅增加。另外，我们在新加坡和马来西亚的建筑材料业务由于对外来劳工实行严格的入境管制，出现了一定程度的人力短缺。同时，围绕建筑业的工作场所与卫生问题如工业事故以及骨痛溢血热症也拖缓建筑工程进度，需要一定的时间去改善。

受新冠疫情的影响，本集团2022财年的营收为39亿新元(2021财年：49亿新元)，同比下降21.3%。建筑材料业务在新加坡市场的表现较好。整体上，归属于本公司所有者的净利润（简称"PATMI")为5,450万新元(2021财年：6,010万新元)，较上年同期下降9.3%。

尽管动力传动系统业务销售额下降，但我们在提高价格和降低成本方面所做的努力促进了销售组合的改变，新型国六发动机的利润率逐步提高。在产量开始增加后，利润将有所提升。集团的动力传动系统业务始终侧重于降低成本、不断创新，以保持领先地位。

新加坡方面，随着建筑领域的项目重新启动，本集团建筑材料业务在成交量和价格方面业绩均有所改善。马来西亚将新冠肺炎定为地方性流行病，助推经济继续强势复苏，但信贷环境持续疲软，加上成本居高不下，影响了集团下游混凝土业务。不过，上游生产和销售水泥熟料业务表现良好。集团将继续集中力量拓展物流产业链，借助一体化模式，进一步提高业务效率。

本集团2022财年经营活动产生了3,760万新元的正现金流净额。

在利率大幅上升的情景下，现金流管理、保持财务稳健对集团而言尤为重要。在这一年，本集团继续剥离非核心资产。2022年第一季度，我们成功出售Rex Plastics（马来西亚）旗下占地19,894平方米的一块沉寂已久的永久业权土地和房产。

动力传动系统业务

玉柴是中国领先的道路用途和非道路用途发动机制造商和经销商，旗下主营子公司为广西玉柴机器有限公司（简称"广西玉柴"或"玉柴"）。玉柴还参与了针对中国商用车市场的混合动力系统、电池和燃料电池方面的新能源解决方案的开发与销售。

玉柴在2022财年的发动机销售量为321,256台，较上一年的456,791台，下降29.7%。主要由于公路卡车和客车市场，特别是中型和重型发动机方面，其需求受到了新冠疫情多点散发和频繁封城的影响。这一年的停电情况大大减少，船用发动机和发电机组的销售量也下降；非道路农用发动机和工业发动机的销售则没有因经济放缓而严重受挫。本集团的新能源汽车业务在这一年的销售量为6,327台，而上一年仅为501台，成就虽小但具有重大意义。

由于销售量减少，动力传动系统业务的净收入下降26.3%至33亿新元。2022财年的税后利润为6,700万新元，较上一年的8,570万新元同比下降21.8%。

新能源系统是未来发展关键

玉柴致力于对产品提升的研发以及对新能源领域的投入。

在2022年，玉柴与合作伙伴及客户联手开发新能源解决方案。2022年3月，玉柴与北京兴顺达成立合资公司，加速燃料电池动力系统及核心燃料电池系统部件的开发、制造和销售，大力进行北京、天津和河北市场的业务拓展。2022年9月，玉柴新能源解决方案子公司——玉柴芯蓝新能源动力科技有限公司为南宁公交市场开发出一台3.5吨的电驱动桥并集成到广西申龙的电动轻型客车中。此外，内蒙古铱钼智能科技有限公司采用玉柴芯蓝的300千瓦大功率增程器动力系统，推出其首款国产200公吨智能矿用卡车EM200；该型号既能大幅提升运载效率、也能实现低碳环保智能控制。

但我们需要谨记的是，新能源解决方案方面的合作需要一定的时间才能充分发挥成效，它的成功有赖于广泛的基础设施建设和产品的性价比。玉柴着力开发新能源解决方案，这是未来发展的关键，同时也顺应中国政府实现其国家排放目标的计划。

建筑材料业务

新加坡建筑业在2022年大幅反弹，许多项目重新启动，有助提振集团建筑材料业务。新加坡建设局数据显示，建筑业需求呈现强劲增长趋势，在公共和私人领域住宅和基础设施项目的带动下，建筑需求达至298亿新元。这一轮需求已经转化为对预拌混凝土的利好需求，预计2023年的需求将保持稳定。马来西亚方面，在连续两年销售额下滑之后，2022年建筑业录得8.8%的涨幅。

2022财年，建筑材料业务在新加坡和马来西亚的总销售额达5.85亿新元，上年同期为4.71亿新元，同比增长24.3%。包括联营公司在内，税后利润增至4,560万新元，较2021年同期的2,820万新元增长61.9%。

建筑材料业务资本投入以提高生产力

一、新加坡顶尖制造设施——综合建设预制枢纽正式启动

2022年12月，集团位于榜鹅西岛的综合建设预制枢纽获得临时入伙证（简称 “TOP”）并已投入生产。该建筑预制枢纽使我们朝着更高程度的自动化方向发展，并以供应高规格产品的扎实能力巩固我们作为新加坡重要参与者的地位，而该工厂正是我集团预制创新的最新项目。该项目也顺应新加坡政府推广制造与装配设计（简称 “DFMA”）技术以提高建筑生产率的计划。我们预计未来几年预制混凝土需求，特别是先进的预先浇筑混凝土系统（简称 “APCS”）和预制体积建设（简称 “PPVC”），将会增加。

二、12方高效卡车正式投产

2022年，本集团成为新加坡首家获得注册审批推出12方预拌混凝土卡车的公司。此项创新举措有助于减少卡车整体往返次数，从而减少道路交通和对卡车司机的需求，进而提高每位司机每辆卡车的生产效率。长远而言，相较于9方的预拌混凝土卡车，生产力估计将提升约30%。

三、裕廊港预拌混凝土（简称“RMC”）生态系统设施将于2023年上半年投入运营

我们即将迁往裕廊港，届时将采用世界首个配备自有RMC港口中心生态系统的共享用户设施。RMC生态系统将被融入更大的施工项目，包括港口基础设施和设备，如全封闭骨料储存区和水泥土混合搅拌配料站。在投产后，裕廊港厂区将会提高建筑材料的供应链效率，并且让运营足迹更加环保。

加强员工健康与安全可持续发展价值观

我们更新了员工健康与安全管理实践；审核了关于交通管理、高空作业、化学品使用、机器活动部件操作等方面的安全管理政策，并向内部团队贯彻安全意识。我们还开展了安全培训和班前会及危险预知会议，让员工分享经验，并讨论可以改善职业健康和安全措施的情形。这是一个持续的过程，我们也将不断努力实现打造长期韧性的可持续目标。

工业包装业务

本集团在中国设有两家工厂，分别位于东莞和天津。这两家工厂为工业和消费品包装市场生产硬质包装产品。本财年，业务受到需求放缓和树脂成本增加的影响。销售额下降至2,570万新元，而上一年为3,020万新元。这块业务税后利润为820万新元，包括前面提到的土地和房产出售收益。

前景

随着中国取消清零政策，在老旧卡车退役以及现有库存清空后，市场对中型和重型柴油发动机的需求将逐步回升。另外，在中国地方政府的支持下，新能源汽车将投放公共领域，拉升新能源汽车业务版块的业绩。在新加坡，强劲的建筑需求将持续推动建筑材料业务的发展；而马来西亚方面，随着信心的恢复及信贷环境开始缓和，该国市场将继续复苏。由于全球通胀仍将持续，且利率在短期内会保持高位，成本压力将持续上升，特别是能源和人力成本。鉴于集团重心在于创新和增强生产力，部分成本方面的忧虑将得到缓解。我们将继续与合作伙伴及客户携手开发新能源解决方案，期待为市场带来创新成果。

我们对2023年经营业绩持谨慎乐观态度并将努力实现良好的业务表现，我们也将不断加强运营韧性，继续做客户可持续信赖的合作伙伴，并肩负起对利益相关者和社会的责任。

何剑刚
执行董事兼首席执行官
2023年3月24日

INVESTOR COMMUNICATIONS

HLA is committed to upholding high standards of corporate governance and transparency, with our investor communications efforts focused on the quality of disclosure, corporate transparency and fairness in disclosure. We continuously strive to provide clear, consistent and timely information regarding the company's performance and progress to facilitate informed investment decisions, nurture continued confidence in the company and foster strong, enduring relations with our shareholders and the investment community.

Notwithstanding COVID-19 safe distancing measures, HLA's Management Team continued to reach out to the investment community. During the year, the Management Team had engaged and kept the investment community apprised of corporate developments and gained insights into the equity market's perceptions of the company. For HLA's financial results performance, briefings were held both virtually and in-person for both analysts and the media in 2022.

At the Annual General Meeting ("AGM") held on 27 April 2022, the Group presented FY2021 business performance to shareholders who attended the AGM virtually. To facilitate shareholders' communication with HLA's Board of Directors and Management Team, shareholders were invited to submit their questions prior to the virtual AGM. The Group also addressed questions from the Securities Investors' Association (Singapore) which were uploaded on the Singapore Exchange's announcement portal ("SGXNet"), prior to the AGM.

Other channels of communication include emails, telephone calls, LinkedIn and the corporate website. Market sensitive news is promptly posted on HLA's corporate website, www.hlasia.com.sg, at the end of the market day, in addition to SGXNet to ensure timely access to information. The corporate website also provides comprehensive company information and relevant investor relations contact details. Investors can direct questions to HLA via investor_relations@corp.hla-grp.com.

From left to right:
Ms Caroline Kwong, Independent Director
Mr Stephen Ho, Executive Director and CEO of HLA
Mr Ng Sey Ming, Independent Director

CREATING SUSTAINABLE VALUE

As a responsible corporate citizen, HLA continuously improves on integrating environmental, social and governance ("ESG") considerations into the way we operate to drive long-term value for our stakeholders. In our 2021 Sustainability Report, the Group launched our inaugural sustainability approach and framework, underpinned by three strategic pillars – "Driving Innovation for a Low Carbon & Circular Economy", "Empowering Our People and Communities" and "Building Resilience for the Long-term".

In the first half of 2022, the Group's sustainability efforts were recognised when HLA was named one of Asia's top 200 leading public-listed companies in the inaugural Nikkei-FT Statista Asia Pacific Climate Leaders list for achieving the greatest reduction in Scopes 1 and 2 greenhouse gas emissions intensity between 2015 and 2020.

Our investor engagement outreach and commitment to corporate transparency also gained due recognition by the investing community in 2022. HLA garnered "Best Managed Board" (Silver Award, S$300 million to less than S$1 billion market capitalisation category) at the Singapore Corporate Awards

("SCA") held in August 2022. The Group also won accolades for "Best Annual Report" (Bronze Award, S$300 million to less than S$1 billion market capitalisation category) at SCA in 2022, "Best Traditional Annual Report" (Gold, Manufacturing & Distributing Category) and "Grand Award Winner" (Best in Singapore) at the 2022 International Annual Report Competition Awards in September 2022. In the Singapore Governance and Transparency Index 2022, HLA ranked 21st out of 489 companies listed on the Singapore Exchange, placing HLA amongst the top Singapore-listed companies assessed in terms of corporate governance and transparency.

BROADENING OUR SHAREHOLDER BASE

In 2022, the Group continued to work with research firms and financial intermediaries to further broaden our shareholder base. As of 8 March 2023, Hong Leong Corporation Holdings Pte Ltd remains our largest shareholder holding 73.40% interest.

3,629 shareholders with up to 10,000 shares each formed 2.3% of our shareholder base, with another 1,779 shareholders holding between 10,001 and 1 million shares each making up 10.87% of our shareholder base. 21 shareholders holding 1 million shares or more each accounted for 86.83% of our shareholder base.

CORPORATE CALENDAR

2023	
Announcement of 2H 2022 and 2022 full-year financial results	24 February
62nd Annual General Meeting	26 April
Proposed First and Final Dividend for FY2022 Record Date* Payment Date*	 5.00 pm, 4 May 16 May
Announcement of 1H 2023 financial results	August
2024	
Announcement of 2H 2023 and 2023 full-year financial results	February

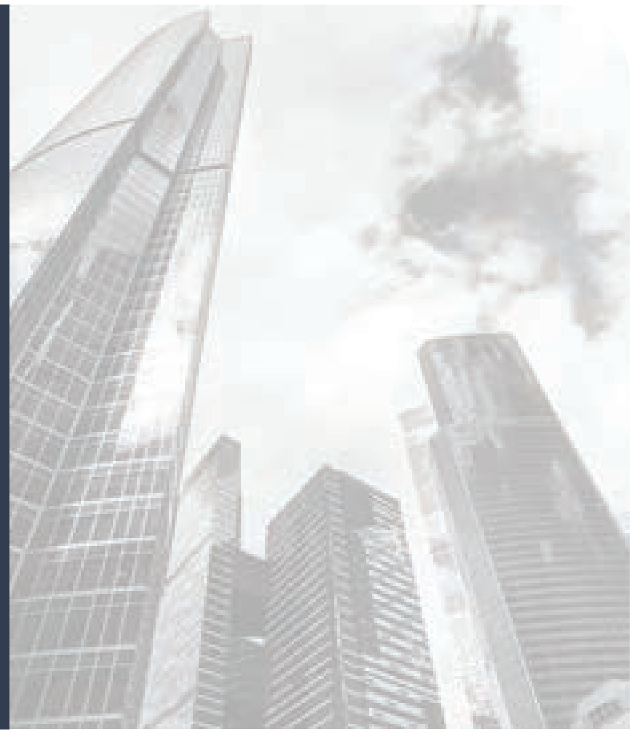
*Note: Subject to the approval of shareholders at the 62nd Annual General Meeting

INVESTOR RELATIONS CONTACT

For feedback and inquiries, please contact:

Patrick Yau
Chief Investment Officer
Email: investor_relations@corp.hla-grp.com

Scan to connect with HLA on LinkedIn



SUSTAINABILITY BOARD STATEMENT

Dear Stakeholders,

HLA's Board of Directors (the "Board") is pleased to present our 2022 Sustainability Report.

Sustainability has always been at the heart of our guiding principles at HLA. This has evolved into our core value, "Do the Right Things" where we lead by example to take ownership and accountability of the decisions and actions that impact our businesses and the environment. We believe that conducting our businesses with integrity and driving responsible green practices among our employees is vital towards long-term value creation for our stakeholders.

The Board's responsibility is to provide clear oversight of HLA's Sustainability Reporting process and risk management of key material issues guided by the recommendations of the Audit and Risk Committee ("ARC"). At HLA, this means ensuring the implementation and frequent review of a strong Corporate Governance system, safeguarding our operations, and supporting the safety and well-being of our employees.

We have developed a holistic Sustainability Framework that helps to guide us in the management of pertinent Environment, Social and Governance ("ESG") issues. We are pleased to report on the progress of our short-term ESG targets that is in line with the Group's 2025 Vision.

Pushing Ahead on our Sustainability Framework

In 2022, we remained focused on driving the progress of our key ESG targets under the three interconnected pillars of our Sustainability Framework, "Driving Innovation for a Low-Carbon and Circular Economy", "Empowering our People and Communities" and "Building Resilience for the Long-Term", firstly, through consistent communication we will expand upon key messages surrounding our ESG ambitions and secondly, we are committed to ensure action is being driven at the ground level.

Mr Wang Jun, Head of GYMCL Advanced Technology Research Centre, receiving the UN R49.07 Euro VI E Emission certification from TÜV Rheinland.

The key narratives across these three pillars within our core focus in the built environment and transportation sectors will continuously develop as their regulatory environment and industry trends evolve. Hence, we have set the tone from the top during quarterly town hall meetings by emphasising on the importance of our ESG targets as well as sharing key success stories from various businesses. We are also engaging the leadership team to expand the focus towards key trends that impact our business activities and the value chain which typically covers product innovation, operational efficiency, circular economy and digital solutions. This is done via sharing sessions during our monthly management meetings, town hall meetings, training sessions and other employee programmes where we discuss how these various topics could impact our businesses.

We are also embarking on a new journey to drive bottom-up action. This has been led by the formation of two "ESG Impact Working Groups" within the Building Materials business in Singapore and Malaysia consisting of management level members tasked to oversee the strategies and progress of their respective ESG targets. As for our Powertrain Solutions business in China, we collaborated with the various departments to develop and incorporate the unit's ESG targets under our Sustainability Framework and this completes our Group's 2025 commitments as seen in our 2022 Sustainability Report.

To further strengthen and provide clarity on these commitments, the Human Resources team has also put plans in place to progressively embed our ESG targets within the roles and responsibilities of employees throughout the organisation. We target to implement Key Performance Indicators linked to our 2025 ESG targets under the Group's Performance Progress Cycle for employees in 2023.

Urbanisation Trend Remains Intact

The urbanisation of cities remain front and centre of our lives – today, we see a much higher interest and activity towards improving the experience of city dwellers in communities and spaces. Moreover, such activity that occurs on the ground and national level are increasingly being linked with climate change effects. Hence, suitable long-term solutions to improve the implementation of urban structures and design to cope with climate change are being sought after. In the region of Asia where we operate, this is a complex area to navigate as we deal with local regulatory frameworks and design requirements. Nonetheless, there are clear opportunities to pursue as we see governments, authorities and commercial players express interests to collaborate and develop solutions at an even faster pace than before.

Driving Partnerships to Develop Better Mobility Solutions

In China, value-chain players in the automotive and transport sector are collaborating on new energy technologies, fuel efficiency and infrastructure development in the key regions. Yuchai has continued its efforts to develop new energy solutions by teaming up with partners and customers. This includes a joint venture formed with bus manufacturer, Beijing Xingshunda, to accelerate the development of fuel cell powertrain systems as well as core fuel cell power system components for the Beijing, Tianjin and Hebei markets. Furthermore, the Group recently formed a new energy solutions subsidiary, Yuchai Xin-Lan New Energy and has successfully integrated a 3.5 tonne electric drive axle into an EV light-duty bus manufactured by Guangxi Shenlong for the Nanning bus market. Moving forward, this subsidiary will be developing new partnerships to strengthen its research and development processes, strategic testing locations for trials and talent recruitment strategies.

HLA employees accompanying Dazhong Primary School Students to the Singapore Sustainable Gallery at Marina Barrage to learn about climate change

Preparing for the Next Wave of Green Building Demands

Over in Singapore, the case for green buildings continues to hold strong and we remain focused on aligning our initiatives with the country's target to green 80% of buildings (by floor area) by 2030 and accelerate decarbonisation across building lifecycle under the Singapore Green Building Masterplan*. The key improvement tracks identified include raising building energy performance standards, better designs for maintenance, designing a healthier environment for users and reducing embodied carbon. In addressing the area on embodied carbon, we continue to develop our portfolio of green ready-mix concrete under Island Concrete of our Building Materials business to meet the needs of our customers as the criteria for green building materials becomes more stringent. The Singapore government also continues to push ahead to improve construction productivity and strengthen the resilience of the built industry against supply chain and manpower disruptions with the adoption of Design for Manufacturing and Assembly technologies. Our Building Materials business reached a major milestone in December 2022 when we obtained temporary occupation permit for our long-awaited Integrated Construction and Prefabricated Hub ("ICPH") located in Pulau Punggol Barat. This is a state-of-the-art facility set up to manufacture Advanced Precast Concrete System and Prefabricated Prefinished Volumetric Construction products using simplified processes. The facility has also been designed to incorporate a higher level of automation and controlled factory environment to reduce both environmental impact and labour-intensive construction work.

In Malaysia, there is similar interest in the Green Building movement, to implement energy efficiency and green product solutions for new built environment projects. We continue to focus on developing our portfolio of green building material products under Tasek in Malaysia. We see growing trends in the area of improving industrial processes which require circular economy and commercial energy efficiency solutions. In the past year, we have been successful in increasing volumes of alternative raw materials in our cement products. As to alternative fuels, we have increased our volumes slightly and remained focused on reaching our 2025 ESG targets to progressively reduce our dependency on coal usage to power our operations. We continue to review investments to improve the operational efficiency and productivity of our cement plant located in Ipoh, Malaysia.

Climate Change and our Green Transition

In line with our goals to drive more ambitious targets beyond 2025 under our sustainability pillar, "Driving Innovation for a Low-Carbon and Circular Economy", we took the first step to internally address and align on the potential implications of climate change for our organisation. This was carried out in alignment with the SGX mandate for all issuers to adopt climate reporting in phases based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). HLA being in the materials and buildings and transportation sectors is required to fulfil this requirement from financial year 2024. In 2022, with the help of a consultant, we developed our TCFD reporting framework and drafted our first-year disclosures starting from FY2022. We developed our climate risk assessment based on two scenarios from the Intergovernmental Panel on Climate Change pathways, 1.5°C (RCP 2.6) and >3°C (RCP 8.5), with 2019 adopted as the baseline year. Considered over short, medium and long-term (2030, 2050, 2080) horizons, it was identified that our assets are not vulnerable to physical risks in the short term but would likely be affected by transition risks such as carbon pricing, changing customer needs and stringent industry regulations. Both risks are likely to increase over the medium- and long-term. The transition risks are being addressed by the Group through its existing business strategy and moving forward, we are set to reduce carbon emissions in our sectors. We will continue to build our experience over time in climate-related financial reporting. For the full narrative on our TCFD disclosures, please see our 2022 Sustainability Report.

Steady Steps Towards Safety Leadership

As of 19 September 2022, following a high occurrence of workplace fatalities, the Ministry of Manpower ("MOM") launched a code of practice in essence to strengthen the workplace safety culture under the Workplace Safety and Health ("WSH") Act 2006. There are clear guidelines and principles under the WSH Act for organisations to adopt as their framework. To align on and strengthen our understanding of the recent updates to the WSH Act, an Occupational Health and Safety training was conducted for the Board and Management Team (Corporate Office) on 13 March 2023. In line with our ESG targets for zero fatalities and Loss Time Injuries ("LTIs"), we remain committed to improve our safety performance over the long term.

Strict legislation with MOM driving at the national level sets a strong tone from the very top and offers clear guiding frameworks for organisations to follow suit. However, to sustain and continuously promote healthy attitudes towards safety, we believe that organisations should embed such principles as their core values. Under our third pillar, "Building Resilience for the Long term", we continue to practise the principles that the safety of our people require tough leadership, vigilant management of our workplace environments and effective communication.

* https://www1.bca.gov.sg/buildsg/sustainability/green-building-masterplans

Safety is an integral part of business operations within the HLA Group

2023 Priorities

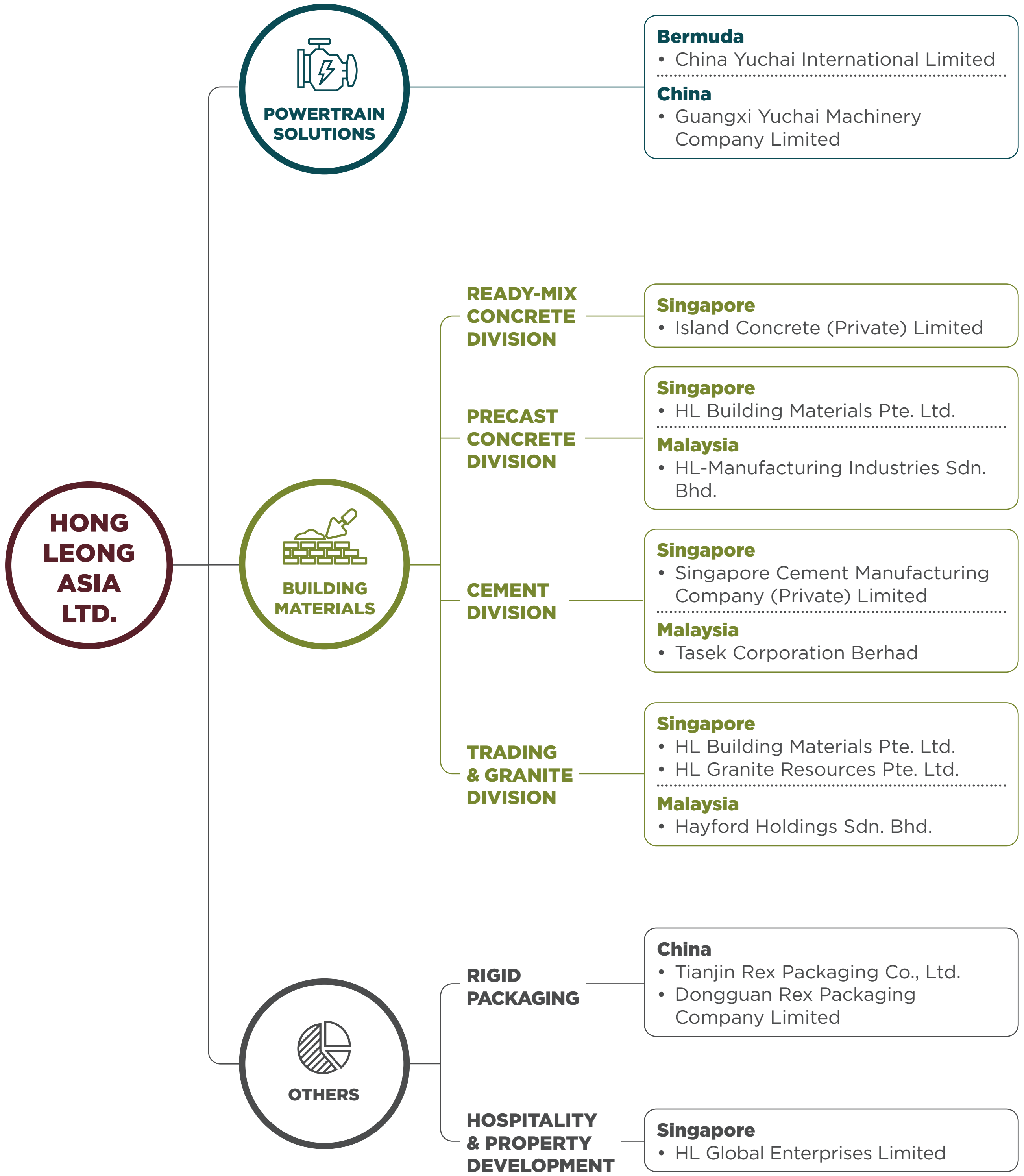
The regulatory environment where we operate is moving at a quicker pace to promote green product use and to reduce carbon emissions. Hence, we will continue to focus our efforts on reviewing emerging technologies as well as improve our TCFD reporting framework. To support these agendas under "Building Resilience for the Long-term", we will launch a new Supplier Code of Conduct policy with our ESG criteria. This will define the Group's expectations towards our suppliers to responsibly manage their ESG issues in accordance with our standards. It will also support our plans to embark on Scope 3 emission reporting to expand our greenhouse gas data coverage. We expect to launch it with our suppliers over the second half of 2023.

We will also continue to actively promote safety culture through training and ensuring ample support for our employees in driving awareness and education. This includes leading by example, organising internal campaigns and improving communication at toolbox sessions. Finally, despite the challenges, we are pleased with the progress made within one year of publishing these targets and we will continue to strive harder to achieve our 2025 ESG targets.

We appreciate your continuing feedback and support as we define and create a sustainable future together.

The 2022 Sustainability Report will be published separately on 5 April 2023, and available in digital format via SGXNet and the Company's website. We invite you to refer to it for more details on our sustainability efforts.

OPERATING ENTITIES



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors

Kwek Leng Peck – *Executive Chairman*

Stephen Ho Kiam Kong – *Chief Executive Officer*

Lead Independent Director

Tan Chian Khong

Non-Executive Directors

Kwong Ka Lo @ Caroline Kwong – *Independent*

Ng Sey Ming – *Independent*

AUDIT AND RISK COMMITTEE

Tan Chian Khong – *Chairman*

Kwong Ka Lo @ Caroline Kwong

Ng Sey Ming

NOMINATING COMMITTEE

Kwong Ka Lo @ Caroline Kwong – *Chairman*

Kwek Leng Peck

Tan Chian Khong

REMUNERATION COMMITTEE

Ng Sey Ming – *Chairman*

Tan Chian Khong

Kwong Ka Lo @ Caroline Kwong

HONG LEONG ASIA SHARE OPTION SCHEME 2000 COMMITTEE

Ng Sey Ming – *Chairman*

Kwek Leng Peck

Tan Chian Khong

Kwong Ka Lo @ Caroline Kwong

SECRETARIES

Ng Siew Ping, Jaslin

Yeo Swee Gim, Joanne

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Patrick Yau – *Chief Investment Officer*

Lilian Low – *Corporate Communications Manager*

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SUSTAINABILITY FEEDBACK

E : cas@corp.hla-grp.com

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F : (65) 6225 1452

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

(Partner-in-charge: Chan Yew Kiang, appointed from commencement of audit of financial statements for the year ended 31 December 2021)

PRINCIPAL BANKERS

CIMB Bank Berhad

DBS Bank Ltd

MUFG Bank, Ltd.

Standard Chartered Bank (Singapore) Limited

Sumitomo Mitsui Banking Corporation

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

Hong Leong Asia Ltd. ("**HLA**" or the "**Company**") is committed to maintaining good corporate governance and business integrity in all its business activities, which is essential for the long-term sustainability of the Group's businesses and the enhancement of shareholders' value.

To demonstrate its commitment towards excellence in corporate governance, HLA joined the Securities Investors Association Singapore ("**SIAS**") and its partners in 2022 in making the following public Statement of Support as part of the SIAS Corporate Governance Week 2022 Initiatives organised by SIAS in October 2022:

"As a Company, we are committed to upholding high standards of corporate governance to enhance shareholder value, a sustainable future, making a lasting sustainable transition to a low carbon environment. We believe practising good environmental, social and corporate governance standards are central to the health and stability of our financial markets and economy."

HLA has been placed on the SGX Fast Track programme since April 2018. This programme was launched by Singapore Exchange Regulation ("**SGX RegCo**") in recognition of listed companies which have maintained good corporate governance standing and compliance track record. Companies under this programme will receive prioritised clearance on selected corporate action submissions to SGX RegCo.

The Company has complied with Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**") by describing in this report its corporate governance practices with specific reference to the principles and provisions in the Code of Corporate Governance 2018 ("**2018 Code**"). Where the Company's practices differ from the principles and guidelines under the 2018 Code, the Company's position and reasons in respect of the same are explained in this report.

The Group's listed subsidiaries, China Yuchai International Limited ("**CYI**") and CYI's listed subsidiary, HL Global Enterprises Limited ("**HLGE**"), are listed on the New York Stock Exchange and SGX-ST respectively. The independent boards and board committees of these listed subsidiaries are responsible to uphold good corporate governance and oversee the effectiveness of their internal controls and risk management systems. Further information on the governance regime, corporate governance practices, and the assurances on the adequacy/effectiveness of the internal controls and risk management systems of these listed subsidiaries can be found in their respective annual report on Form 20F filing and/or annual report.

BOARD OF DIRECTORS

Executive Directors ("ED")
Mr Kwek Leng Peck, Executive Chairman
Mr Stephen Ho Kiam Kong, Executive Director and Chief Executive Officer ("**CEO**")

Independent Directors ("ID")
Mr Tan Chian Khong, Lead Independent Director
Ms Kwong Ka Lo @ Caroline Kwong
Mr Ng Sey Ming

CORPORATE GOVERNANCE REPORT

Key Objectives
Provides leadership by setting the strategic objectives of the Company together with the Management to achieve long-term success for the Company and its subsidiaries (the "**Group**"). Oversees the performance of the Group for accountability to shareholders by ensuring that necessary financial, operation and human resources are in place for the Company to meet its strategic objectives, which are supported by an adequate and effective system of risk management and internal controls.

Audit and Risk Committee ("ARC")	Mr Tan Chian Khong, Chairman (Lead ID) Ms Kwong Ka Lo @ Caroline Kwong (ID) Mr Ng Sey Ming (ID) **Key objective** Assists the Board in the review of the Company's financial reporting, internal accounting controls, audit function, sustainability issues/reports and key risks under a risk management framework.
Nominating Committee ("NC")	Ms Kwong Ka Lo @ Caroline Kwong, Chairman (ID) Mr Kwek Leng Peck (ED) Mr Tan Chian Khong (Lead ID) **Key objectives** Assists the Board in its succession planning through the review of board size, composition and skill set, and provides recommendations on the independence of directors, appointment, re-nomination and retirement of Directors. Assists the Board in the evaluation of the performance of the Board, the Board Committees and the Directors. Also reviews the succession plan for the CEO (or its equivalent) and key management personnel ("**KMP**") (not being a Director).
Remuneration Committee ("RC")	Mr Ng Sey Ming, Chairman (ID) Mr Tan Chian Khong (Lead ID) Ms Kwong Ka Lo @ Caroline Kwong (ID) **Key objective** Assists the Board in the review and determination of the remuneration of the Board and the KMP, including setting appropriate remuneration frameworks and policies to reflect a performance-based remuneration system.
Hong Leong Asia Share Option Scheme 2000 ("SOS") Committee ("SOSC")	Mr Ng Sey Ming, Chairman (ID) Mr Kwek Leng Peck (ED) Mr Tan Chian Khong (Lead ID) Ms Kwong Ka Lo @ Caroline Kwong (ID) **Key objective** Reviews and approves the grant of options to eligible participants pursuant to the terms of the Company's SOS.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Primary Functions of the Board
The Board oversees the Company's business and its performance under its collective responsibility for the long-term success of the Company, working with the Management to achieve the strategic objectives of the Company.

The Board's primary functions are to provide leadership, set broad policies, provide guidance on and approve strategic objectives, ensure that necessary financial, operational and human resources are in place for the Company to meet its objectives, review the performance of the Company and the Group and Management's performance, and satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("**IT**") controls) and risk management for the safeguarding of shareholders' interests and the Group's assets. The Board assumes responsibility for good corporate governance and sets the right 'tone at the top' in its policies and decisions to ensure that the Company's corporate values and ethical standards are observed and that there is proper accountability throughout the Company and obligations to its shareholders and other stakeholders are clearly understood and met.

Sustainability
The Board is committed to the Company's strategic approach to integrating sustainability in its business and operations, and to advance the Company's sustainability efforts and achievements. In this regard, the Board has delegated to the ARC the general oversight on sustainability issues and sustainability reporting. Since 2017, the Company published its annual Sustainability Reports which met SGX-ST's sustainability reporting requirements. The Sustainability Committee led by the CEO and supported by the Head of Sustainability and Corporate Affairs and Sustainability Manager is responsible for identifying, evaluating, monitoring and managing the Group's material environmental, social and governance ("**ESG**") factors, and reports to the ARC. Details on the Company's corporate sustainability practices will be presented in the 2022 Sustainability Report on 5 April 2023, and available in digital format on the Company's corporate website at the URL https://www.hlasia.com.sg/sustainability-reports, and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Directors' Objective Discharge of Duties and Declaration of Interests (Provision 1.1)
All Directors are fiduciaries who exercise due diligence and objectively discharge their duties and responsibilities in the interests of the Company. This ability to exercise objectivity is one of the assessment criteria in the NC's annual evaluation of the Directors.

Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction, declare the nature of their interests in accordance with the Company's Constitution and provisions of the Companies Act 1967, and in the case of any conflicts of interests (actual or potential), recuse themselves from any discussions and abstain from decision-making on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the Board Committees.

CORPORATE GOVERNANCE REPORT

Accountability of the Board and Management (Provision 1.1)
The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with applicable laws and regulatory requirements. The Company has established various corporate policies as necessary which provide a communicable and understandable framework for employees to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with the Company's stakeholders, including customers, suppliers and employees. Further details of these policies are described in the segment entitled 'Corporate Values and Conduct of Business' at the end of this report.

Board Orientation and Training (Provision 1.2)
Every newly appointed Director receives a formal letter, setting out his or her general duties and obligations as a Director pursuant to the relevant legislation and regulations. The new Director will also receive an induction pack containing information and documents relating to the role, duties and responsibilities of a director and a member of the Board Committees, the Group's principal businesses, the Company's Board processes, corporate governance practices, relevant company policies and procedures as well as a Board and the Board Committees meeting calendar for the year with a brief of the routine agenda for each meeting.

The Company also conducts a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Board Committees, which seeks to familiarise Directors with the Group's principal businesses, the Company's Board processes, internal controls and governance practices, and in the case of appointments to any of the Board Committees, the role and areas of responsibilities of such Board Committees. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management and to facilitate their independent access to the Management in future. The programme also includes site visits to the Group's key operations and briefings by the Management on key areas of the Group's operations.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to also attend certain specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Manual. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act 1967, the Listing Manual and the 2018 Code.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. The Directors are regularly kept informed by the Company Secretaries of the availability of appropriate courses, conferences and seminars such as those conducted by the SID, and the Directors are encouraged to attend such trainings at the Company's expense. The NC and the Board are kept informed of the trainings attended by the Directors during the year. As part of the NC's annual assessment of the skill set of the Board and the Board Committees, the NC would also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to the Directors from time to time.

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During the year, some of the trainings attended by the Directors included the ACRA-SGX-SID Audit Committee Seminar 2022, SID Directors Conference 2022, Launch of the Board of Directors Survey 2022, briefings and seminars organised by SID and other consultants in relation to board and audit, nominating and remuneration committees matters, and sustainability matters. Three in-house seminars/webinars were conducted by invited external speakers in 2022, on the following topics:

(a) Zero in on Future Value: Turning Risks to Growth Opportunities;
(b) Geopolitical Risks; and
(c) Sustainability: Get Ready for IFRS Sustainability Disclosure Standards.

In addition, all the Board members have undergone the mandatory sustainability training courses as prescribed by SGX-ST. Members of the ARC were also provided with regular briefings from the Company's external auditors on applicable Accounting Standards, mandatory climate-reporting and board diversity disclosures, and regulatory updates during the year.

All the Board members attended various training webinars, seminars and workshops in 2022 which accounted for more than 160 training hours in aggregate.

In addition to the training courses/programs and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations.

Board Approval (Provision 1.3)
The Board has in place an internal guide wherein certain key matters are specifically reserved for approval by the Board and these include decisions over the strategic direction and policies of the Group and its financial objectives which have or may have material impact on the profitability or performance of the relevant business units; decisions to commence, discontinue or modify significantly any business activity or to enter into or withdraw from a particular market sector; corporate or financial restructuring; decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business; material acquisition and disposal of assets/business undertakings; adoption of key corporate policies and any other matters which require Board approval as prescribed under the relevant legislations and regulations as well as the provisions of the Company's Constitution. All issuance of the Company's financial results require the approval of the Board, including decisions on the Company's dividend policy and payouts. Management is fully apprised of such matters which require the approval of the Board or the Board Committees.

Delegation by the Board (Provision 1.4)
The primary functions of the Board are either carried out directly by the Board or through the Board Committees with clear written terms of reference setting out their composition, authority and responsibilities, including reporting back to the Board. The committees established by the Board are the ARC, the NC, the RC, and the SOSC, all collectively referred to as the "**Board Committees**".

Specific written terms of reference for each of these Board Committees set out the required composition, authority and responsibilities of the Board Committees and provide for each Board Committee to submit at least an annual report of its activities to the Board. All terms of reference for the Board Committees are approved by the Board and reviewed periodically to ensure their continued relevance taking into consideration the changes in the governance and regulatory environment.

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The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority, and yet without abdicating the Board's overall responsibility.

Please refer to the sections on Principles 4, 5, 6, 7, 9 and 10 in this report for further information on the activities of the ARC, NC and RC. Information on the activities of the SOSC is set out in the Directors' Statement on pages 77 to 80 and the Financial Statements on pages 185 to 188 of this AR.

Board and Board Committee Meetings (Provision 1.5)
Meetings of the Board and Board Committees are held regularly, with the Board meetings no less than four times a year. At the regular quarterly Board meetings, the agenda includes updates by the Management on the performance and operations of each business unit of the Group, and the Group's periodic financial performance. Four Board meetings were held in 2022.

A meeting of the non-executive Directors ("**NEDs**") who are all also the IDs of the Company, chaired by the Lead ID, was held in 2022 without the presence of Management. Meetings of the IDs are convened as often as may be warranted by circumstances. The IDs also meet regularly under the various Board Committees' meetings and the Lead ID is a member of all these Board Committees.

The proposed meetings for the Board and all Board Committees for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of that calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including key deliberations and decisions taken are maintained by the Company Secretaries. The Company's Constitution allows for the meetings of its Board and the Board Committees to be held via teleconferencing and video-conferencing. The Board and Board Committees may also make decisions by way of circulating written resolutions.

The attendance (including via electronic means) of the Directors at the annual general meeting of the Company ("**AGM**") and meetings of the Board and the Board Committees as well as the frequency of such meetings in 2022, are disclosed on page 41. Nonetheless, the Board is of the view that the contribution of each Director should not be focused solely on his or her attendance at the AGM and at meetings of the Board and/or the Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group. The Directors also, whether individually or collectively, engage with the Management to better understand the challenges faced by the Group and the inputs of the Directors, through such engagement, provide valuable perspective to the Management.

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Directors' Attendance (including via electronic means) at the AGM, and Meetings of the Board, Board Committees and the IDs in 2022 (Provision 1.5)

	Board	IDs	ARC	NC	RC	SOSC	AGM[b]
Number of meetings held in 2022:	4	1	3	3	2	1	1
Name of Director	**Number of meetings attended in 2022**						
Kwek Leng Peck	4	N.A.	N.A.	3	2[a]	1	1
Stephen Ho Kiam Kong	4	N.A.	3[a]	N.A.	N.A.	N.A.	1
Kwong Ka Lo @ Caroline Kwong	4	1	3	3	2	1	1
Ng Sey Ming	4	1	3	N.A.	2	1	1
Tan Chian Khong	4	1	3	3	2	1	1

N.A. – Not applicable
Notes:
(a) Attendance by invitation for all or part of the meeting.
(b) All Directors including Mr Kwek Leng Peck, the Chairman of the Board, and Mr Stephen Ho, who is also the CEO, were in attendance at the AGM in 2022 together with the Company's external auditors. The 2022 AGM was held via electronic means.

Directors' Multiple Board Representations and Time Commitments (Provision 1.5)
When considering the nomination of Directors for election/re-election, the NC also takes into account the competing time commitments faced by Directors with multiple listed company board representations and/or other principal commitments. An analysis of the directorships (which includes directorships within corporate groups and executive appointments) held by the Directors is reviewed annually by the NC. Each Director is also required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a Director of the Company. Based on the analysis, the Directors' annual confirmation and the Directors' commitments and contributions to the Company which are also evident in their level of attendance and participation at Board and Board Committees' meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as Directors of the Company.

The NC noted that, excluding the directorship held In the Company, the number of listed company board representations currently held by:

- Mr Tan Chian Khong, the only ID who holds other listed company board representations, is four, and

- each ED, Mr Kwek Leng Peck and Mr Stephen Ho, did not exceed two, all being representations on the boards of related corporations of the Company including a listed subsidiary and/or a listed associated company of the Group.

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On the NC's recommendation, the Board has approved that the maximum number of listed company board representations which a Director of the Company may hold be set at six, with a view to providing a guide to address potential competing time commitments that may be faced by Directors serving on multiple listed company boards. The NC may review this guideline from time to time, and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Board.

In addition to the current procedures for the review of the attendance records and analysis of directorships/principal commitments, a policy has also been put in place for Directors to consult the Board Chairman and the chairman of the NC prior to accepting any new listed company board appointments or principal commitments and notifying the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an ID, to also ensure that his or her independence would not be affected.

Complete, Adequate and Timely Information (Provision 1.6)
Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant papers submitted by Management, containing where possible and practicable, complete, adequate and timely information such as reports on the operations and financial performances of the various business units respectively, reports from the corporate risk committee, Sustainability Committee, internal auditors ("**IA**") and external auditors ("**EA**"), regulatory updates, and/or significant projects/events updates, to enable full deliberation on the issues to be considered at the respective meetings.

Management also provides all Directors with monthly financial reports of the Group's financial performance including analysis of the same. Any material variances between the results and the budget and year-on-year for the periods under review are explained in the monthly financial reports. Where the Board's or a Board Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further information, as necessary.

Management, the Company's external auditors and professional advisers who can provide additional insight into the matters for discussion are also invited from time to time to attend Board and/or Board Committees' meetings.

Draft agendas for Board and Board Committee meetings are circulated to the Board Chairman and the chairmen of the Board Committees respectively, in advance, for them to review and suggest items for the agenda. The Board and the Board Committees are also furnished with routine reports, where applicable, from the various departments of the Company. Each of the chairmen of the ARC, NC, RC and SOSC provides an annual report of the respective committees' activities during the year under review to the Board. The minutes of meetings of the Board Committees and the NEDs/IDs are circulated to all Board members.

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Access to Management, Company Secretaries and Independent Professional Advisers (Provision 1.7)
All Directors have direct and independent access to Management. To facilitate this access, all Directors are provided with the contact details of the KMP and other members of the Management.

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

The Company Secretaries' appointment and removal are subject to the Board's approval. At least one of the Company Secretaries attends all Board and Board Committee meetings and ensures that all Board procedures are followed. The Company Secretaries, together with Management, also ensure that the Company complies with applicable statutory and regulatory rules. Together with Management, the Company Secretaries also advise the Board Chairman, the Board and the Board Committees on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including ensuring adequate and timely information flows within the Board and the Board Committees and between the Directors and Management, facilitating the induction for newly appointed Directors and newly appointed Board Committee members, and assisting in the continuing training and development programmes for the Directors. On an on-going basis, the Directors have separate and independent access to the Company Secretaries.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Independence (Provisions 2.1, 2.2 and 2.3)
The Board currently comprises five members, two of whom are executive Directors, while the other three members of the Board are NEDs. The NC has determined all three NEDs, being more than half of the Board, to be independent ("**3 IDs**"), thus providing for a strong and independent element on the Board, capable of exercising objective judgement on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision-making. No alternate Directors have been appointed in respect of any of the Directors.

When reviewing the independence of the 3 IDs, namely, Ms Caroline Kwong, Mr Ng Sey Ming and Mr Tan Chian Khong, the NC has considered the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the 2018 Code and its accompanying Practice Guidance. As part of the consideration of their independence, the NC has also taken into account the following:

- other directorships;
- annual declarations regarding their independence;
- disclosures of interests in transactions in which they have a direct/indirect interest (if any);
- their ability to avoid any apparent conflict of interest especially by abstaining from deliberation and decision-making on such transactions;
- their ability to maintain objectivity in their conduct as Directors of the Company; and
- their ability to objectively raise issues and seek clarification as and when necessary from the Board, Management and the Company's external advisers on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees.

Each of the IDs on the NC recused himself or herself from discussion and abstained from the NC's deliberation on his or her own independence.

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None of the 3 IDs is currently employed or has been employed at any time during the past three financial years by the Company or any of its related corporations. These 3 IDs also do not have immediate family members who are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations, and whose remuneration is determined by the RC. For purposes of determining independence, the 3 IDs have also provided confirmation that they are not related to the Directors and substantial shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. The Board undertook a review of the independence of the 3 IDs with each ID abstaining from participating in his or her own review, and the Board concurred with the NC's determination of the independence of the 3 IDs.

Mr Ng Sey Ming, an ID, is a partner of legal firms, Messrs Rajah & Tann Singapore LLP ("**R&T**") and Messrs Christopher & Lee Ong ("**CLO**") (with less than 5% stake in each of them) which rendered professional legal services to the Group from time to time. The total amount of the fees paid/to be paid to R&T and CLO for FY 2022 was less than $200,000, which was largely for the legal services rendered by R&T and CLO to the Group. Mr Ng had abstained from the deliberation and decision-making in the engagement of R&T and CLO as solicitors for transactions relating to these legal services. The NC has determined, and the Board has concurred, that Mr Ng's independence is not affected by this relationship of the Group with R&T and CLO.

The 3 IDs had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest, and were able to maintain objectivity in their conduct as Directors of the Company. They have objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees.

Board Composition, Size and Diversity (Provision 2.4)
The Company has in place a Board Diversity Policy ("**BDP**") which sets out the framework for promoting diversity on the Board. The Company recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline and other aspects of diversity (such as gender and age) of the Directors.

The BDP which is available on the Company's corporate website, provides that the NC shall consider all aspects of diversity when reviewing and assessing the composition of the Board and when making recommendations to the Board for the appointment of Directors to arrive at an optimal balanced composition of the Board. The BDP also provides for the NC to discuss and recommend annually to the Board targets and timelines for promoting and achieving diversity on the Board.

The Company has put in place a skills matrix to help identify gaps in the Board. The skills matrix classifies skills, experience and knowledge of the existing Directors into broad categories such as industry knowledge; management expertise; and professional skills in finance/accounting, risk management, legal, sustainability, corporate finance/mergers and acquisitions, digital/technology and human resources.

When reviewing and assessing the size and composition of the Board and the Board Committees, and making recommendations to the Board annually including the election/re-election of Directors, the NC takes into consideration factors under the BDP with a view to arriving at an optimal balanced composition of the Board and Board Committees. As prescribed under the BDP, the final decision on the selection of Directors are based on merits against objective criteria and targets considered by the NC annually and recommended to the Board for approval.

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Diversity Targets and Progress in FY 2022

Targets	Progress
Expand the Board skill set to achieve the Company's strategic objectives	There were no changes in the Board and Board Committees in FY 2022. The Board has concurred with the NC to recommend Ms Kwek Pei Xuan and Datuk Maimoonah Binte Mohamed Hussain for appointments as an additional ED and an additional ID, respectively at the upcoming AGM in April 2023 ("**2023 AGM**"). If Datuk Maimoonah's appointment is approved, she will also be appointed as a member of the ARC after the conclusion of the 2023 AGM. Ms Kwek has been the Head of Sustainability and Corporate Affairs of the Company since January 2020. She oversees the Group's strategic direction in its management of environmental, social and governance (ESG) issues, sustainability reporting framework and corporate communication. Datuk Maimoonah is an accomplished banker with over 40 years of experience specialising in debt capital markets, structured finance, securities, asset management and investment banking. She had worked with leading global financial and banking institutions until her retirement in November 2019. Please refer to the 'Board of Directors' and 'Additional Information on Directors Seeking Re-election/Appointment' sections in this AR for more information on these proposed Directors.
Ensuring gender diversity on the Board with not less than 20% female representation on the Board	With Ms Caroline Kwong as a Director of the Company, the Board has continued to achieve its target of 20% female representation as recommended by the Council for Board Diversity ("**CBD**") for listed companies. The NC noted that the CBD has recommended for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. With the proposed appointments of Ms Kwek and Datuk Maimoonah, the Company will achieve a 42% female board representation, exceeding its gender diversity target and CBD's targets. Nonetheless, the NC will ensure that: (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to present female candidates; (b) when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration; (c) female representation on the Board be continually monitored over time based on the set targets of the Board; and (d) at least one female Director be appointed to the NC.
Maintain age diversity with Directors with age ranging from below 50s to below 70s with majority of the Directors in the 60 to 70 range	The Board has continued to maintain this target.

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The NC and the Board also agreed that there was no need to set a specific target for ethnicity/nationality so long as the candidates provide distinguishing qualities that complement and expand the skills and experience of the Board as a whole. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in this AR.

Having considered the scope and nature of the operations of the Group, the Board, taking into account the view of the NC, believes that the size and composition of the Board and Board Committees (including the proposed appointments of Ms Kwek and Datuk Maimoonah) provide for diversity in line with the BDP and allow for informed and constructive discussions and effective decision-making at meetings of the Board and Board Committees.

NEDs' Participation (Provision 2.5)
NEDs are encouraged to participate actively at Board meetings in the development of the Group's strategic plans and direction, and in the review and monitoring of Management's performance against budgets. To facilitate this, they are kept informed of the Group's businesses and performance through monthly and quarterly reports from Management, and have unrestricted access to Management. They also sit on various Board Committees to provide unbiased and independent views, constructive input and the independent review and monitoring of performance of the Group and Management.

Under the chairmanship of the Lead ID, a meeting of the NEDs who are all also the IDs of the Company, was convened in 2022 without the presence of Management and the Board Chairman. The NEDs would also confer among themselves without the presence of Management as and when the need arises. The Lead ID collates the feedback from the NEDs and communicates the same to the Board and/or the Board Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Roles of Chairman and the CEO (Provisions 3.1 and 3.2)
The roles of Chairman of the Board and the CEO are separate to ensure a clear division of responsibilities and increased accountability.

Mr Kwek Leng Peck, the Executive Chairman of the Board ("**Board Chairman**"), plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively. The Board sets out clear division of his responsibilities as the Board Chairman. As the Board Chairman, with written terms of reference approved by the Board, Mr Kwek bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting agenda for Board meetings with inputs from Management, ensuring that sufficient time is allocated for discussion of each agenda item at Board meetings, promoting an open environment within the Boardroom for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. As the Board Chairman, he also promotes and leads the Company in its commitment to achieve and maintain good corporate governance. At AGMs and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

As the Executive Chairman, Mr Kwek Leng Peck is the most senior executive in the Company and bears overall executive responsibility for the Group's business. He is assisted by the CEO, Mr Stephen Ho and other members of the Management which includes:

- Mr Simon Loh Swee Heng, Chief Operating Officer (Building Materials, Singapore)
- Mr Hoh Weng Ming, President (Powertrain Solutions, China Yuchai International Limited)
- Mr Chen Fun Tee, Group Chief Operating Officer (Building Materials, Malaysia)
- Mr Raymond Lim Nguang Seng, General Manager (Rigid Packaging)

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The CEO who is a KMP, bears executive responsibility for the performance of the Group and the achievement of the corporate goals set for the Group. There is a clear division of responsibilities between the Board Chairman and the CEO. The CEO is not related to the Board Chairman.

The Board had considered Mr Kwek Leng Peck's role as an executive Board Chairman, and the strengths he brings to such a role by virtue of his in-depth knowledge of the Group's business. Through the appointment of the Lead ID and the establishment of various Board Committees with power and authority to perform key functions without undue influence from the Board Chairman, and the implementation of internal controls for proper accountability and to allow for effective oversight by the Board of the Group's business, the Board ensures that there is appropriate balance of power which allows the Board to exercise objective decision-making in the interest of the Company. The Board is of the view that Mr Kwek's role as an executive Board Chairman would continue to facilitate the Group's decision-making and implementation process without diminishing the capacity of the Board for independent decision-making.

Lead Independent Director (Provision 3.3)
In view that the Board Chairman is not an ID, the Board has appointed Mr Tan Chian Khong as Lead ID to serve as a sounding board for the Board Chairman and as an intermediary between the NEDs and the Board Chairman. The role of the Lead ID is set out under the written terms of reference of the Lead ID, which has been approved by the Board. The Lead ID is available to shareholders should they have concerns and for which contact through the normal communication channels with the Board Chairman or the Management has failed to resolve or are inappropriate or inadequate. No query or request on any matter which requires the Lead ID's attention was received from the shareholders in 2022.

Under the chairmanship of the Lead ID, a meeting of the NEDs who are all also the IDs of the Company was convened in 2022 without the presence of Management or the Board Chairman, and the views expressed by the NEDs at the meeting were communicated by the Lead ID to the Board Chairman and/or the Management, as appropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

NC Composition and Role (Provisions 4.1 and 4.2)
Two out of the three members of the NC, including the NC chairman, are IDs. The Lead ID is one of the independent members of the NC.

The key responsibilities of the NC as set out in its written terms of reference, approved by the Board, are as follows:

- examine Board size;
- review all Board and Board Committees composition and membership;
- review succession plans for the Directors (including the Board Chairman) and the KMP;
- determine each Director's independence annually and as and when circumstances require;
- evaluate performance of the Board as a whole, its Board Committees and the individual Directors;
- review appointments and re-appointments of Directors (including alternate directors, if any);
- review the reasons for resignations of Directors;
- review appointments and the reasons for resignations and terminations of the Board Chairman and the KMP which includes the CEO and the Chief Financial Officer ("**CFO**");
- review and confirm the induction programme for newly appointed Directors and for existing Directors in respect of their appointments to any of the Board Committees; and
- review the training and continuous professional development programme for the Directors.

Three NC meetings were held in 2022. The Company Secretaries maintain records of all NC meetings including records of key deliberations and decisions taken.

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For the financial year under review, the NC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist (“**NC Self-Assessment Checklist**”).

The NC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NC under its terms of reference, and considered also the contribution of NC members to the deliberation and decision-making process at NC meetings.

Based on the self-assessment, the NC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

Nomination of Directors and Determination of Independence (Provisions 4.3 and 4.4)
The NC reviews the nomination of the relevant Directors for election/re-election as well as the independence of Directors annually. When considering the nomination of Directors for election/re-election, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple listed company board representations and/or other principal commitments, and also reviews their independence having regard to the provisions in the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the 2018 Code as well as factors considered under Principle 2 above in relation to Board independence. The recommendation of the NC on the annual nomination of the Directors for election/re-election is submitted to the Board for decision and thereafter put to the shareholders for approval at the AGM.

The Constitution of the Company provides that not less than one-third of the Directors for the time being shall retire as Directors at each AGM of the Company. All new Directors appointed by the Board shall hold office until the next AGM, and be eligible for election at the said AGM. Excluding the new Directors who are seeking appointment at the AGM or who will be seeking election at the first AGM immediately after their initial appointment, the remaining Directors of the Company will retire at least once in every three years.

In accordance with the Company’s Constitution, Mr Ng Sey Ming and Mr Tan Chian Khong will be retiring by way of rotation at the 2023 AGM. The retiring Directors being eligible, have offered themselves for re-election at the 2023 AGM. The NC has considered their contribution and performance, and recommended to the Board to nominate their re-election at the 2023 AGM. Detailed information on the Directors who are proposed to be re-elected at the 2023 AGM can be found under the sections on ‘Board of Directors’ and ‘Additional Information on Directors Seeking Re-election/Appointment’ of this AR.

Criteria and Process for Nomination and Selection of New Directors (Provision 4.3)
The NC interviews shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees. Searches for and selection of candidates to be considered for appointment as Directors are facilitated through recommendations from the Directors, Management or external parties including the Company’s contacts in the related industries, finance, legal and accounting professions. Where necessary, assistance may also be obtained from SID and professional executive search firms engaged to source for suitable candidates for the NC’s consideration.

Candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

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In reviewing and recommending to the Board any new Director appointments, including appointments to the appropriate Board Committee(s), the NC considers the following as well as factors prescribed under the Company’s BDP, details of which are set out under the sub-header ‘Board Composition, Size and Diversity (Provision 2.4)’:

(a) the candidate’s track record, experience and capabilities or such other factors including age and gender, as may be determined by the NC to be relevant and which would contribute to the Board’s collective skills and diversity;
(b) the composition requirements for the Board and Board Committees after matching the candidate’s skill set to the requirement of the relevant Board Committees (if the candidate is proposed to be appointed to any of the Board Committees);
(c) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments; and
(d) the candidate’s independence, in the case of the appointment of an ID.

Key Information on Directors (Provision 4.5)
Please refer to the ‘Board of Directors’ section in this AR for key information on the Directors, including the dates of their first appointment and last election/re-election to the Board (if applicable), their academic/professional qualification, directorships held in listed companies and principal commitments for both the current and the preceding three years, and other relevant information, in the notice of AGM, and additional information for Directors proposed for re-election/appointment at the 2023 AGM.

Succession Planning for the Board, the Board Chairman and KMP (Provision 4.1)
The Board believes in carrying out succession planning for itself, the Board Chairman and the KMP to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews annually the composition of the Board and Board Committees, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether in addition to existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board’s skill set taking into account the Group’s business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board. The NC also conducts annual review on the succession planning to ensure continuity of leadership for the KMP.

The Company has currently identified its Board Chairman and the CEO as its KMP. It is in the process of searching for a suitable candidate for the position of CFO (who would be a KMP). The Deputy CFO, Ms Low Xiao Ting, currently covers the CFO’s duties.

In line with the Company’s Board Diversity Targets, the Board has on the recommendation of the NC, proposed Ms Kwek Pei Xuan and Datuk Maimoonah Binte Mohamed Hussain for appointments as additional Directors at the 2023 AGM. If Datuk Maimoonah’s appointment is approved, she will also be appointed as a member of the ARC after the conclusion of the 2023 AGM. Please refer to the ‘Board of Directors’ and ‘Additional Information on Directors Seeking Re-election/Appointment’ sections in this AR for more information on these proposed Directors.

As recommended by the NC, the Board has also approved the appointment of Mr Ng Sey Ming as an additional NC member upon his re-election as a Director at the 2023 AGM.

CORPORATE GOVERNANCE REPORT

Board Development (Provision 4.5)
The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Board Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. Further trainings for the Directors in specific areas are also being recommended by the NC, where required, based on the NC's review of the annual evaluation checklists from the Board and the Board Committees. A separate programme is established for new Directors, details of which are set out in the relevant paragraph under the subject heading "Board Orientation and Training" above.

The Board is kept apprised twice yearly on the list of training programmes attended by the Directors during the year.

PRINCIPLE 5: BOARD PERFORMANCE

Board Evaluation Process (Provision 5.1)
The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The NC assesses the Board's performance as a whole annually using objective and appropriate criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the Board composition, the Directors' independence, the feedback from individual Directors on areas relating to the Board's role on strategy and performance, the Board's process and governance (including oversight on risk management and internal controls) and the effectiveness of the Board Chairman. The results of the overall evaluation of the Board by the NC including its recommendations for improvements, if any, are presented to the Board.

The NC also undertook an evaluation of the performance of the Board Committees, specifically the NC, the RC and the ARC with the assistance of self-assessment checklists completed by these Board Committees as well as a report provided by the chairman of the SOSC.

Board Evaluation Criteria (Provision 5.2)
The qualitative criteria used by the NC to evaluate the Board cover five key areas relating to Board structure, the Board's review of the Company's strategy and performance, the Board's oversight on the Company's governance including risk management and internal controls, and the effectiveness of the Board Chairman and Board processes.

The quantitative criteria used to evaluate the overall Board performance comprise periodic performance indicators which include a comparison of the Group's performance (including segmental performance) for the financial period under review against the Group's performance for the corresponding period in preceding year and the budget, and also other indicators such as the Company's share price performance over a historical period.

Individual Director Evaluation (Provisions 5.1 and 5.2)
The annual evaluation process for the Board Chairman's and the individual Director's performance comprises two parts: (a) review of background information concerning the Director including his or her attendance record at Board and Board Committee meetings; and (b) NC's evaluation based on certain assessment parameters, which were recommended by the NC and approved by the Board.

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Factors taken into account in the assessment of a Director's performance include his or her abilities and competencies, his or her objectivity and the level of participation at Board and, where applicable, Board Committees' meetings including his or her contributions to Board processes and the business strategies and performance of the Group. The performance evaluation of each Director is taken into account in the NC's consideration with regard to his or her election/re-election as a Director.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interest.

The results of the individual evaluation of the Directors are also used by the NC, in its consultation with the Board Chairman (who is also a member of the NC), to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the election/re-election of retiring Directors. The Board Chairman, as a member of the NC, is fully apprised of the results of the performance evaluation for the individual Directors and would take into consideration such evaluation and act as appropriate on the recommendations of the NC. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

RC Composition and Role (Provisions 6.1, 6.2, 6.3 and 6.4)
The RC comprises three NEDs, all of whom including the chairman of the RC are independent. All the members of the RC also sit on the SOSC and the chairman of the RC is also the chairman of the SOSC.

The key responsibilities of the RC as set out in its written terms of reference approved by the Board, are to review and recommend, for the endorsement of the Board, a framework of remuneration for the Board and KMP as well as the specific remuneration packages for each Director and the KMP.

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company has currently identified its Board Chairman and the CEO as its KMP. On an annual basis, the RC reviews and recommends fees payable to the Directors for the Board's consideration before approval is sought from the shareholders at the AGM. The RC also reviews and recommends annually the specific remuneration packages for the Directors and the KMP including the annual increments, mid-year and year-end variable bonuses, special bonus, if any, and share options for the KMP for the Board's approval. The RC also considers the KMP's contracts of service to ensure that they do not contain any unfair or unreasonable termination clauses.

The RC has access to appropriate advice from the Head of HR, who attends all RC and SOSC meetings. There being no specific necessity, the RC did not seek expert advice from external remuneration consultants in 2022.

The Company Secretaries maintain records of all RC and SOSC meetings including records of key deliberations and decisions taken. Two meetings of the RC and a meeting of SOSC were convened during 2022.

CORPORATE GOVERNANCE REPORT

For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("**RC Self-Assessment Checklist**"). The RC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the RC under its terms of reference, and considered also the contribution of RC members to the deliberation and decision-making process at RC meetings.

Based on the self-assessment, the RC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Remuneration of Directors and KMP (Provisions 7.1, 7.2 and 7.3)
The Company's remuneration policy for Directors comprises the following distinct objectives:

- to ensure that the procedure for determining remuneration for Directors is formal and transparent;
- to ensure that the level of remuneration is sufficient (without being excessive) to attract and retain Directors to exercise oversight responsibility over the Company; and
- to ensure that no Director is involved in deciding on his or her own remuneration.

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the Head of HR, considers the level of remuneration based on the Company's remuneration policy which comprises the following three distinct objectives:

- to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs;
- to reward employees for achieving corporate and individual performance targets in a fair and equitable way; and
- to ensure that the remuneration reflects employees' duties and responsibilities.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between the current and longer-term objectives of the Company.

Based on the remuneration framework, the remuneration packages for the KMP comprise a fixed component (in the form of a base salary, annual wage supplement, and where applicable fixed allowances determined by the Company's human resource policies), a variable component (comprising short-term incentives in the form of mid-year and year-end variable bonuses, special bonus and long-term incentives in the form of the grant of share options subject to a vesting schedule) and benefits-in-kind, where applicable. The variable components take into account amongst other factors, the KMP's individual performance, the Group's performance, the business unit's performance and industry practices. The Company exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company.

The mix of fix and variable reward is considered appropriate for the Group and for each individual role. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile. The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth.

CORPORATE GOVERNANCE REPORT

The Company currently has in place a long-term incentive scheme, which is the SOS. KMP who have a greater ability to influence the Group's outcomes have a greater proportion of overall reward at risk. It is put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate key good employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. It also aims to strengthen the Group's competitiveness in attracting and retaining talented key management employees. The Company does not require the KMP to continue to hold their shares upon exercise of the options after the vesting period. Options granted under the SOS to the KMP vest progressively over a period of three years. To-date, the Company has granted only Market Price Options and Incentive Price Options (both as defined in the SOS). Information on the SOS is set out in the Directors' Statement on pages 77 to 80 and the Financial Statements on pages 185 to 188 of this AR.

The SOS was first approved by the shareholders at an extraordinary general meeting in 2000 for an initial period of ten years commencing on 30 December 2000. It was extended at the AGM in April 2010 for a further period of ten years from 30 December 2010 to 29 December 2020. At the AGM held in June 2020, the shareholders approved the second extension of the duration of the SOS for another period of ten years from 30 December 2020 to 29 December 2030.

The Company does not discourage Directors from holding shares in the Company. There is however no requirement under the Company's Constitution for Directors to hold shares in order to be qualified to act as a Director. The NEDs are eligible to participate in the SOS. The grant of options under the SOS to the NEDs is subject to the SOSC's recommendation and the Board's endorsement.

The letter of offer of options to eligible participants (including KMP) under the SOS includes a claw-back provision which gives the Company the right to recover or cancel the options (whether in whole or in part, before they are exercised) in the event of exceptional circumstances involving a misstatement of the financial results of the Company and the Group for the financial year on which the grant is based, or any misconduct by an employee of the Company, resulting in financial loss to the Group.

When reviewing the structure and level of Directors' fees, which comprise base director's fee and additional fees for services rendered under the various Board Committees and fee for the Lead ID, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees and the changes in the business, corporate governance practices and regulatory rules. The RC also compared the Company's fee structure against industry practices. Other factors taken into consideration in the fee review includes the frequency of Board and Board Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review and changes. The RC is mindful that the remuneration for IDs should not be excessive so as to compromise or reasonably be perceived to compromise their independence. No Director is involved in deciding his or her own remuneration.

Each of the Directors receives a base Director's fee, with the Board Chairman receiving an additional fee for serving as the chairman. The Lead ID also receives an additional fee to reflect his expanded responsibility. Directors who serve on the various Board Committees (other than the SOSC) also receive additional fees in respect of each Board Committee that they serve on, with the chairmen of the Board Committees receiving a higher fee in respect of their service as chairman of the respective committees.

CORPORATE GOVERNANCE REPORT

The structure of fees payable to Directors of the Company for FY 2022 is as follows:

Appointment	Fees per annum ($)
Board of Directors	50,000 (Base fee)
	Additional Fees:
Board Chairman	20,000
Audit and Risk Committee (ARC)	
– ARC Chairman	58,000
– ARC Member	38,000
Nominating Committee (NC)	
– NC Chairman	18,000
– NC Member	12,000
Remuneration Committee (RC)	
– RC Chairman	18,000
– RC Member	12,000
Lead Independent Director	10,000

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Disclosure of Remuneration (Provisions 8.1(a) and 8.3)
The compensation packages for employees including the KMP comprise a fixed component (in the form of a base salary and fixed allowances), a variable component (comprising short-term incentives in the form of mid-year and year-end variable bonuses, and special bonus, if any, and longer-term incentives in the form of the grant of share options subject to a vesting schedule) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the Group's performance, the business unit's performance and industry practices. During the year, there were no termination, retirement and post-employment benefits granted to any Director or KMP.

The Company's remuneration policies, level and mix of remuneration, as well as the link between the remuneration paid to Directors and the KMP, and performance are as set out under Principle 7 above.

Information on the SOS is set out under Principle 7 above and in the Directors' Statement on pages 77 to 80 and the Financial Statements on pages 185 to 188 of this AR.

CORPORATE GOVERNANCE REPORT

Directors' Remuneration for FY 2022 (Provision 8.1(a))
The remuneration of each Director including a breakdown (in percentage terms) earned through base salary, variable bonuses/allowances, fees, share option grants and other benefits for FY 2022 is set out below:

	Total Remuneration	Base Salary[1]	Variable Bonuses/ Allowances[1]	Board/ Board Committee Fees[2]	Share Option Grants[3]	Other Benefits	Total
	$	%	%	%	%	%	%
Executive Directors							
Kwek Leng Peck [4] (Board Chairman)	1,186,060	44.75	38.64	15.19	0	1.42	100
Stephen Ho Kiam Kong [4]	1,283,008	44.99	42.31	9.39	1.12	2.19	100
Non-executive Directors							
Kwong Ka Lo @ Caroline Kwong	118,000	0	0	100	0	0	100
Ng Sey Ming	106,000	0	0	100	0	0	100
Tan Chian Khong	142,000	0	0	100	0	0	100

Notes:
1. The salary and variable bonuses/allowances paid/payable are inclusive of employer's central provident fund contributions.
2. These fees comprise Board and Board Committee fees for FY 2022, which are subject to approval by shareholders as a lump sum at the 2023 AGM.
3. This relates to options granted during FY 2021. The fair value of the options as at the date of grant ranges from $0.18 to $0.21 for each share under option taking into account the vesting schedule using the Black-Scholes Option Pricing Formula.
4. Remuneration of these Directors includes remuneration paid or payable by subsidiary(ies) of the Company.

Remuneration of KMP (not being a Director or CEO) for FY 2022 (Provisions 8.1(b) and 8.3)
For FY 2022, the Company did not have any KMP not being a Director or CEO.

Remuneration of Director's, CEO's or Substantial Shareholder's Immediate Family Members for FY 2022 (Provision 8.2)
During FY 2022, Ms Kwek Pei Xuan, daughter of Mr Kwek Leng Peck, the Board Chairman, is an employee of the Company whose annual remuneration was between $200,001 and $300,000. There were no other employees of the Company who were substantial shareholders of the Company or were immediate family members of a Director, the CEO or a substantial shareholder of the Company.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Oversight of Risk Management (Provision 9.1)
The Group's approach to risk management is to proactively identify, evaluate and manage significant risks inherent in the business to facilitate a balanced, responsible and informed risk taking. Risk management activities are aligned to the Group's strategic objectives and priorities while protecting the interests of the Board and shareholders.

An Enterprise Risk Management ("**ERM**") framework has been established by Management to formalise and document the internal processes to enable significant strategic, financial, operational, compliance and IT risks within the relevant Group companies to be identified, assessed, monitored, managed and evaluated. The Board determines the Group's levels of risk tolerance and risk policies, and oversees management in the design, implementation and monitoring of the risk management and internal control systems. Strong emphasis is placed on creating risk awareness, promoting accountability and setting the appropriate tone at the top. Risk management training is conducted to communicate and enhance the Group's risk culture.

A risk management oversight and reporting structure has been established to enable the Management to effectively carry out their roles and responsibilities under the ERM framework. The risk committees (consisting of cross functional personnel), at both corporate and business unit levels, implement and maintain risk management policies and initiatives across the Group. The risk management processes at the key business units are driven by their respective risk committees, with regular reporting to the corporate risk committee (comprising members of the Management and headed by the CEO), who in turn reports to the ARC. The key steps in the risk management process are risk identification, risk assessment, risk treatment and risk monitoring. On an ongoing basis, Management reviews the Group's business operations to identify key risk areas and risk mitigating strategies so as to ensure that risks are adequately managed within the Group's risk tolerance limits.

Reports on risk management issues are presented by the ERM Manager to the ARC on a regular basis. The IA's role includes independent review of the Group's risk management policies and systems.

CORPORATE GOVERNANCE REPORT

A summary of the Group's top risks and risk mitigation plans is set out below:

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
1	Strategic	Market and competition / Margin pressures	Volatility of global economies impacting market demand. Intense market competition resulting in increased margin pressure for the Group's businesses. Price fluctuation of raw materials – Inability to effectively mitigate fluctuations in raw material prices.	• Monitor market conditions and key external indicators which may affect the Group's businesses. • Review of product and operational costs. • Monitor competitors' pricing and continue to strengthen quality and service level to meet customers' requirements. • Develop new sales strategies and implement marketing activities to maintain price advantage. • Maintain sufficient debt headroom / cash runway to sustain business over prolonged period of disruption and/or during economic downturn. • Raw material pricing – Monitor and review price changes to track volatility and fluctuations. Provide guidance for business units to establish raw material reserves where practical to reduce exposure to price fluctuations.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
2	Strategic	Future growth and long-term business sustainability	Challenges to growth and long-term sustainability of the business, with the ability to produce innovative and competitive products to stay ahead and gain market share. Portfolio management – Balancing risks and returns in making investments decisions and maintaining an appropriate investment mix for the Group. Long-term asset investment / replacement plan – Use of aging assets (i.e. production and IT facilities) poses the risk of lower efficiency and potential asset failure, which may disrupt business operation.	• Development of strategic workplan (2025 Vision) and alignment with goals, objectives, and KPIs. Periodic review of HLA's current progress against goals or objectives laid out in the workplan. • Product innovation and productivity enhancements through automation and digitalisation to stay ahead. Example: Innovate production processes and explore use of alternative raw materials, cost reduction to improve product margins, develop engine products with reduced emissions and higher energy efficiency. • Review investment portfolio. Identify merger and acquisition opportunities. • Perform due diligence work to identify risks and assist Management in making informed decisions on investment proposals. Major investment proposals are tabled and approved by the Board. • Ensure that critical assets are functioning at appropriate level of service. Perform regular assessment of asset condition to determine remaining useful life of assets. • Formulate long term assets replacement plan, with cost-benefit analysis. • Develop and implement recovery plans for business operations and/or loss of data.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
3	Financial	Customer credits and collections, interest rate risk	Potential financial loss resulting from the failure of customers/ counterparty/ business partners to settle their financial and contractual obligations when due. Increased cost of borrowing with hikes in interest rates.	• Perform credit assessment for new customers. • Periodic monitoring and review of all overdue receivables. • Periodic monitoring of market conditions which may indicate potential difficulties in collections in the event of a slowdown. • Credit insurance to minimise bad debt exposure. • Review financing and capital structures. Maintain an efficient and optimal interest cost structure. • Close monitoring of market conditions and key macroeconomic indicators. • Review and plan for short-term and long-term funding requirement to align with overall strategic direction/ plans of the Group.
4	Operational	Supply chain disruption	Supply chain constraints and challenges as a result of geopolitical tension and impact of pandemic. Geopolitical tensions could escalate and lead to further disruptions in supply chains.	• Monitor and review of supply and reserve levels on a regular basis. • Identification of alternative suppliers in the event of a disruption. • Vertical integration of supply chain. • Explore product / material substitution.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
5	Operational	Health and Safety (including COVID-19 management)	Safe management measures at workplace and implementation of Business Continuity Planning (ability to handle major global/ country wide disruption and resume operations within the optimum timeframe and minimise losses). Health, Safety and Environment ("**HSE**") – Workplace safety and health, regulatory compliance.	• Close monitoring of the pandemic situation and measures implemented in the countries we operate in. • Safe management measures are implemented at workplaces. • IT disaster recovery plan and remote work arrangement capabilities are in place. However, the Group may not be able to resume full business operations, within a short duration of time after a major global/ country wide disruption, due to the lack of fully equipped sites (hot sites). • Strict adherence to New Code of Practice issued by the Workplace Safety and Health Council in Singapore in 2022. • Promote HSE awareness through internal communication of health and safety procedures and training. • Conduct regular safety training and briefings to increase employees' awareness. • Monitor and review monthly accident statistic reports.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
6	Strategic	Environmental Sustainability	Increasing expectations and requirements to implement initiatives to manage environmental impact of operations (e.g., climate change, natural resource usage and pollution).	• In 2021, the Group has formalised 2025 environmental targets (50% reduction in CO2 intensity against HLA Group Revenue and 20% increase in green/innovative product sales) developed in conjunction with the diesel engine and building material units. • The Sustainability team has embarked on Task Force on Climate-Related Financial Disclosures ("**TCFD**") reporting as part of meeting SGX-ST's regulatory requirement for HLA to implement climate reporting by FY 2024, being in the materials and building as well as transportation sectors. • TCFD reporting will be a strategic tool for the HLA management to align on a medium- to long-term approach to consider for the Group's climate adaptation and/or mitigation strategies. • The Sustainability and investment teams remain on the lookout for suitable decarbonisation technologies and green product solutions for the Group's core industries.

Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and the adequacy and effectiveness of the Group's system of internal controls including financial, operational, compliance and IT controls, and risk management policies and systems. The Group's separately listed subsidiaries, namely CYI and its listed subsidiary HLGE, have separate boards and audit and risk committees which are responsible for the oversight of their respective groups' internal control and risk management systems and the ARC relied on the board of directors and the various board committees of these listed subsidiaries to provide oversight on the adoption and implementation of appropriate corporate governance practices, internal control and risk management systems. These listed subsidiaries, which operate under the governance regime of their respective stock exchanges, provide the relevant assurances on the effectiveness and adequacy of their internal controls and risk management systems in their respective annual reports.

The internal controls structure of the Group has been designed and put in place by management of the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

Assurances from the KMP (Provision 9.2)
In relation to Provision 9.2 of the 2018 Code and Rule 1207(10) of the Listing Manual, the ARC and the Board received:

(i) written assurance from the CEO, a KMP of the Company, and the Deputy CFO (in the absence of the CFO), not being identified as the Company's KMP, that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) written assurance from the Board Chairman and the CEO, both being identified as the Company's KMP, that the Group's system of internal controls and risk management systems in place are adequate and effective to address in all material respects the financial, operational, compliance and IT risks within the current scope of the Group's business operations for FY 2022.

The above written assurances provided by the KMP and/or the Deputy CFO are supported by written assurances provided by the Management of the Group's listed subsidiaries/key business units. The Board in turn provided a negative assurance confirmation in respect of the unaudited financial statements for the first half year in accordance with the regulatory requirements.

The ARC reviewed the adequacy and effectiveness of the Group's key internal controls that address the Group's financial, operational, compliance and IT controls, and risk management systems, with the assistance of the IA and EA and Management, who provide regular reports during the year to the ARC in addition to the briefings and updates provided at the ARC meetings. The management action plans are initiated to address the deficiencies identified by IA and EA, especially in the Group's China operations.

Based on the work performed by IA and the risk committees during the financial year, as well as observations shared by the EA, Ernst & Young LLP ("**EY**") during the course of their audits of the Company and its significant subsidiaries, and the written assurance from the KMP, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls and risk management systems in place as at 31 December 2022 are adequate and effective to address in all material aspects the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

The Board wishes to highlight that the majority of the Group's businesses are located in China, which is a challenging control environment to operate in.

The Board noted that CYI, a subsidiary listed on the New York Stock Exchange, had in its FY 2021 annual report filing on Form 20F on 22 April 2022, disclosed that its Independent Public Accountants, EY, had concluded in their opinion, that CYI maintained, in all material respects, effective internal control over financial reporting as of 31 December 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

As of the date of this report, CYI is still in the process of evaluating its internal controls over financial reporting. The Sarbanes-Oxley Act (SOX) program will be subject to final review by the auditors, and is currently on-going. To date, CYI's management has not received any report on material weaknesses from its auditors. The full results will not be known until the finalization of CYI's FY 2022 annual report filing on Form 20F in April 2023.

As part of internal audit program for FY 2022, audit findings identified control weaknesses at some of the Group's subsidiaries. Management action plans based on IA's recommendations were developed to address these weaknesses. EY, during the audit of the financial statements of the Group, had also identified certain deficiencies in internal controls, which had been reported to the ARC and are currently in the process of being rectified by Management. Management had assessed and determined that the deficiencies did not have significant financial impact on the financial statements of the Group for FY 2022.

CORPORATE GOVERNANCE REPORT

Management will continue to review and strengthen the Group's control environment, and further refine its internal policies and procedures. Management continues to devote resources and expertise towards improving the level of governance and internal controls.

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

Composition of ARC (Provisions 10.2 and 10.3)
The ARC comprises three NEDs, all of whom including the chairman of the ARC are independent. Two members including the ARC chairman, namely Mr Tan Chian Khong and Ms Caroline Kwong possess the relevant audit, accounting or related financial management expertise and experience whilst the remaining member, Mr Ng Sey Ming possesses a legal background.

Based on the terms of reference of the ARC, a former partner or director of the Company's existing external auditing firm or corporation ("**EA**") should not act as a member of the ARC: (a) within a period of two years commencing on the date of his or her ceasing to be a partner or director of the EA; and (b) in any case for as long as he or she has any financial interest in the EA. Mr Tan Chian Khong had ceased to be a partner of EY, the EA of the Company, in June 2016 and has no financial interest in EY. Besides Mr Tan, none of the remaining ARC members were former partners or directors of or have any financial interest in the Company's existing EA. Please refer to the 'Board of Directors' section in this AR for the academic/professional qualification and experience of the members of the ARC.

With the current composition, the ARC believes that it has the relevant accounting or related financial management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Powers and Duties of the ARC (Provisions 10.1 and 10.5)
The ARC is authorised by the Board to review or investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the EA, the IA, Management and any officer and employee of the Group. It may invite any Director, Management, any officer or employee of the Group, the EA and IA to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense.

The principal responsibility of the ARC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the adequacy and effectiveness of the Group's financial reporting process (including reviewing the accounting policies and practices of the Company and the Group on a consolidated basis) and key internal controls, including financial, operational, compliance, IT and risk management controls. Other duties within its written terms of reference include:

- to review significant financial reporting issues and judgements so as to ensure the integrity of the Company's and the Group's financial statements, and of announcements on the Company's and the Group's financial performance and recommend changes, if any, to the Board;

- to review the adequacy and effectiveness of the Group's risk management and internal controls including financial, operational, compliance and IT controls and report to the Board;

- to assess the role and effectiveness of the IA function in the overall context of the Group's risk management and internal control systems;

- to approve the appointment, termination, evaluation of performance and remuneration of the Head of IA within the Company's human resource guidelines;

CORPORATE GOVERNANCE REPORT

- to review annually the scope and results of the external audit and the independence and objectivity of the EA, and in this regard to also review the nature and extent of any non-audit services provided by the EA to the Group;
- to make recommendations to the Board on the nomination for the appointment, re-appointment and/or removal of the EA, and to approve the remuneration and terms of engagement of the EA;
- to review interested person transactions ("**IPTs**") to ensure that they are entered on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders;
- to oversee the establishment and operation of the whistle-blowing policy and arrangements in place for raising, in confidence, concerns about possible improprieties on matters of financial reporting or any other matters in the Group;
- to provide oversight of the risk management framework for the purpose of guiding and providing direction to build up risk management capability within the Group; and
- to provide oversight on the Group's compliance relating to sustainability governance and reporting including reviewing the framework put in place by Management for the identification, assessment, management and monitoring of the material ESG factors, and setting of the targets and key performance indicators for the achievement of the Group's sustainability strategy.

The ARC held three meetings during the year and carried out its duties as set out within its terms of reference. For details of the activities performed by the ARC during the year, please refer to the 'Directors' Statement' section on page 83 of this AR. The Company Secretaries maintain records of all ARC meetings including records of key deliberations and decisions taken. The ARC meets with the IA and EA, each separately without the presence of Management, at least once annually.

The ARC members continually keep themselves abreast of changes to accounting standards and issues which have a direct impact on financial statements.

For the financial year under review, the ARC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("**ARC Self-Assessment Checklist**").

The ARC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the ARC under its terms of reference, and considered the contribution of the ARC members to the ARC's deliberation and decision-making process.

Based on the self-assessment, the ARC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

CORPORATE GOVERNANCE REPORT

ARC's Commentary on significant financial reporting matters
In the review of the financial statements for the FY 2022, the ARC had discussed with both the Management and the EA the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the EA:

Significant Matters	How did the ARC address these matters
Impairment of property, plant and equipment	Management performed assessment of the recoverable amounts of property, plant and equipment with impairment indicators identified. The ARC had discussed with the Management and the EA and assessed the indicators of impairment and also reviewed the appropriateness of the valuation methodologies and reasonableness of the key assumptions used in determining the recoverable amount of the property, plant and equipment.
Capitalisation of development expenditure	The ARC reviewed the significant assumptions and estimates used by Management in the capitalisation of development expenditure. The ARC noted that about 63% of the intangible assets relates to development expenditure capitalised by CYI. From discussion with Management, the ARC noted that CYI obtained an understanding from its management on the recognition criteria and basis for capitalisation and performed an assessment of the appropriateness of development expenditure capitalised in accordance with CYI's R&D capitalisation policy.

The above significant matters were also areas of focus for EA who have included these as key audit matters in their audit report set out in this AR.

External Auditors (Provisions 10.1(d) and 10.1(e))
Taking cognizance that the EA should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of EY and gave careful consideration to the Group's relationships with them during 2022. In determining the independence of EY, the ARC reviewed the Group's relationships with them and considered the nature and volume of the provision of the non-audit services in 2022 and the corresponding fees. The ARC is of the opinion that the nature and amount of such non-audit services and fees, which had not exceeded 50% of the aggregate audit fees paid/payable to EY in 2022, did not impair or threaten the audit independence. EY's confirmation of their audit independence was further noted. Based on the review, the ARC is of the opinion that EY is, and is perceived to be, independent for the purpose of the Group's statutory financial audit. The fees paid and/or payable by the Group to EY in respect of audit and non-audit services for FY 2022 are set out below:

	$'000
Audit fees	1,183
Non-audit fees	20

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2023, the ARC had considered the adequacy of the resources, experience and competence of EY, and had taken into account the Audit Quality Indicators relating to the experience of the engagement partner and key team members' experience in handling the audit of multi-listed entities under different jurisdictions. The size and complexity of the audit of the Group, the level of audit fee, and the number and experience of the supervisory and professional staff assigned were taken into account. The ARC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

CORPORATE GOVERNANCE REPORT

EY has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in relation to the appointment of the Group's auditors.

On the basis of the above, the ARC has recommended to the Board the nomination of EY for re-appointment as EA of the Company at the 2023 AGM.

Interested Person Transactions ("IPTs")

On 30 May 2003, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons ("**IPs**") have control, to enter into transactions within the categories of IPTs set out in the Company's circular to shareholders dated 5 May 2003, with such persons within the class or classes of IPs as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "**IPT Mandate**"). The IPT Mandate was last renewed at the AGM held on 27 April 2022. As such IPTs may occur at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the 2023 AGM for the renewal of the IPT Mandate.

The ARC has confirmed that an independent financial adviser's opinion is not required for the renewal of the IPT Mandate as the methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the IPT Mandate was obtained on 30 May 2003, and such methods and procedures continue to be sufficient to ensure that these IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Particulars of IPTs required to be disclosed under Rule 907 of the Listing Manual are as follows:

Name of IP	Nature of Relationship	Aggregate value of all IPTs in FY 2022 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920) $	Aggregate value of all IPTs conducted in FY 2022 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000) $
	Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**") is a controlling shareholder of the Company. CDLMS, HCI and KS, being associates of HLIH, are IPs.		**Construction-related Transactions** • *Sale of raw materials to IPs:*
Hume Cemboard Industries Sdn Bhd ("**HCI**")		–	2,995,676
Kim Sik Sdn Bhd ("**KS**")		–	1,956,971
		Provision of corporate secretarial services by IP:	
CDL Management Services Pte Ltd ("**CDLMS**")		319,830	–
Total:		**319,830**	**4,952,647**

The above IPTs were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

CORPORATE GOVERNANCE REPORT

Material Contracts

Except as disclosed above and in the financial statements for FY 2022, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Whistle-blowing Policy (Provision 10.1(f))

HLA has in place a whistle-blowing policy where employees of the Group or other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties in matters relating to accounting, financial reporting or other matters such as improper business conduct, fraud or any unlawful practices without fear of retaliation in any form. The ARC has the responsibility of overseeing this policy which is administered by the Head of IA. Under these procedures, arrangements are in place for independent investigation of such matters raised in good faith, (where appropriate) and for appropriate follow up action to be taken.

A dedicated whistle-blowing email account at hla999@hla-grp.com has been set up for the Head of IA, being the appointed Designated Officer, to receive complaints and information from all employees of the Group or other persons in order to facilitate and encourage the reporting of such matters. Details on the dedicated channels of communication (email and postal address) have also been made available on the Company's corporate website and intranet. The ARC monitors the whistleblowing complaints based on reports prepared by the Head of IA and ensures appropriate follow up actions are taken.

The Company is committed to ensure the identity of the whistle-blower is kept confidential and to protect the whistle-blower from any detrimental or unfair treatment as a result of his or her report.

The whistle-blowing policy is reviewed by the ARC annually to ensure that it remains current. For more details on the said policy including the procedures for raising concerns, please refer to the Company's corporate website at www.hlasia.com.sg.

Anti-fraud, Anti-bribery and Anti-corruption Policy

HLA has adopted an Anti-fraud, Anti-bribery and Anti-corruption Policy. This policy sets out the responsibilities of the Group functions and business units in observing and upholding the Company's position on fraud, bribery and corruption, and it applies to the Group, its affiliates, agents, consultants, business partners as well as officers and employees of the Group (collectively, the "**Employees**"). It provides guidance to the Employees on matters relating to the prevention, detection and reporting of fraudulent or corrupt conduct through the Company's whistleblowing channel. The Anti-fraud, Anti-bribery and Anti-corruption Policy is posted on the Company's corporate website and incorporated into the existing Code of Business Conduct and Ethics which Employees are required to confirm compliance with on a regular basis.

Internal Audit (Provisions 10.4 and 10.5)

The IA function is independent of the activities it audits. The Head of IA's primary reporting line is to the ARC chairman with an administrative line of reporting to the CEO of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and/or approved by the ARC. The ARC also provides input on the annual performance appraisal of the Head of IA and the ARC chairman is consulted on all bonus payments and salary adjustments for this position. The ARC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the ARC, the Board and Management as well as the Group's documents, records, and properties except for those under the Group's separately listed subsidiaries.

IA operates within the framework stated in its IA Charter which is approved by the ARC, and reviewed on an annual basis. The standards of the IA Charter are consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Head of IA, Mr Vincent Lo, is a member of the Institute of Internal Auditors of Singapore and the Institute of Singapore Chartered Accountants.

CORPORATE GOVERNANCE REPORT

Role and Activities of IA
The primary role of the IA is to assist the Board and the ARC to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group (other than the Group's separately listed subsidiaries which either have their own or have outsourced their IA functions). IA's coverage extends to the review and testing of controls in areas of key risks which include sales and channels operations, procurement, inventory management, information systems and compliance with company policies and procedures.

The ARC approved the annual IA plan and received regular reports during 2022 on the progress of the audit work under the IA plan. Copies of IA reports are extended to relevant members of Management. IA reports are also provided to the external auditors. Processes are in place such that recommendations raised in IA reports are followed up to ensure that they are dealt with within a reasonable time frame, taking into account the severity and nature of the control weaknesses identified. The ARC is apprised regularly on the implementation by Management of the recommendations of IA.

The Company has a well-established IA function with formal procedures for the IA to report their audit findings to the ARC and to Management. The IA members attend external training programmes to keep abreast of developments. As the Head of IA is a member of the Institute of Internal Auditors of Singapore and Institute of Singapore Chartered Accountants, the team receives regular updates on the latest development of IA policies and practices, accounting pronouncements, risk-based audit information and other audit related knowledge from time to time. The ARC reviewed the effectiveness and adequacy of the IA function including its resources through a review of the IA activities on a regular basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework modeled on the framework recommended in the Guidebook for Audit Committees in Singapore. The evaluation framework covers IA organisation, resources and continuing training, audit plans, work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment conducted for 2022, the ARC is satisfied with the quality and effectiveness of the IA function and that the IA function has adequate resources and appropriate independent standing within the Group to perform its functions properly, and the ARC has continually emphasized the importance of ensuring that the IA function is adequately staffed, especially to handle the review and testing of controls in key risk areas in the Group's operations in China. CYI has its own IA team and the other two China operations of the Group are not material.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Group and its financial performance is disclosed in an accurate and timely manner via SGXNet.

General Meetings (Provisions 11.1, 11.2, 11.3)
Shareholders are informed of general meetings through notices sent to them. All shareholders are entitled to attend and vote at general meetings in person or by proxy or in the case of a corporate shareholder, through its appointed representative. They are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters concerning the Company.

The rules for the appointment of proxies, including information that the voting will be conducted by way of poll, are set out in the notice of general meetings. In accordance with the Company's Constitution, shareholders who are not relevant intermediaries may appoint not more than two proxies each to attend, speak and vote at general meetings in their absence. In the case of shareholders who are relevant intermediaries, more than two proxies each may be appointed. The proxy forms must be deposited at such place or places specified in the notice or documents accompanying the notice convening the general meetings at least seventy-two (72) hours before the time set for the general meetings.

CORPORATE GOVERNANCE REPORT

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the election/re-election of each Director as a separate resolution. Should the resolutions be 'bundled', the Company will explain the reasons and material implications for doing so in the notice of the general meeting. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in this AR.

All Directors, including the Lead ID, the chairmen of the respective Board Committees, certain members of the Management, the EA and legal advisers (where necessary) are present at general meetings to address queries from the shareholders. Questions relating to the conduct of the audit and the preparation and content of the EA's report may be addressed by the EA. At each AGM, the CEO delivers a presentation to update shareholders on the Group's business and financial performance in the preceding year.

However, due to the COVID-19 situation in Singapore, the 2020, 2021 and 2022 AGMs were convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Temporary Order**") and the checklist issued by ACRA, MAS and SGX RegCo ("**Checklist**"). For more details on the 2022 AGM and the forthcoming 2023 AGM, see sections below on the '2022 AGM' and '2023 AGM'.

2022 AGM
In view of the COVID-19 situation, the 2022 AGM was convened and held by electronic means pursuant to the Temporary Order.

The alternative arrangements under the Temporary Order and the Checklist put in place for the 2022 AGM included making available the Annual Report, the Notice of AGM, accompanying proxy form and other related AGM documents on the SGX website and the Company's corporate website. Attendance at the 2022 AGM was via electronic means where shareholders could observe and/or listen to the 2022 AGM proceedings via 'live' audio-visual webcast or 'live' audio only stream and submit questions to the Chairman of the Meeting in advance of the 2022 AGM. Substantial and relevant questions submitted were addressed and released via SGXNet prior to the AGM and voting was carried out by appointing the Chairman of the Meeting as proxy at the 2022 AGM.

All the Directors including the Board Chairman, the CEO and certain members of the Management together with the EA were in attendance at the 2022 AGM which was conducted electronically.

2023 AGM
The forthcoming 2023 AGM will be held, in a wholly physical mode, at M Hotel Singapore City Centre on 26 April 2023. There will be no option for shareholders to participate virtually. Shareholders will be informed of the 2023 AGM through a notification by post.

As part of the Company's commitment towards environmental sustainability, the Notice of AGM, accompanying proxy form and other AGM related documents will only be made available on the SGX website and the Company's corporate website. Arrangements relating to attendance at the 2023 AGM, submission of questions in advance of, or at the 2023 AGM and voting at the 2023 AGM by shareholders or their duly appointed proxy(ies) or representative in the case of corporate shareholder, are set out in a separate announcement to be released by the Company on SGXNet.

Voting at General Meetings (Provision 11.4)
Shareholders are given the opportunity to vote at general meetings even when they are not in attendance as they may appoint proxy(ies) to vote on their behalf. However, as the authentication of shareholder identity information and other related integrity issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

CORPORATE GOVERNANCE REPORT

In support of greater transparency and to allow for a more efficient voting system, the Company had been conducting electronic poll voting since its 2014 AGM up to the 2019 AGM. With electronic poll voting, shareholders present in person or represented by proxy at the AGM will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be displayed on-screen at the meeting. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages would be announced via SGXNet after the AGM. Voting procedures for the electronic poll voting will be explained at the AGM and an external firm which is independent of the firm appointed to undertake the electronic poll voting process, will be appointed as scrutineers for the AGM voting process.

For the 2020 to 2022 AGMs which were held by electronic means, the Chairman of the Meeting was appointed as proxy to vote on behalf of all shareholders. Proxy forms submitted by shareholders were independently verified by the independent scrutineers. Results of the valid votes submitted, showing the number of votes cast for and against each resolution and the respective percentages, were announced by the Chairman at the AGM and thereafter, via SGXNet.

The Company will resume the electronic poll voting at the 2023 AGM.

Minutes of General Meetings (Provision 11.5)
The Company also maintains minutes of its general meetings, which include the key comments and queries raised by shareholders and the responses from the Board, Management and/or the EA. The minutes of general meetings are available on the Company's corporate website and the SGX website as soon as practicable after the meetings.

Dividend Policy (Provision 11.6)
The Company has a formalized dividend policy which aims to pay dividends to shareholders at least once a year, balancing returns to shareholders with prudent capital management and consistent with the Company's overall governing objective of maximising shareholder value over time. Before proposing any dividends, the Board will consider a range of factors, including the Group's results of operations, long-term and short-term capital requirements, current balance sheet, future investment plans and the general business conditions and other macro environment factors. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

The Company aims to maintain a strong capital position to ensure market confidence, to support its on-going business and to meet the expectations of its stakeholders.

In line with the Company's dividend policy, the Board has recommended a first and final dividend of 2 cents per share for FY 2022, same as the payout in the preceding year. The dividend payouts in the current and past four years are set out in the 'Financial Highlights' section of this AR.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company notifies its investors in advance of the date of release of its financial results via SGXNet. The Board provides shareholders with periodic financial results in accordance with the timelines prescribed in the Listing Manual. For FY 2022, the Company's results for the first half year ("**1H**") were released to shareholders within 45 days of the end of 1H whilst the annual results were released within 60 days from the financial year end. In presenting the Group's financial results, the Board aims to provide investors with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

CORPORATE GOVERNANCE REPORT

The Company ensures that investors are notified of all material information in an accurate and timely manner. Should there be an inadvertent disclosure made to a select group, the Company will release the same information promptly via SGXNet. The financial statements and other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNet on a timely basis. All shareholders are notified of general meetings and the documents relating thereto which are made available on the Company's corporate website and SGX website.

Shareholder Communication (Provisions 12.1, 12.2 and 12.3)
The Company has in place an investor relations ("**IR**") policy (available on the Company's corporate website) which outlines the principles and framework for the Company to provide investors, analysts and other IR stakeholders with balanced, clear and pertinent information on matters pertaining to and/or affecting the Group. Shareholders and investors can contact the Company or access information on the Company at its corporate website at www.hlasia.com.sg which provides, *inter alia*, information on the Board of Directors, Management, and the Group's key business units, Annual Reports, corporate announcements, press releases and financial results as released by the Company on SGXNet, and contact details of its IR.

As the 2023 AGM will be held in wholly physical format, shareholders are encouraged to attend in person so that they can engage with the Board directly.

MANAGING STAKEHOLDER RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

HLA has grown and diversified its portfolio within the manufacturing space over the decades, which has provided many opportunities to ingrain the importance of proactive and thoughtful engagement with its stakeholders. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who similarly impact the Group's business and operations. The six key stakeholder groups identified are customers, employees, government agencies, local communities, shareholders and suppliers.

The Company acknowledges that success and long-term value across its operations would not be possible without the Management's dedication and careful attention towards managing supplier, customer, government agency and community relationships. This has only strengthened with a combined knowledge across various industries, which has allowed the Group's businesses to both gain vital knowledge and adopt tested, effective policies and measures to evolve supplier collaboration, improve products' standards and enhance customer service. To achieve such standards, the Group's Management adopt industry-specific practices to create supportive environments and set codes of ethical business conduct that allow employees to thrive and in turn, help cultivate long-term working relationships with all stakeholders that support our business activities.

CORPORATE GOVERNANCE REPORT

Into the seventh year of its Sustainability Reporting journey, the Company periodically reviews its approach to ensure that the relevant sustainability challenges are addressed across the value chain in order to achieve meaningful engagement with various stakeholders, greater ownership in tracking our environmental footprint, assuring high standards of health and safety in the workplace environment and supporting our communities. In the 2021 Sustainability Report, the sustainability materiality assessment had been updated with the assistance of an external consultant to reframe the highlighted ESG concerns from the respective business key stakeholders. This was conducted via interviews with top management and key external stakeholders as well as online surveys which covered employees from management and executive level as well as external stakeholders (customers, consultants, contractors, government agencies and suppliers). The material issues had thus been revised and its practices including stakeholder engagement will continue to come under the annual review, evaluation and endorsement of the Board.

More details on HLA's approach to stakeholder engagement and materiality assessment will be disclosed in the 2022 Sustainability Report. A digital copy will be available on 5 April 2023 on the Company's corporate website corporate at the URL https://www.hlasia.com.sg/sustainability-reports, and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

The Company has in place arrangements through a variety of channels including the Company's corporate website to engage with the stakeholders.

Corporate Values and Conduct of Business
The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has in place an internal code of business and ethical conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Group's businesses in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflicts of interests.

The code which incorporates the Anti-fraud, Anti-bribery and Anti-corruption Policy provides guidance on issues such as:

- conflicts of interest and the appropriate disclosures to be made;
- the Company's stance against corruption and bribery;
- compliance with applicable laws and regulations;
- compliance with the Company's policies and procedures, including those on internal controls and accounting;
- safeguarding and proper use of the Company's assets, confidential information and intellectual property rights, including the respect of the intellectual property rights of third parties;
- competition and fair dealing in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees; and
- prevention, detection and reporting of fraudulent or corrupt conduct through the Company's whistle-blowing channel.

CORPORATE GOVERNANCE REPORT

In line with the Board's commitment to maintain high ethical standards which are integral to our corporate identity and business, the Company also has the following corporate policies and procedures in place:

(i) Whistle-blowing Policy, which provides guidance to the Group's officers, employees and non-employees of the Group that may have any legitimate bona fide concerns about any possible improprieties in financial reporting or any other matters, the same may be raised without fear of reprisals in any forms, discriminating or adverse consequences; and

(ii) Policy on transactions with IPs which provides guidance to the Group's officers and employees to conduct IPTs on an arm's length basis and on normal commercial terms consistent with its usual business practices and policies, not prejudicial to the interest of the Company and its minority shareholders and on terms which are not more favourable to the IP than those extended to other unrelated third parties under similar circumstances.

Internal Code on Dealing in Securities
The Company has in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit all Directors and employees from dealing in the Company's securities (a) on short-term considerations, (b) while in possession of unpublished material price-sensitive information in relation to such securities, and (c) during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the date of announcement of the Company's full year financial statements (if the Company is required to announce its quarterly financial statements), and during the period commencing one month before the date of announcement of the Company's 1H and full year financial statements (if the Company is not required to announce its quarterly financial statements). The Directors and employees of the Company are notified in advance of the commencement of each 'closed period' relating to dealing in the Company's securities.

Rights Issue
In FY 2018, the Company had pursuant to a renounceable non-underwritten rights issue raised net proceeds of $201.1 million. Between 13 March 2020 and 24 February 2023, the Company announced that an aggregate of $186.2 million of the net proceeds had been utilised in accordance with the intended uses as stated in the Offer Information Statement dated 3 October 2018. Since then, no further utilization of the rights proceeds has been made, and other than previously announced, the remaining unutilized funds have been used in the interim to repay short-term revolving facilities and the balance has been deposited with financial institutions pending future deployment. The Company will make periodic announcements via SGXNet on the further deployment of the rights proceeds.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement to the members of Hong Leong Asia Ltd. (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In our opinion:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company set out on pages 90 to 212 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Kwek Leng Peck
Stephen Ho Kiam Kong
Kwong Ka Lo @ Caroline Kwong
Ng Sey Ming
Tan Chian Khong

DIRECTORS' INTERESTS

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants and/or debentures of the Company, or of its related corporations, either at the beginning or at the end of the financial year.

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and children below 18 years of age) in shares and/or share options in the Company and in related corporations are as follows:

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONT'D)

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year	At end of the year
Kwek Leng Peck		
The Company		
Hong Leong Asia Ltd. *	7,870,700	8,870,700
Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. *	10,921	10,921
Related Corporations		
Hong Leong Finance Limited *	517,359	517,359
Hong Leong Holdings Limited *	381,428	381,428
Hong Realty (Private) Limited *	150	150
City Developments Limited *	43,758	43,758
Stephen Ho Kiam Kong		
The Company		
Hong Leong Asia Ltd. *	103,500	103,500
– Options to subscribe for ordinary shares under the Hong Leong Asia Share Option Scheme 2000	200,000	200,000

* Ordinary shares

The directors' interests in the Company as at 31 December 2022 disclosed above remained unchanged as at 21 January 2023.

Except as disclosed under the section on "Share options" in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

SHARE OPTIONS

By the Company

(a) **Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme")**

The HLA Share Option Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 30 December 2000 for an initial duration of 10 years (from 30 December 2000 to 29 December 2010). The HLA Share Option Scheme was extended at the annual general meeting ("AGM") of the Company held on 29 April 2010 for a further period of 10 years from 30 December 2010 to 29 December 2020. At the Company's AGM held on 18 June 2020, the shareholder approved the second extension of the duration of the HLA Share Option Scheme for another period of ten years from 30 December 2020 to 29 December 2030.

The HLA Share Option Scheme is administered by a committee comprising the following members:

Ng Sey Ming – Chairman
Kwek Leng Peck
Tan Chian Khong
Kwong Ka Lo @ Caroline Kwong

The HLA Share Option Scheme provides the Company with the flexibility of granting options to participants at Market Price (as defined in the HLA Share Option Scheme) and/or with a discount (either up-front or on a deferred basis) to the Market Price. All options granted to date are Market Price Options and Incentive Price Options which are at Market Price under the HLA Share Option Scheme.

Under the HLA Share Option Scheme,

Market Price Options (as defined in the HLA Share Option Scheme) granted to:

(i) Group Employees and Parent Group Employees (both as defined in the HLA Share Option Scheme) may be exercised one year after the date of the grant and will have a term of ten years from the date of the grant; and

(ii) Group Non-Executive Directors, Parent Group Non-Executive Directors and Associated Company Employees (all three as defined in the HLA Share Option Scheme) may be exercised one year after the date of the grant and will have a term of five years from the date of the grant.

Incentive Price Options (as defined in the HLA Share Option Scheme) granted to:

(i) Group Employees and Parent Group Employees may be exercised two years after the date of the grant and will have a term of ten years from the date of the grant; and

(ii) Group Non-Executive Directors, Parent Group Non-Executive Directors and Associated Company Employees may be exercised two years after the date of the grant and will have a term of five years from the date of the grant.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By the Company (cont'd)

(a) **Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme") (cont'd)**

The aggregate number of ordinary shares in the capital of the Company ("Shares") over which options may be granted under the HLA Share Option Scheme on any date, when added to the number of Shares issued and issuable in respect of all options granted under the HLA Share Option Scheme shall not exceed 15% of the total number of issued Shares excluding treasury shares, if any, on the day preceding the relevant date of grant. The aggregate number of Shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-Executive Directors collectively under the HLA Share Option Scheme shall not exceed 20% of the total number of Shares available under the HLA Share Option Scheme.

(b) **Options granted under the HLA Share Option Scheme**

(i) During the financial year, no options were granted to Group Employees under the HLA Share Option Scheme.

(ii) Details of Market Price Options granted to the directors of the Company who held office at the end of the financial year are as follows:

Name of director	Aggregate Shares under option granted since commencement of the HLA Share Option Scheme to end of financial year	Aggregate Shares under option exercised since commencement of the HLA Share Option Scheme to end of financial year	Aggregate Shares under option lapsed/ cancelled since commencement of the HLA Share Option Scheme to end of financial year	Aggregate Shares under option outstanding as at end of financial year
Kwek Leng Peck	2,150,000	(1,680,000)	(470,000)	–
Stephen Ho Kiam Kong	200,000	–	–	200,000

There was no issuance of new Shares or transfer of existing Shares to the directors during the financial year.

(iii) None of the participants were regarded by the directors as controlling shareholders of the Company.

(iv) None of the participants were granted options representing 5% or more of the total number of Shares under option available under the HLA Share Option Scheme.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By the Company (cont'd)

(b) **Options granted under the HLA Share Option Scheme (cont'd)**

(v) None of the Parent Group Employees were granted options representing 5% or more of the total number of Shares under option available under the HLA Share Option Scheme to all Parent Group Employees and Parent Group Non-Executive Directors. A total of 1,080,000 Shares under option were granted to Parent Group Employees since the commencement of the HLA Share Option Scheme to the end of the financial year under review.

(vi) Except for options granted to persons in their capacity as Group Employees or Group Non-Executive Directors or Parent Group Employees, no other options have been granted by the Company to any other categories of persons since the commencement of the HLA Share Option Scheme.

(vii) All options granted under the HLA Share Option Scheme are subject to a vesting schedule as follows:

Market Price Options:

(1) one year after the date of grant for up to 33% of the Shares over which the options are exercisable;

(2) two years after the date of grant for up to 66% (including (1) above) of the Shares over which the options are exercisable; and

(3) three years after the date of grant for up to 100% (including (1) and (2) above) of the Shares over which the options are exercisable.

Incentive Price Options:

(1) two years after the date of grant for up to 33% of the Shares over which the options are exercisable;

(2) three years after the date of grant for up to 66% (including (1) above) of the Shares over which the options are exercisable; and

(3) four years after the date of grant for up to 100% (including (1) and (2) above) of the Shares over which the options are exercisable.

(viii) The persons to whom these options have been granted do not have the right to participate by virtue of the options in any share issue of any other company.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By the Company (cont'd)

(c) **Unissued Shares under option**

There were a total of 498,000 unissued Shares under option granted pursuant to the HLA Share Option Scheme at the end of the financial year. Details of the options to subscribe for Shares including those granted to the directors of the Company are as follows:

Date of grant	Exercise price per Share	Number of options outstanding at 1 January 2022	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31 December 2022	Number of option holders at 31 December 2022	Exercise period
28/1/2014	$1.31	190,000	–	–	(130,000)	60,000	2	28/1/2015 to 27/1/2024
11/6/2020	$0.54	308,400	–	(72,600)	(57,800)	178,000	3	11/6/2021 to 10/6/2030
3/3/2021	$0.72	200,000	–	–	–	200,000	1	3/3/2022 to 2/3/2031
18/8/2021	$0.87	60,000	–	–	–	60,000	1	18/8/2022 to 17/8/2031
Total		758,400	–	(72,600)	(187,800)	498,000		

By Subsidiary

(a) **China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan")**

The CYI Equity Plan was approved by the shareholders at the annual general meeting of CYI held on 4 July 2014. It is administered by CYI's Compensation Committee comprising the following members:

Kwek Leng Peck – Chairman
Neo Poh Kiat
Raymond Ho Chi-Keung

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By Subsidiary (cont'd)

(a) **China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan") (cont'd)**

The CYI Equity Plan contains the following key terms:

(i) only awards of share options, restricted stock and stock payments (the "Awards") may be granted to employees of CYI or a subsidiary of CYI ("CYI Group Employees");

(ii) the maximum aggregate number of shares that may be issued under the CYI Equity Plan shall not exceed 1,800,000 ordinary shares of US$0.10 each ("Ordinary Shares") subject to adjustment under the CYI Equity Plan;

(iii) the maximum aggregate number of Ordinary Shares with respect to one or more Awards that may be granted to any one eligible person during any calendar year is 300,000;

(iv) CYI's Compensation Committee shall administer the CYI Equity Plan and it has full power and authority to (a) select grantees from eligible individuals to receive the Awards and determine the time when Awards will be granted; (b) determine the number of Awards and the number of Ordinary Shares covered by each Award; (c) determine the terms and conditions of each Award; (d) approve the forms of agreement for use under the CYI Equity Plan; (e) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the CYI Equity Plan; and (f) take any and all other action as it deems necessary or advisable for the operation or administration of the CYI Equity Plan and the Awards;

(v) the price per Ordinary Share at which a holder may subscribe for the Ordinary Shares issuable upon the exercise of the option granted pursuant to the CYI Equity Plan shall be determined by CYI's Compensation Committee and shall not be less than:

- the Fair Market Value of the Ordinary Shares on the date the option is granted; and
- the par value of the Ordinary Shares;

(vi) Options granted under the CYI Equity Plan shall become exercisable ("vest") in the manner and subject to such conditions provided by CYI's Compensation Committee and set forth in the written Award agreement with respect to such options; and

(vii) the CYI Equity Plan shall terminate automatically ten years after its effective date unless terminated earlier. Awards outstanding at the time of the CYI Equity Plan's termination may continue to be exercised in accordance with their terms and shall continue to be governed by and interpreted consistent with the terms of the CYI Equity Plan.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By Subsidiary (cont'd)

(b) **Options granted under the CYI Equity Plan**

No option was granted under the CYI Equity Plan during the financial year under review. As at the end of the year, there were a total of 270,000 unissued Ordinary Shares under option granted pursuant to the CYI Equity Plan. Details of the options to subscribe for Ordinary Shares in CYI are as follows:

Date of grant	Exercise price per Ordinary Share	Balance at 1 January 2022	Options granted	Options exercised	Options cancelled/ lapsed	Balance at 31 December 2022	Exercise Period
29/7/2014	US$21.11	270,000	–	–	–	270,000	29/7/2015 to 28/7/2024

The above options are subject to a vesting period of three years from the date of grant with one-third of the options vesting on each 12-month anniversary of the date of grant.

The persons to whom these options have been granted have not been granted any right to participate by virtue of the options, in any share issue of any other company.

Except as disclosed above, during the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") comprises three members who are independent. The members of the ARC at the date of this statement are:

Tan Chian Khong – Chairman
Kwong Ka Lo @ Caroline Kwong
Ng Sey Ming

The ARC performs the functions of an audit and risk committee under its terms of reference including those specified in the Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance 2018.

The ARC held three meetings during the financial year. In the performance of its functions, the ARC met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and their evaluation of the Group's system of internal controls.

The ARC also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual)

The ARC has full access to management and is given the resources required by it to discharge its functions. It has full authority and the discretion to invite any director or executive officer or third party advisor to attend its meetings. The ARC also reviews the nature and level of audit and non-audit fees, and recommends the appointment/re-appointment of external auditor.

The ARC is satisfied with the independence and objectivity of the external auditor and has recommended to the directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming AGM of the Company.

In appointing the auditors for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 (read with Rule 716) of the Listing Manual.

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor of the Company.

On behalf of the Board of Directors

Kwek Leng Peck
Executive Chairman

Stephen Ho Kiam Kong
Executive Director & Chief Executive Officer

24 March 2023

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG LEONG ASIA LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hong Leong Asia Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG LEONG ASIA LTD.

Key Audit Matters (cont'd)

Impairment of property, plant and equipment

As at 31 December 2022, the carrying amount of the Group's property, plant and equipment is $887.9 million.

Management has identified impairment indicators in the property, plant and equipment of certain subsidiaries within the Building Materials segment with carrying amount of $53.7 million due to operating losses. Accordingly, management has estimated the recoverable amounts of these assets based on value-in-use calculations. No impairment loss was recorded as a result of the assessment. Given the magnitude of the amount and the significant management judgements involved in the impairment assessment, we have identified this as a key audit matter.

We carried out procedures to understand management's process for identifying impairment triggers, and considered management's impairment assessment of property, plant and equipment. For those assets with impairment indicators, our audit procedures included, amongst others, assessing the reasonableness of the recoverable amount determined by management and the valuation method used.

The recoverable amounts of the property, plant and equipment with impairment indicators were determined by management using value-in-use calculations. We evaluated the reasonableness of the key assumptions used in the underlying cash flow forecasts as approved by the Board of directors, which include the discount rate, budgeted revenue and expected margins by comparing against historical performance and macroeconomic information. This included an evaluation of how management had considered the implications of the COVID-19 pandemic in their assessment of the key assumptions and inputs used in the forecasts. We also involved our internal valuation specialists to assist us in reviewing the reasonableness of the discount rates used.

We further assessed the adequacy of the disclosures on the key assumptions and their sensitivity analysis in Note 39 Significant accounting judgements and estimates and Note 5 Impairment assessment of intangible assets and property, plant and equipment to the financial statements.

Capitalisation of development expenditure

As at 31 December 2022, the carrying amount of the Group's intangible assets amounted to $323.5 million, of which $202.7 million pertained to development expenditure that was capitalised by the diesel engines segment. Prior to the financial year ended 31 December 2020, the Group had commenced the process to research and develop new engine models to comply with the new engine emission standards as promulgated by the People's Republic of China (the "Development Projects"). The efforts to develop such new engines continued during the financial year ended 31 December 2022. The Group has determined that the Development Projects met the capitalisation criteria and has capitalised $202.7 million of development expenditure. This includes $37.0 million capitalised during the year. There was significant management judgement involved in determining what constitutes development activities, when a project moves from the research phase into the development phase and what expenses qualify for capitalisation.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG LEONG ASIA LTD.

Key Audit Matters (cont'd)

Capitalisation of development expenditure (cont'd)

Our audit procedures included, amongst others, obtaining an understanding and testing controls over the initiation, evaluation and approval of the Development Projects. We also tested the controls over the authorisation, approval and recording of expenses and controls over monitoring of the status of the ongoing Development Projects. We evaluated management's judgement relating to the determination of the research and development phases and the determination of which development expenditure can be capitalised by conducting inquiries of the engineers in the Research and Development ("R&D") department to understand the progress of the Development Projects. We checked, on a sampling basis, the status of the projects and the cost capitalised by agreeing these amounts to supporting documents and the Company's capitalisation criteria. We also evaluated management's assessment that the Development Projects continued to be in progress by inspecting the testers' feedback and responses from the R&D department on a sample basis.

We also assessed the adequacy of the Group's disclosures concerning this in Note 39 Significant accounting judgements and estimates and Note 4 Intangible assets to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG LEONG ASIA LTD.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG LEONG ASIA LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Yew Kiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
24 March 2023

BALANCE SHEETS

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	3	887,895	1,012,752	1,567	216
Intangible assets	4	323,541	332,851	–	1
Investment in subsidiaries	6	–	–	229,867	229,867
Interests in associates	7	126,166	126,452	14,605	14,605
Interests in joint ventures	8	44,058	46,648	–	–
Investment property	9	916	1,079	–	–
Other investments	10	11,056	22,855	–	–
Non-current receivables	11	4,560	3,665	–	3,500
Capitalised contract costs	25	38,095	31,284	–	–
Right-of-use assets	21	126,381	139,749	34	5
Deferred tax assets	12	92,255	84,598	–	–
Long-term deposits	16	3,854	23,331	–	–
		1,658,777	1,825,264	246,073	248,194
Current assets					
Inventories	13	1,028,903	1,186,923	–	–
Development properties	14	3,221	3,430	–	–
Other investments	10	–	129	–	–
Trade and other receivables	15	1,609,808	1,712,457	381,257	379,591
Cash and short-term deposits	16	1,013,614	1,219,021	9,481	1,996
		3,655,546	4,121,960	390,738	381,587
Assets held for sale	17	–	2,243	–	–
Assets of disposal group classified as held for distribution to owners	6(d)	1,736	2,232	–	–
		3,657,282	4,126,435	390,738	381,587
Total assets		5,316,059	5,951,699	636,811	629,781

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

BALANCE SHEETS

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Current liabilities					
Trade and other payables	22	1,678,954	2,124,096	5,555	4,645
Contract liabilities	25	119,038	121,588	–	–
Lease liabilities	21	12,260	12,572	7	6
Provisions	24	45,592	55,849	–	–
Loans and borrowings	20	671,528	724,460	217,713	236,696
Current tax payable		22,737	14,529	–	21
Derivatives		142	7	–	–
		2,550,251	3,053,101	223,275	241,368
Liabilities directly associated with disposal group classified as held for distribution to owners	6(d)	1,122	1,413	–	–
		2,551,373	3,054,514	223,275	241,368
Net current assets		1,105,909	1,071,921	167,463	140,219
Non-current liabilities					
Loans and borrowings	20	203,075	176,373	160,000	140,000
Deferred tax liabilities	12	22,617	19,903	2,463	3,058
Deferred grants	23	91,799	87,313	–	–
Other liabilities	22	45,345	40,029	–	–
Contract liabilities	25	14,903	14,672	–	–
Lease liabilities	21	28,332	29,887	27	1
Retirement benefit obligations		2	3	–	–
		406,073	368,180	162,490	143,059
Total liabilities		2,957,446	3,422,694	385,765	384,427
Net assets		2,358,613	2,529,005	251,046	245,354
Equity attributable to owners of the Company					
Share capital	18	467,977	467,938	467,977	467,938
Reserves	19	433,782	488,353	(216,931)	(222,584)
Reserve attributable to disposal group classified as held for distribution to owners	6(d)	793	614	–	–
		902,552	956,905	251,046	245,354
Non-controlling interests		1,456,061	1,572,100	–	–
Total equity		2,358,613	2,529,005	251,046	245,354
Total equity and liabilities		5,316,059	5,951,699	636,811	629,781

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Continuing operations			
Revenue	25	3,881,141	4,932,589
Cost of sales		(3,199,547)	(4,203,150)
Gross profit		681,594	729,439
Other item of income			
Other income		84,878	93,139
Other items of expense			
Selling and distribution expenses		(279,432)	(286,966)
Research and development expenses		(170,619)	(176,871)
General and administrative expenses		(162,371)	(178,081)
Finance costs	27	(31,167)	(30,091)
Other expenses		(2,734)	(1,720)
Share of results of associates and joint ventures, net of income tax		3,503	(16,354)
Profit before income tax from continuing operations	26	123,652	132,495
Income tax expense	29	(20,735)	(13,752)
Profit from continuing operations, net of tax		102,917	118,743
Discontinued operation			
(Loss)/profit from discontinued operation, net of tax	6(d)	(325)	688
Profit for the year		102,592	119,431
Attributable to:			
Owners of the Company			
– Profit from continuing operations, net of tax		54,756	59,660
– (Loss)/profit from discontinued operation, net of tax		(218)	461
		54,538	60,121
Non-controlling interests			
– Profit from continuing operations, net of tax		48,161	59,083
– (Loss)/profit from discontinued operation, net of tax		(107)	227
		48,054	59,310
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
– Basic	30	7.32	7.98
– Diluted	30	7.32	7.98
Earnings per share (cents per share)			
– Basic	30	7.29	8.04
– Diluted	30	7.29	8.04

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Group 2022 $'000	Group 2021 $'000
Profit for the year	102,592	119,431
Other comprehensive income		
Item that will not be subsequently reclassified to profit or loss		
Net fair value changes of equity instruments at fair value through other comprehensive income	(11,477)	(13,399)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	(214,888)	92,873
Net fair value changes of debt instruments at fair value through other comprehensive income ("FVOCI")	89	13,294
Other comprehensive income for the year, net of income tax	(226,276)	92,768
Total comprehensive income for the year	(123,684)	212,199
Attributable to:		
Owners of the Company	(36,694)	84,316
Non-controlling interests	(86,990)	127,883
Total comprehensive income for the year	(123,684)	212,199
Attributable to:		
Owners of the Company		
– Total comprehensive income from continuing operations, net of tax	(36,476)	83,855
– Total comprehensive income from discontinued operation, net of tax	(218)	461
	(36,694)	84,316

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Group	Note	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
Other comprehensive income													
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 FVOCI		–	–	–	(11,527)	–	–	–	–	–	(11,527)	50	(11,477)
Net fair value changes of debt instruments at FVOCI		–	–	–	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													
Contributions by and distributions to owners													
Share issued during the year	18	39	–	–	–	–	–	–	–	–	39	–	39
Dividends paid to shareholders	31	–	–	–	–	–	–	–	–	(14,958)	(14,958)	–	(14,958)
Dividends paid 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
Changes in ownership interests in subsidiaries													
Dilution of interest in subsidiary		–	–	–	–	–	–	410	–	–	410	(410)	–
Others													
Transfer to statutory reserve		–	–	5,405	–	–	–	–	–	(5,405)	–	–	–
Reserve attributable to disposal group classified as held for distribution to owners	6(d)	–	–	–	–	–	(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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Group	Note	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 2021		467,890	4,351	16,371	28,225	5,314	(5,053)	62,597	667	299,611	879,973	1,538,361	2,418,334
Profit for the year		–	–	–	–	–	–	–	–	60,121	60,121	59,310	119,431
<u>Other comprehensive income</u>													
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures		–	–	–	–	–	33,105	–	–	–	33,105	59,768	92,873
Net fair value changes of equity instruments at FVOCI		–	–	–	(13,441)	–	–	–	–	–	(13,441)	42	(13,399)
Net fair value changes of debt instruments at FVOCI		–	–	–	4,531	–	–	–	–	–	4,531	8,763	13,294
Other comprehensive income for the year, net of tax		–	–	–	(8,910)	–	33,105	–	–	–	24,195	68,573	92,768
Total comprehensive income for the year		–	–	–	(8,910)	–	33,105	–	–	60,121	84,316	127,883	212,199
Transactions with owners, recorded directly in equity													
<u>Contributions by and distributions to owners</u>													
Share issued during the year	18	48	–	–	–	–	–	–	–	–	48	–	48
Dividends paid to shareholders	31	–	–	–	–	–	–	–	–	(7,478)	(7,478)	–	(7,478)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	–	–	(94,144)	(94,144)
Cost of share-based compensation		–	–	–	–	46	–	–	–	–	46	–	46
<u>Others</u>													
Transfer to statutory reserve		–	–	431	–	–	–	–	–	(431)	–	–	–
Transfer from revaluation reserve		–	–	–	(24)	–	–	–	–	24	–	–	–
Reserve attributable to disposal group classified as held for distribution to owners	6(d)	–	–	–	–	–	53	–	(53)	–	–	–	–
At 31 December 2021		467,938	4,351	16,802	19,291	5,360	28,105	62,597	614	351,847	956,905	1,572,100	2,529,005

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Company	Note	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Accumulated (losses)/ profits $'000	Total equity $'000
At 1 January 2022		467,938	9,199	2,584	(234,367)	245,354
Total comprehensive income for the year		–	–	–	20,577	20,577
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share issued during the year	18	39	–	–	–	39
Dividends paid to shareholders	31	–	–	–	(14,958)	(14,958)
Cost of share-based compensation		–	–	34	–	34
At 31 December 2022		467,977	9,199	2,618	(228,748)	251,046
At 1 January 2021		467,890	9,199	2,538	(263,163)	216,464
Total comprehensive income for the year		–	–	–	36,274	36,274
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share issued during the year	18	48	–	–	–	48
Dividends paid to shareholders	31	–	–	–	(7,478)	(7,478)
Cost of share-based compensation		–	–	46	–	46
At 31 December 2021		467,938	9,199	2,584	(234,367)	245,354

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Operating activities			
Profit before income tax from continuing operations		123,652	132,495
(Loss)/profit before income tax from discontinued operation		(325)	688
Adjustments for:			
Share of results of associates and joint ventures, net of income tax		(3,503)	16,354
Cost of share-based payments	28	34	46
Depreciation and amortisation		153,191	145,498
Allowance for/(written back) for inventory obsolescence, net		11,447	(1,694)
Inventories written off	26	–	2,101
Impairment losses written back for trade and other receivables		(1,190)	(8,091)
Impairment losses on property, plant and equipment and intangible assets		3,843	1,507
Impairment losses on interests in joint ventures	26	202	–
Property, plant and equipment written off	26	880	410
Finance costs		31,167	30,094
Dividend income from other investments	26	(79)	(670)
Interest income		(28,296)	(28,354)
Gain on disposal of:			
– associate	26	(271)	–
– property, plant and equipment	26	(1,374)	(561)
– right-of-use assets	26	(801)	(3,066)
– assets classified as held-for-sale	26	(10,489)	–
– other investments	26	(59)	(419)
Gain on debt assignment	26	–	(9,990)
Fair value gain on investments	26	–	(29)
Provisions for warranties and other costs, net	26	65,003	58,471
Operating cash flows before changes in working capital		343,032	334,790
Changes in working capital:			
Inventories and development properties		37,470	(178,140)
Trade and other receivables, and capitalised contract costs		(90,067)	212,338
Trade and other payables, and contract liabilities		(211,896)	(152,666)
Grant received from government		39,652	13,969
Provisions utilised	24	(70,667)	(62,416)
Cash flows from operations		47,524	167,875
Income taxes paid		(9,875)	(37,209)
Net cash flows generated from operating activities		37,649	130,666

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Investing activities			
Additional investment in associates and joint ventures		(1,072)	(71,822)
Dividends received from:			
– associates and joint ventures		8,663	868
– other investments		66	663
Interest received		28,221	26,955
Net release of deposits with banks		29,386	5,999
Purchase of:			
– property, plant and equipment		(115,880)	(135,989)
– right-of-use assets		–	(4,699)
– intangible assets		(34,100)	(59,984)
– other investments		–	(12,651)
Net cash inflow from disposal of:			
– associate		204	–
– property, plant and equipment		2,097	2,144
– right-of-use assets		1,466	8,594
– assets classified as held-for-sale		11,476	–
– other investments		110	1,350
Net cash flows used in investing activities		(69,363)	(238,572)
Financing activities			
Contribution by non-controlling interests		10,913	–
Dividends paid to non-controlling interests of subsidiaries		(33,419)	(94,144)
Dividends paid to shareholders of the Company		(14,958)	(7,478)
Interest paid		(32,296)	(30,606)
Net proceeds from share issuance		39	48
Proceeds from borrowings		408,673	468,359
Repayments of borrowings		(389,608)	(410,052)
Repayment of obligations under lease liabilities		(12,905)	(11,426)
Net cash flows used in financing activities		(63,561)	(85,299)
Net decrease in cash and cash equivalents		(95,275)	(193,205)
Cash and cash equivalents at the beginning of the financial year	16	1,129,344	1,274,451
Effect of exchange rate changes on balances held in foreign currencies		(91,801)	48,098
Cash and cash equivalents at the end of the financial year	16	942,268	1,129,344

Note:

Cash and cash equivalents totalling $721,349,000 (2021: $908,580,000) are held in the PRC which have foreign exchange controls.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. CORPORATE INFORMATION

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

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

The principal activities of the subsidiaries are those relating to the manufacturing and distribution of diesel engines and related products, building materials, rigid packaging products, air-conditioning systems (discontinued operation – See Note 6(d)), 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 consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Singapore Transaction*	1 January 2023
SFRS(I) 17: *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(a) ***Basis of consolidation (cont'd)***

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) ***Business combinations***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contract by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) ***Business combinations (cont'd)***

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

The Group has not entered into any joint operation arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly-controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.24. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and leasehold land	:	Over the period of the lease ranging from 1 to a maximum of 50 years
Leasehold improvements	:	1 to 50 years
Plant and machinery	:	3 to 30 years
Office furniture, fittings and equipment	:	3 to 20 years
Motor and transport vehicles	:	3 to 15 years

Construction-in-progress is not depreciated as it is not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Investment property

Investment property is property owned by the Group that is held to earn rentals, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful lives of 30 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

Investment property is de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to income statement over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2.13 Intangible assets

(a) ***Goodwill***

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(a) ***Goodwill (cont'd)***

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.9.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

(b) ***Other intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Intangible assets (cont'd)

(b) ***Other intangible assets (cont'd)***

(i) Trademarks

Trademarks acquired are assessed as either finite or indefinite. Trademark with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that trademark may be impaired. The amortisation expense and impairment loss are recognised in profit or loss in the expenses category consistent with the function of the trademarks.

Trademarks with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

(ii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs is amortised over the estimated useful lives of the period of expected pattern of future economic benefits embodied in the development. The amortisation expense is recognised in profit or loss. During the period of development, the asset is tested for impairment annually.

(iii) Technology know-how

Technology know-how is amortised on a straight-line basis over its finite useful life of 8 years.

(iv) Club membership

Club membership was acquired separately and is amortised on a straight-line basis over its finite useful life of 10 years.

(v) Computer softwares

Computer softwares have a finite useful life and are amortised over the period of estimated useful life of 5 years on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only, when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(b) ***Financial liabilities (cont'd)***

Subsequent measurement (cont'd)

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity but exclude borrowing costs.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred. Costs to complete development include cost of land and other direct and related development expenditure, including borrowing costs incurred in developing the properties.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and capitalised contract costs, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For bill receivables at fair value through OCI, the Group assesses the credit risk of the financial institution, which issue the bills, at every reporting date. The Group evaluates whether the bills are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are more than 360 days from the invoice date. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.19 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee benefits

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore and Malaysia companies in the Group make contributions to the Central Provident Fund scheme in Singapore and the Employee Provident Fund in Malaysia respectively, a defined contribution pension scheme. The companies in the People's Republic of China ("PRC") participate in and make contributions to the national pension schemes at a fixed proportion of the basic salary of the employee. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Employment benefits are classified as short term or non-current based on expected timing of settlement.

(c) ***Share-based payments***

The share option programme allows Group employees to acquire shares of the Group companies. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense with a corresponding adjustment to equity over the remaining vesting period.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Provisions (cont'd)

(a) ***Claims***

A provision for claims is recognised when delays arise or complaints from customers are received as the contract progresses. The provision is made based on management estimates from prior experience on similar projects with customers.

(b) ***Restoration costs***

A provision is recognised for restoration costs associated with the obligations to restore the lands at the end of the tenancy period.

(c) ***Warranties***

A provision for warranties is recognised when the product is sold or service provided. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Costs incurred are charged against the provision and any over or under provision is recognised in profit or loss.

(d) ***Onerous contracts***

A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

2.22 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Sale of engines***

Revenue from sale of engines is recognised when the engines are delivered to the customer and all criteria for acceptance have been satisfied.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue from contracts with customers (cont'd)

(a) ***Sale of engines (cont'd)***

– Service-type warranty

The Group provides certain warranties for both repairs and maintenance service as part of the sales of engines. For general repairs, such warranties will be assurance-type warranties which will continue to be accounted for under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. Warranty for maintenance service is a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications. Under SFRS(I) 15, the Group accounts for service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue upon the service rendered.

– Variable consideration

The Group enters into contractual arrangements to provide certain customers with sales rebates when the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for each individual contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability in "Trade and other payables" for the expected future rebates to be utilised by the customers. Based on contractual arrangements with the customers, the rebates are netted against "Trade receivables", and only amounts in excess of "Trade receivables" continue to be recognised as refund liabilities in "Trade and other payables".

The Group does not extend its sales returns policy to all customers. However, the Group allows for certain returns, only on a case-by-case basis. The Group estimates the provision for such returns based on the historical return rates and accounts for it as a reduction in revenue and forms part of refund liability that is recognised in "Trade and other payables". A corresponding right of return assets is recognised in "Inventories".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue from contracts with customers (cont'd)

(b) ***Sale of cement and related products***

Revenue from sale of cement and related products is recognised at the point in time when control of the goods is transferred to the customer. Sale of cement and related products are generally on 30 to 90 days terms.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of cement and related products, the Group considers the effects of variable consideration.

– Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which they will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of cement and related products provide customers with prompt payment rebates and volume rebates. The prompt payment rebates and volume rebates give rise to variable consideration.

– Early payment rebates

The Group provides prompt payment rebates to customers who settle the payments within certain period of time specified in the contract.

– Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract.

(c) ***Sale of rigid packaging products***

Revenue from sale of rigid packaging products is recognised at the point in time when control of the goods is transferred to the customer.

(d) ***Rendering of services***

Revenue from rendering services relates to project management contracts, and hotel room and restaurant operations. Revenue is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(e) ***Development properties for sale***

Revenue is recognised when control over property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and practices in the legal jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue from contracts with customers (cont'd)

(f) ***Rental income***

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

(g) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

(h) ***Interest income***

Interest income is recognised using the effective interest method.

Contract balances

Capitalised contract costs

The capitalised contract costs are costs which have been capitalised and are directly related to a contract, for which resources were used in satisfying the contract and are expected to be recovered.

Capitalised contract costs are subsequently recognised in profit or loss as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to Note 2.14 for details.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) ***As lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and land use rights	1 to 78 years
Building and office space	1 to 6 years
Motor and transport vehicles	12 years
Office furniture, fittings and equipment	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.19.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

(a) ***As lessee (cont'd)***

Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 Taxes

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(a) ***Current income tax (cont'd)***

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) ***Deferred tax (cont'd)***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) ***Sales tax***

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.27 Non-current assets held for sale and distribution to owners

Non-current assets and disposal groups classified as held for sale and distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for distribution to owners if the Group is committed to distribute the asset or disposal group to the owners. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for distribution to owners have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Non-current assets held for sale and distribution to owners (cont'd)

Property, plant and equipment once classified as held for sale are not depreciated.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Buildings and leasehold land $'000	Leasehold improvements $'000	Plant and machinery $'000	Office furniture, fittings and equipment $'000	Motor and transport vehicles $'000	Construction-in-progress $'000	Total $'000
Cost								
At 1 January 2021	58,897	508,859	2,073	1,020,235	39,489	35,710	150,015	1,815,278
Translation differences	(257)	20,736	–	42,828	496	777	4,973	69,553
Additions	–	498	–	5,304	3,771	2,938	104,070	116,581
Transfers	–	22,037	–	131,533	2,863	69	(156,502)	–
Disposals	–	(1,203)	–	(20,232)	(586)	(3,064)	(2,280)	(27,365)
Write-off	–	(469)	–	(5,238)	(1,911)	(810)	–	(8,428)
Transfer to assets classified as held-for-sale (Note 17)	(1,155)	(2,824)	–	–	–	–	–	(3,979)
At 31 December 2021 and 1 January 2022	57,485	547,634	2,073	1,174,430	44,122	35,620	100,276	1,961,640
Translation differences	(1,024)	(53,752)	–	(122,995)	(2,202)	(2,346)	(7,583)	(189,902)
Additions	–	2,218	1,118	3,457	3,560	2,384	88,222	100,959
Transfers	–	15,388	–	67,586	1,864	1	(84,839)	–
Disposals	–	(1,196)	(594)	(11,538)	(282)	(1,649)	(12,389)	(27,648)
Write-off	–	(3,325)	–	(2,486)	(2,965)	(505)	(1,475)	(10,756)
At 31 December 2022	56,461	506,967	2,597	1,108,454	44,097	33,505	82,212	1,834,293
Accumulated depreciation and impairment losses								
At 1 January 2021	1,555	191,245	1,860	561,104	33,981	30,451	1,301	821,497
Translation differences	(2)	8,087	–	24,772	645	364	56	33,922
Charge for the year	–	21,704	110	93,959	5,398	3,732	–	124,903*
Transfer	–	–	–	–	(1)	1	–	–
Impairment losses made	–	–	–	1,507	–	–	–	1,507
Disposals	–	(481)	–	(19,489)	(523)	(2,694)	–	(23,187)
Write-off	–	(378)	–	(5,007)	(1,881)	(752)	–	(8,018)
Transfer to assets classified as held-for-sale (Note 17)	–	(1,736)	–	–	–	–	–	(1,736)
At 31 December 2021 and 1 January 2022	1,553	218,441	1,970	656,846	37,619	31,102	1,357	948,888
Translation differences	(5)	(24,218)	–	(78,888)	(2,070)	(1,366)	(211)	(106,758)
Charge for the year	–	23,398	242	92,113	5,610	3,150	–	124,513*
Impairment losses made	–	–	–	656	–	–	2,868	3,524
Disposals	–	(683)	(594)	(10,876)	(280)	(1,460)	–	(13,893)
Write-off	–	(2,719)	–	(2,441)	(2,911)	(500)	(1,305)	(9,876)
At 31 December 2022	1,548	214,219	1,618	657,410	37,968	30,926	2,709	946,398
Net book value								
At 31 December 2021	55,932	329,193	103	517,584	6,503	4,518	98,919	1,012,752
At 31 December 2022	54,913	292,748	979	451,044	6,129	2,579	79,503	887,895

* An amount of $3,039,000 (2021: $5,437,000) and $544,000 (2021: $125,000) were capitalised as intangible assets and capitalised contract costs respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold improvements $'000	Office furniture, fittings and equipment $'000	Motor and transport vehicles $'000	Total $'000
Cost				
At 1 January 2021	67	1,190	217	1,474
Additions	–	20	–	20
At 31 December 2021 and 1 January 2022	67	1,210	217	1,494
Additions	791	718	–	1,509
Write-off	–	(502)	–	(502)
At 31 December 2022	858	1,426	217	2,501
Accumulated depreciation				
At 1 January 2021	67	1,128	18	1,213
Charge for the year	–	22	43	65
At 31 December 2021 and 1 January 2022	67	1,150	61	1,278
Charge for the year	66	48	43	157
Write-off	–	(501)	–	(501)
At 31 December 2022	133	697	104	934
Net book value				
At 31 December 2021	–	60	156	216
At 31 December 2022	725	729	113	1,567

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. 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
Cost					
At 1 January 2021	272,270	38,105	313	11,569	322,257
Additions	65,421	–	–	–	65,421
Write-off	(69)	–	–	–	(69)
Translation differences	11,917	1,555	–	–	13,472
At 31 December 2021 and 1 January 2022	349,539	39,660	313	11,569	401,081
Additions	37,139	–	–	–	37,139
Write-off	(6,914)	–	–	–	(6,914)
Translation differences	(32,437)	(3,316)	–	–	(35,753)
At 31 December 2022	347,327	36,344	313	11,569	395,553
Accumulated amortisation and impairment losses					
At 1 January 2021	42,926	3,582	282	10,667	57,457
Amortisation charge for the year	9,546	–	31	–	9,577
Write-off	(69)	–	–	–	(69)
Translation differences	1,204	61	–	–	1,265
At 31 December 2021 and 1 January 2022	53,607	3,643	313	10,667	68,230
Amortisation charge for the year	14,780	–	–	–	14,780
Write-off	(6,914)	–	–	–	(6,914)
Impairment losses	319	–	–	–	319
Translation differences	(4,381)	(22)	–	–	(4,403)
At 31 December 2022	57,411	3,621	313	10,667	72,012
Net carrying amount					
At 31 December 2021	295,932	36,017	–	902	332,851
At 31 December 2022	289,916	32,723	–	902	323,541

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. INTANGIBLE ASSETS (CONT'D)

Development expenditure

Development expenditure relates to costs incurred for the following:

- design, construction and testing of new diesel engines and new energy products
- exploration and evaluation expenditure of quarries, quarry use right
- cost saving on granites extraction projects to secure supply
- removal of waste to enable access to the mineral ore

The development expenditure has remaining amortisation period of 1 to 3 years (2021: 1 to 3 years). Development expenditure for the design, construction and testing of new diesel engines and new energy products amounting to $202,742,000 (2021: $210,438,000) is not amortised as the development has not been completed and is not available for use.

Technology know-how

Technology know-how relates to an intellectual property right of a technology for building of new heavy duty diesel engines and certain engine platform relating to National VI engines, and has remaining amortisation period of 7 years (2021: 8 years).

Trademarks

Trademarks belonging to the Group's diesel engines segment and lifestyle appliances unit are estimated to have an indefinite useful life because management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

Amortisation expense

The amortisation of club membership are included in the "General and administrative expenses" line items in the income statement. The amortisation of technology know-how, computer software and other intangible assets is included mainly in the "Cost of sales" and "General and administrative expenses" line items in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. INTANGIBLE ASSETS (CONT'D)

Company	Computer software and related costs $'000	Club membership $'000	Total $'000
Cost			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,502	313	1,815
Accumulated amortisation and impairment losses			
At 1 January 2021	1,497	282	1,779
Amortisation charge for the year	4	31	35
At 31 December 2021 and 1 January 2022	1,501	313	1,814
Amortisation charge for the year	1	–	1
At 31 December 2022	1,502	313	1,815
Net carrying amount			
At 31 December 2021	1	–	1
At 31 December 2022	–	–	–

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Diesel engines segment

Technology know-how

The Group has an intangible asset representing technology development costs relating to the production of 4Y20 engines. In 2018, the development of the engine platform was completed and the related technology development costs were recognised as technology know-how. As at 31 December 2022, the carrying amount was $1,136,000 (2021: $1,440,000) (net of accumulated impairment losses, accumulated amortisation and exchange difference).

In late 2018, the Group had commenced the production of 4Y20 engines. Management believed that there was no indicator for further impairment in 2021 and 2022. Also, having considered that there was no significant change to the market and economic environment that will have a favorable effect to the recoverable amount of the intangible asset, management had concluded that no reversal of impairment was necessary in 2021 and 2022.

In addition, the development of certain engine platform relating to National VI engines was completed in 2022 and the related development expenditure amounted to $23,360,000 (2021: $87,959,000) (net of exchange difference) was transferred from development expenditure to technology know-how.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Diesel engines segment (cont'd)

Development expenditure

As at 31 December 2022, the Group has capitalised technology development costs of $202,742,000 (2021: $210,438,000) (net of exchange difference) mainly for new engines that comply with National VI and Tier 4 emission standards.

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

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

The 2022 cash flow forecast with 7 years' projection period (2021: 8 years' projection period) was based on the updated financial budgets approved by the senior management with no terminal value.

The assumptions used in the assessment for the development expenditure in 2022 were:

– Profit from operation was based on management's estimate with reference to historical revenue generated, growth rate and estimation of future business outlook. The revenue growth rate was estimated at a range of 15% to 20% year-on-year from 2023 to 2027 in view of the implementation of new emission standards, and an accelerated growth for new energy products due to the government's emphasis on new energy. Thereafter, management assumed no revenue growth from 2028 to 2029 (2021: The revenue growth rate was estimated at around 12.0% year-on-year from 2022 to 2025, and expected to decrease to 5.0% in 2026. Management assumed no revenue growth from 2027 to 2029).

– Discount rate of 14.3% (2021: 12.5%), which reflects management's estimate of the risks specific to the cash-generating unit ("CGU"), was estimated based on weighted average cost of capital.

A decrease in demand can lead to a decline in profit from operation. If the demand decreases by 4.9% (2021: 13.9%) from management's estimate, it would result in impairment of the development expenditure. If the pre-tax discount rate increases to 19.2% (2021: 15.7%), it would result in impairment of the development expenditure.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to materially fall below the carrying value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Diesel engines segment (cont'd)

Trademark

In 2019, the Group entered into a trademark licence agreement under which the Group was granted an exclusive and perpetual use of the trademarks listed in the trademark license agreement for a one-time usage fee of $32,791,000 (net of exchange difference). As at 31 December 2022, the carrying amount was $32,723,000 (2021: $36,017,000) (net of 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 CGU for impairment testing purposes. No impairment was identified in 2021 and 2022.

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

The assumptions used in the assessment for the trademark in 2022 were:

– Profit from operation was based on management's estimate with reference to historical performance and future business outlook.

– Discount rate of 14.3% (2021: 12.5%), which reflects management's estimate of the risks specific to the CGU, was estimated based on weighted average cost of capital.

– Growth rate was based on management's estimate with reference to general available indication of long-term average growth rate of the PRC. The long-term rate used to extrapolate the budget was 5.0% (2021: 5.0%).

A decrease in demand can lead to a decline in profit from operation. If the demand decreases by 26.7% (2021: 15.2%) from management's estimate, it would result in impairment of the trademark. If the pre-tax discount rate increases to 18.0% (2021: 14.0%), it would result in impairment of the trademark.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to materially fall below the carrying value.

Property, plant and equipment

Separately, the Group recognised an impairment loss of $3,524,000 (2021: $1,507,000) in the income statement under the line item "Cost of sales" in respect of specific plant and equipment which were no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 $'000	2021 $'000
Shares, at cost	232,387	232,387
Amounts due from subsidiaries	80,955	80,955
Impairment losses	(83,475)	(83,475)
	229,867	229,867

Impairment of investment in subsidiaries

During the financial year ended 31 December 2022, management performed an impairment review of its investment in subsidiaries. No impairment was identified in 2022 (2021: net reversal of impairment loss of $30,491,000).

The Company assessed the recoverable amount of its investment in subsidiaries based on the higher of fair value less cost to sell and value in use.

Assets pledged as security

As at 31 December 2022, the Group's investment in a subsidiary with a carrying amount of $83,957,000 (2021: $106,763,000) is pledged to secure the Group's loans and borrowings (Note 20).

(a) Composition of the Group

The Group has the following significant investment in subsidiaries:

Names of subsidiaries	Country of incorporation	Effective equity interest Group	
		2022 %	2021 %
Held by the Company			
Hayford Holdings Sdn. Bhd.	Malaysia	100	100
HL Building Materials Pte. Ltd.	Singapore	100	100
HL-Manufacturing Industries Sdn. Bhd.	Malaysia	100	100
Hong Leong (China) Limited	Singapore	100	100
Island Concrete (Private) Limited	Singapore	100	100
Held by the Group			
Airwell Air-conditioning Technology (China) Co., Ltd. (1) (2)	The People's Republic of China	67	67
China Yuchai International Limited ("CYI") (3)	Bermuda	44.72	44.72

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

The Group has the following significant investment in subsidiaries (cont'd):

Names of subsidiaries	Country of incorporation	Effective equity interest Group	
		2022 %	2021 %
Held by the Group (cont'd)			
Dongguan Rex Packaging Company Limited (7)	The People's Republic of China	100	100
Fedders International Pte. Ltd.	Singapore	100	100
Guangxi Yuchai Accessories Manufacturing Company Limited (4)	The People's Republic of China	34.17	34.17
Guangxi Yuchai Machinery Company Limited (4)	The People's Republic of China	34.17	34.17
Guangxi Yuchai Machinery Monopoly Development Co., Ltd (4)	The People's Republic of China	24.54	24.54
Guangxi Yuchai Marine and Genset Power Co., Ltd. (4)	The People's Republic of China	34.17	34.17
Guangxi Yulin Hotel Company Limited (4)	The People's Republic of China	34.17	34.17
HL Global Enterprises Limited ("HLGE") (4) (5)	Singapore	22.43	22.43
Tasek Corporation Berhad (6)	Malaysia	98.28	98.28
Tianjin Rex Packaging Co., Ltd. (8)	The People's Republic of China	100	100
Yuchai Xin-Lan New Energy Power Technology Co., Ltd. (4)	The People's Republic of China	31.06	34.17

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Ernst & Young LLP, Singapore, is the auditor of all significant Singapore-incorporated subsidiaries while other member firms of Ernst & Young Global are auditors of significant foreign incorporated subsidiaries.

(1) As reported in the Company's announcement on 30 September 2020, 16 November 2020 and 25 February 2022 relating to the disposal of assets of Airwell Air-conditioning Technology (China) Co., Ltd. ("Airwell China") and the cessation of Airwell China's business as at 31 December 2020, the assets and liabilities related to Airwell China have been presented in the balance sheet as "assets of disposal group classified as held for distribution to owners" and "liabilities directly associated with disposal group classified as held for distribution to owners" and its results are presented separately in the consolidated income statement as "profit from discontinued operation, net of tax". Please refer to Note 6(d) for details.

(2) Audited by XinLianyi Certified Public Accountants (Limited) Liability Partnership and is not considered a significant foreign incorporated subsidiary.

(3) The directors consider CYI as a subsidiary of the Company as the Group owns 18,270,965 (2021: 18,270,965) or 44.72% (2021: 44.72%) of the ordinary shares and a special share of CYI that entitles the Group to elect a majority of directors in CYI. Accordingly, the Group is exposed to, and has rights, to variable returns from its involvement with CYI, and has the ability to affect those returns through its power over CYI.

(4) These companies are subsidiaries of CYI.

(5) The Group considers HLGE a subsidiary as it has the power to exercise effective control and direct the activities of HLGE that most significantly affect its economic performance and has the exposure or rights to receive benefits from HLGE from its involvement. CYI Group has effective equity interest in HLGE of 50.16% (2021: 50.16%), excluding the ordinary shares held by Amicorp Trustees (Singapore) Limited under the HL Global Enterprises Share Option Scheme 2006 Trust as of 31 December 2022.

(6) The effective equity interest was computed based on the total number of ordinary shares excluding treasury shares.

(7) Audited by Dongguan City Changxin Certified Public Accountants and is not considered a significant foreign incorporated subsidiary.

(8) Audited by Tianjin Dongsheng Accounting Agent Co., Ltd and is not considered a significant foreign incorporated subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interests	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2022:					
Guangxi Yuchai Machinery Company Limited	The People's Republic of China	65.83%	47,689	1,412,851	19,886
31 December 2021:					
Guangxi Yuchai Machinery Company Limited	The People's Republic of China	65.83%	60,836	1,523,906	43,216

Significant restrictions

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

Cash and cash equivalents of $714,154,000 (2021: $890,931,000) held in the PRC are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported other than through dividends, trade and service related transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests is as follows:

Summarised balance sheets

	Guangxi Yuchai Machinery Company Limited	
	2022 $'000	2021 $'000
Current		
Assets	3,096,783	3,620,069
Liabilities	(2,159,090)	(2,676,775)
Net current assets	937,693	943,294
Non-current		
Assets	1,298,242	1,444,931
Liabilities	(195,884)	(165,859)
Net non-current assets	1,102,358	1,279,072
Net assets	2,040,051	2,222,366

Summarised income statement and statement of comprehensive income

	Guangxi Yuchai Machinery Company Limited	
	2022 $'000	2021 $'000
Revenue	3,263,272	4,428,830
Profit before income tax	82,143	98,466
Income tax expense	(9,700)	(6,052)
Profit after tax	72,443	92,414
Other comprehensive income	(207,279)	96,598
Total comprehensive income	(134,836)	189,012

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information

	Guangxi Yuchai Machinery Company Limited	
	2022 $'000	2021 $'000
Net cash flows generated from operations	22,419	133,168
Net cash flows used in investing activities	(84,342)	(151,079)
Net cash flows used in financing activities	(36,936)	(208,951)
Acquisition of significant property, plant and equipment	(71,919)	(98,887)

(d) Disposal group held for distribution to owners and discontinued operation

On 30 September 2020, the Company announced that its subsidiary, Airwell Air-conditioning Technology (China) Co., Ltd. ("Airwell China"), entered into a sale and purchase agreement for the sale of assets (mainly right-of-use assets and building) for a cash consideration of RMB 141,000,000. Subsequent to an update on the asset sale announced on 16 November 2020, the business operations of Airwell China and its subsidiary (collectively, "Airwell") had ceased as at 31 December 2020. Accordingly, the assets and liabilities related to Airwell had been presented in the balance sheet as "assets of disposal group classified as held for distribution to owners" and "liabilities directly associated with disposal group classified as held for distribution to owners" and its results are presented separately in the consolidated income statement as "profit from discontinued operation, net of tax".

The sale of assets was completed during the financial year ended 31 December 2021. Airwell is in the process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal group held for distribution to owners and discontinued operation (cont'd)

The results of Airwell for the years ended 31 December are as follows:

	Group	
	2022 $'000	2021 $'000
Expenses	(337)	(350)
Finance costs	–	(3)
Other income	12	1,041
(Loss)/profit before tax from discontinued operation	(325)	688
Income tax expense	–	–
(Loss)/profit after tax from discontinued operation	(325)	688
Attributable to:		
Owners of the Company	(218)	461
Non-controlling interests	(107)	227
	(325)	688
(Loss)/earnings per share from discontinued operation attributable to owners of the Company (cents per share)		
– Basic	(0.03)	0.06
– Diluted	(0.03)	0.06

The major classes of assets and liabilities of Airwell classified as held for distribution to owners and the related translation reserve as at 31 December are as follows:

	2022 $'000	2021 $'000
Assets		
Trade and other receivables	–	1
Cash and cash equivalents	1,736	2,231
Assets of disposal group classified as held for distribution to owners	1,736	2,232
Liabilities		
Trade and other payables	1,122	1,413
Liabilities directly associated with disposal group classified as held for distribution to owners	1,122	1,413
Net assets directly associated with disposal group	614	819
Equity		
Translation reserve	793	614
Reserve attributable to disposal group classified as held for distribution to owners	793	614

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal group held for distribution to owners and discontinued operation (cont'd)

The net cash flows incurred by the disposal group are as follows:

	2022 $'000	2021 $'000
Operating	(324)	(829)
Investing	11	7,672
Financing	–	(20,840)
Net cash outflow	(313)	(13,997)

7. INTERESTS IN ASSOCIATES

The Group's and Company's material investments in associates are summarised below:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Singapore Cement Manufacturing Company (Private) Limited	18,315	22,006	14,605	14,605
Cement Industries (Sabah) Sdn. Bhd.	13,276	19,162	–	–
BRC Asia Limited	93,313	83,404	–	–
Other associates	1,262	1,880	–	–
	126,166	126,452	14,605	14,605
Fair value of investment in an associate for which there is a published price quotation	100,058	84,508	–	–

BRC Asia Limited

As reported in the Company's announcement on 28 August 2021, Hong Leong Asia Investments Pte. Ltd. (the "Subscriber"), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the "Subscription Agreement") with BRC Asia Limited ("BRC"), pursuant to which BRC agreed to issue, and the Subscriber agreed to subscribe for, 31,015,000 new ordinary shares (the "Subscription Shares") in the capital of BRC at an issue price of $1.48 (the "Issue Price") for each Subscription Share, amounting to an aggregate cash consideration of $45,902,200, upon the terms and subject to the conditions of the Subscription Agreement (the "Proposed Subscription"). The Subscriber also entered into a sale and purchase agreement ("SPA") with Xinsteel Singapore Pte. Ltd., Nuocheng International Trading & Investment Pte. Ltd., Toe Teow Heng, Wu Ai Ping and Shi Yong (collectively, the "Vendors") for the acquisition of an aggregate of 15,000,000 issued ordinary shares (the "Sale Shares") in the capital of BRC at a purchase price of $1.48 per Sale Share, amounting to an aggregate cash consideration of $22,200,000 upon the terms and subject to the conditions of the SPA (the "Proposed Acquisition").

The Proposed Subscription and the Proposed Acquisition were completed on 14 October 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTERESTS IN ASSOCIATES (CONT'D)

Immediately prior to completion of the Proposed Subscription and the Proposed Acquisition, the Group held 8,860,000 ordinary shares (the "Shares") representing approximately 3.64% of the total number of issued Shares of BRC (excluding 1,626,600 Shares which are held as treasury shares (the "Treasury Shares")) classified as "Other Investments". Following the completion of the Proposed Subscription and the Proposed Acquisition, the Group held an aggregate of 54,875,000 Shares representing approximately 20.00% of the enlarged number of issued Shares of 274,350,089 in the capital of BRC (excluding the Treasury Shares) and BRC had become an associate company of the Group.

During the financial year ended 31 December 2022, an indirect wholly-owned subsidiary of the Company purchased in the open market an aggregate of 405,500 ordinary shares in BRC for a total cash consideration of $672,470. Following this, the Group holds an aggregate of 55,280,500 shares in BRC, representing 20.15% of the share capital of BRC.

Name of significant associate	Country of incorporation	Principal activities	Effective equity interest 2022 %	2021 %
Held by the Company				
Singapore Cement Manufacturing Company (Private) Limited (1)	Singapore	Storage, packaging and distribution of cement	50	50
Held by the Group				
Cement Industries (Sabah) Sdn. Bhd. (2) (3)	Malaysia	Manufacture and sale of cement	29.48	29.48
BRC Asia Limited (1)	Singapore	Prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences	20.15	20.00

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of Ernst & Young Global.

(3) Proportion of ownership interest held by the Group in Cement Industries (Sabah) Sdn. Bhd. is 30% (2021: 30%) as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTERESTS IN ASSOCIATES (CONT'D)

The summarised financial information in respect of Singapore Cement Manufacturing Company (Private) Limited, Cement Industries (Sabah) Sdn. Bhd., and BRC Asia Limited based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheets

	Singapore Cement Manufacturing Company (Private) Limited		Cement Industries (Sabah) Sdn. Bhd.		BRC Asia Limited		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current assets	27,886	37,321	32,832	31,612	740,267	622,809		
Non-current assets	19,813	19,290	36,527	42,559	153,677	165,628		
Total assets	47,699	56,611	69,359	74,171	893,944	788,437		
Current liabilities	(8,015)	(8,609)	(23,295)	(7,834)	(433,904)	(343,983)		
Non-current liabilities	(3,054)	(3,990)	(1,811)	(2,465)	(52,511)	(84,677)		
Total liabilities	(11,069)	(12,599)	(25,106)	(10,299)	(486,415)	(428,660)		
Net assets	36,630	44,012	44,253	63,872	407,529	359,777		
Proportion of the Group's ownership	50%	50%	30%	30%	20.15%	20%		
Group's share of net assets	18,315	22,006	13,276	19,162	82,117	71,955		
Goodwill on acquisition	–	–	–	–	7,151	7,036		
Assets revaluation reserves	–	–	–	–	4,045	4,413		
Carrying amount of significant associates	18,315	22,006	13,276	19,162	93,313	83,404	124,904	124,572
Carrying amount of other associates							1,262	1,880
Carrying amount of the investment in associates							126,166	126,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. INTERESTS IN ASSOCIATES (CONT'D)

Summarised income statement and statement of comprehensive income

	Singapore Cement Manufacturing Company (Private) Limited		Cement Industries (Sabah) Sdn. Bhd.		BRC Asia Limited		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue	83,278	82,852	133,230	116,214	1,683,111	357,405		
Profit after tax	(6,382)	1,754	(14,609)	1,319	88,584	13,335		
Group's share of results	(3,191)	877	(4,383)	396	17,798	2,667		
Other adjustments	–	–	–	–	(368)	–		
Group's share of results of significant associates	(3,191)	877	(4,383)	396	17,430	2,667	9,856	3,940
Group's share of results of other associates							(381)	(52)
Group's share of results of associates for the year							9,475	3,888
Other comprehensive income of significant associates	–	–	–	–	(488)	(60)	(488)	(60)
Other comprehensive income of other associates							–	–
Group's share of results for the year representing the Group's share of total comprehensive income for the year							8,987	3,828

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. INTERESTS IN JOINT VENTURES

	Group	
	2022 $'000	2021 $'000
Y&C Engine Co., Ltd.	94	4,840
MTU Yuchai Power Company Limited	24,693	18,979
Guangxi Purem Yuchai Automotive Technology Co., Ltd. (formerly known as Eberspaecher Yuchai Exhaust Technology Co. Ltd)	3,927	6,714
Other joint ventures	15,546	16,115
Allowance for impairment loss	(202)	–
	44,058	46,648

Particulars of the significant joint venture entities are as follows:

Names of significant joint venture entity	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %
Joint venture entities of China Yuchai International Limited ("CYI")				
MTU Yuchai Power Company Limited ("MTU Yuchai") [(1) (2)]	The People's Republic of China	Manufacturing of off-road diesel engines	17.09	17.09
Y&C Engine Co., Ltd. [(1) (3)]	The People's Republic of China	Manufacturing and sale of heavy duty diesel engines, spare parts and after-sales services	15.38	15.38
Guangxi Purem Yuchai Automotive Technology Co., Ltd. ("Guangxi Purem") [(1) (4)]	The People's Republic of China	Application development, production, sales and service on engine exhaust control system	16.74	16.74

(1) Audited by member firms of Ernst & Young Global.

(2) Proportion of ownership interest held by the Group in MTU Yuchai Power Company Limited is 50% (2021: 50%) as at 31 December 2022.

(3) Proportion of ownership interest held by the Group in Y&C Engine Co., Ltd. is 45% (2021: 45%) as at 31 December 2022.

(4) Proportion of ownership interest held by the Group in Guangxi Purem Yuchai Automotive Technology Co., Ltd. is 49% (2021: 49%) as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. INTERESTS IN JOINT VENTURES (CONT'D)

During the financial year ended 31 December 2022, management performed an impairment review on its interests in joint ventures. Based on the assessment, an impairment loss of $202,000 (2021: Nil) was recognised on its interest in a joint venture.

As at 31 December 2022, the Group's share of joint ventures' capital commitment that are contracted but not paid for was $3,514,000 (2021: $20,614,000).

As at 31 December 2022, the Group's share of outstanding bill receivables discounted with banks for which a joint venture retained a recourse obligation were $1,135,000 (2021: $45,373,000).

As at 31 December 2022, the Group's share of outstanding bill receivables endorsed to suppliers for which a joint venture retained a recourse obligation were $7,642,000 (2021: $7,022,000).

Significant restrictions

As at 31 December 2022, the nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of joint ventures are:

- The Group's share of cash and cash equivalents of $31,350,000 (2021: $8,395,000) held in the PRC are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends, trade and service related transactions.

- The Group's share of restricted cash of $7,812,000 (2021: $15,811,000) was used as collateral by the banks for the issuance of bills to suppliers. The Group's share of bill receivables of $434,000 (2021: $4,662,000) was used as collateral by the banks for the issuance of bills to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. INTERESTS IN JOINT VENTURES (CONT'D)

Summarised financial information, in respect of Y&C Engine Co., Ltd., MTU Yuchai Power Company Limited and Guangxi Purem Yuchai Automotive Technology Co., Ltd., based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheets

	Y&C Engine Co., Ltd.		MTU Yuchai Power Company Limited		Guangxi Purem Yuchai Automotive Technology Co., Ltd.		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and short-term deposits	18,835	38,131	56,231	13,491	5,154	447		
Other current assets	96,769	173,492	40,408	65,835	6,072	21,072		
Total current assets	115,604	211,623	96,639	79,326	11,226	21,519		
Non-current assets	118,734	140,167	17,218	19,036	11,647	15,241		
Total assets	234,338	351,790	113,857	98,362	22,873	36,760		
Other current liabilities	(190,318)	(243,367)	(64,471)	(57,590)	(14,859)	(20,066)		
Non-current liabilities	(28,022)	(76,945)	–	–	–	(2,992)		
Total liabilities	(218,340)	(320,312)	(64,471)	(57,590)	(14,859)	(23,058)		
Net assets	15,998	31,478	49,386	40,772	8,014	13,702		
Proportion of the Group's ownership	45%	45%	50%	50%	49%	49%		
Group's share of net assets	7,199	14,165	24,693	20,386	3,927	6,714		
Unrealised profit on transactions with joint venture	(7,105)	(9,325)	–	(1,407)	–	–		
Carrying amount of significant joint ventures	94	4,840	24,693	18,979	3,927	6,714	28,714	30,533
Carrying amount of other joint ventures							15,546	16,115
Allowance for impairment loss							(202)	–
Carrying amount of the investment in joint ventures							44,058	46,648

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. INTERESTS IN JOINT VENTURES (CONT'D)

Summarised income statement and statement of comprehensive income

	Y&C Engine Co., Ltd.		MTU Yuchai Power Company Limited		Guangxi Purem Yuchai Automotive Technology Co., Ltd.		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue	256,196	431,903	121,206	97,478	14,152	32,781		
Depreciation and amortisation	(6,041)	(11,019)	(1,985)	(495)	(1,576)	(148)		
Interest income	380	540	853	311	–	11		
Interest expense	(6,611)	(11,341)	(757)	(696)	(96)	(19)		
(Loss)/profit after tax	(13,455)	(58,804)	13,478	11,362	(4,695)	586		
Group's share of results	(6,055)	(26,462)	6,739	5,681	(2,300)	287		
Unrealised (profit)/loss on transactions with joint venture	(4,984)	237	1,477	161	–	–		
Group's share of results of significant joint ventures	(11,039)	(26,225)	8,216	5,842	(2,300)	287	(5,123)	(20,096)
Group's share of results of other joint ventures							(849)	(146)
Group's share of results of joint ventures for the year							(5,972)	(20,242)
Other comprehensive income of significant joint ventures							–	–
Other comprehensive income of other joint ventures							–	–
Group's share of results for the year representing the Group's share of total comprehensive income for the year							(5,972)	(20,242)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. INVESTMENT PROPERTY

	Group 2022 $'000	Group 2021 $'000
Cost		
At 1 January	6,648	6,736
Translation differences	(406)	(88)
At 31 December	6,242	6,648
Accumulated depreciation		
At 1 January	5,569	5,551
Charge for the year	71	74
Translation differences	(314)	(56)
At 31 December	5,326	5,569
Net carrying amount	916	1,079
Fair value	2,257	2,398
Income statement:		
Rental income	36	16
Direct operating expenses (including repairs, maintenance and depreciation expense) arising from the rental generating property	(95)	(91)

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The fair value is determined by independent professional valuers that have the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. In valuing the investment property, due consideration is given to factors such as location and size of building, building infrastructure, market knowledge, historical transactions and other relevant factors to arrive at their opinion of value.

The following table shows information about fair value measurement of the investment property using significant unobservable inputs (Level 3):

	Valuation techniques	Unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
2022	Market comparison and cost method	Comparable price: $35 to $85 per square foot	The estimated fair value increases with higher comparable price
2021	Market comparison and cost method	Comparable price: $35 to $85 per square foot	The estimated fair value increases with higher comparable price

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. OTHER INVESTMENTS

Financial instruments as at 31 December

	Group	
	2022 $'000	2021 $'000
Non-current		
At fair value through other comprehensive income		
Quoted equity securities		
– related corporations (quoted in Singapore)	1,519	1,357
– other companies (quoted in Singapore, Malaysia and United States of America)	9,537	21,498
	11,056	22,855
Current		
At fair value through profit or loss		
Quoted equity securities		
– other company (quoted in Singapore)	–	129

Investment in equity instruments designated at fair value through other comprehensive income

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

11. NON-CURRENT RECEIVABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Amounts due from subsidiaries	–	–	281,752	285,617
Retention sums	4,560	3,665	–	–
Less: Allowance for expected credit losses	–	–	(281,752)	(282,117)
	4,560	3,665	–	3,500

Group

Retention sums relates to retention sums on projects and are non-interest bearing and not expected to be repaid within the next 12 months.

Company

As at 31 December 2022, the amounts due from subsidiaries are non-trade in nature, unsecured and non-interest bearing. The settlement is neither planned nor likely to occur in the foreseeable future.

As at 31 December 2021, the amounts due from subsidiaries were non-trade in nature, unsecured and non-interest bearing except for an amount of $3,500,000 which bore interest at weighted average rate of 1.6% per annum and due in 2023. The settlement of the other amounts is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. DEFERRED TAX

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January 2022 $'000	Recognised in income statement $'000	Withholding taxes paid on remittance of dividends $'000	Translation differences $'000	At 31 December 2022 $'000
Deferred tax liabilities					
Property, plant and equipment	(33,153)	2,163	–	2,358	(28,632)
Unremitted income	(3,846)	(526)	–	–	(4,372)
Withholding tax on dividend income	(13,903)	(2,338)	3,096	1,230	(11,915)
	(50,902)	(701)	3,096	3,588	(44,919)
Deferred tax assets					
Property, plant and equipment	13,317	886	–	(1,261)	12,942
Inventories	4,379	1,864	–	(502)	5,741
Intangible assets	888	2,083	–	(197)	2,774
Trade and other receivables	1,508	211	–	(135)	1,584
Provisions	60,659	(13,633)	–	(4,783)	42,243
Deferred grants	12,467	(6,578)	–	(644)	5,245
Other items	22,379	24,865	–	(3,216)	44,028
	115,597	9,698	–	(10,738)	114,557
Total	64,695	8,997	3,096	(7,150)	69,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. DEFERRED TAX (CONT'D)

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January 2021 $'000	Recognised in income statement $'000	Withholding taxes paid on remittance of dividends $'000	Translation differences $'000	At 31 December 2021 $'000
Deferred tax liabilities					
Property, plant and equipment	(29,233)	(2,712)	–	(1,208)	(33,153)
Unremitted income	(3,639)	(207)	–	–	(3,846)
Withholding tax on dividend income	(22,861)	(3,027)	12,803	(818)	(13,903)
	(55,733)	(5,946)	12,803	(2,026)	(50,902)
Deferred tax assets					
Property, plant and equipment	7,631	5,264	–	422	13,317
Inventories	4,700	(516)	–	195	4,379
Intangible assets	943	(94)	–	39	888
Trade and other receivables	1,706	(264)	–	66	1,508
Provisions	66,159	(8,206)	–	2,706	60,659
Deferred grants	13,047	(1,130)	–	550	12,467
Other items	14,001	7,645	–	733	22,379
	108,187	2,699	–	4,711	115,597
Total	52,454	(3,247)	12,803	2,685	64,695

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Group 2022 $'000	Group 2021 $'000
Deferred tax assets	92,255	84,598
Deferred tax liabilities	(22,617)	(19,903)
	69,638	64,695

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. DEFERRED TAX (CONT'D)

Deferred tax assets and liabilities of the Company (prior to offsetting of balances) are attributable to the following:

	Company 2022 $'000	Company 2021 $'000
Deferred tax liabilities		
Property, plant and equipment	(225)	(5)
Unremitted income	(3,585)	(3,072)
	(3,810)	(3,077)
Deferred tax assets		
Provisions	14	19
Investment allowances	1,333	–
	1,347	19

The amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Company 2022 $'000	Company 2021 $'000
Deferred tax assets	1,347	19
Deferred tax liabilities	(3,810)	(3,077)
	(2,463)	(3,058)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2022 $'000	Group 2021 $'000
Unutilised tax losses	123,850	136,295
Unutilised capital allowances and investment allowances	29,789	33,968
Other unrecognised temporary differences relating to provisions and deferred grants	28,068	42,251
	181,707	212,514

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. DEFERRED TAX (CONT'D)

Unutilised tax losses and unabsorbed capital allowances for the Group are subject to agreement with the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. The unabsorbed capital allowances do not expire under current tax legislation. The unutilised tax losses will expire within the next 5 to 10 years, except for an amount of $11,024,000 (2021: $11,024,000) with no expiry date. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

13. INVENTORIES

	Group	
	2022 $'000	2021 $'000
Raw materials and consumables	498,746	495,856
Manufacturing work-in-progress	20,180	21,347
Finished goods	506,817	661,075
Right of return assets	3,160	8,645
Total inventories at the lower of cost and net realisable value	1,028,903	1,186,923

	2022 $'000	2021 $'000
Inventories recognised as an expense in cost of sales (Note 26)	2,694,829	3,642,424
Inclusive of the following charge/(credit):		
– Inventory obsolescence	21,617	8,849
– Reversal of inventory obsolescence	(10,170)	(10,499)

The reversal of inventory obsolescence was made when the related inventories were sold above their carrying value.

14. DEVELOPMENT PROPERTIES

	Group	
	2022 $'000	2021 $'000
Freehold land	2,709	2,878
Development costs	10,303	10,953
Allowance for anticipated losses	(9,791)	(10,401)
	3,221	3,430

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. DEVELOPMENT PROPERTIES (CONT'D)

Movements in the carrying amounts of development properties are as follows:

	Group	
	2022 $'000	2021 $'000
At 1 January	3,430	3,438
Translation adjustments	(214)	(50)
Capitalisation of costs during the year	5	42
At 31 December	3,221	3,430

No borrowing cost has been capitalised in 2022 and 2021.

The change in allowance for anticipated losses in respect of development properties during the year is as follows:

	Group	
	2022 $'000	2021 $'000
At 1 January	10,401	10,561
Translation adjustments	(610)	(160)
At 31 December	9,791	10,401

15. TRADE AND OTHER RECEIVABLES

	Group	
	2022 $'000	2021 $'000
Trade receivables	423,852	194,001
Bill receivables	957,930	1,365,309
Less: Allowance for expected credit losses	(3,230)	(4,168)
Net trade receivables	1,378,552	1,555,142
Amounts receivable from:		
– ultimate holding company (non-trade)	8	8
– immediate holding company (non-trade)	3	10
– associates and joint ventures (trade)	24,182	52
– associates and joint ventures (non-trade)	58,269	29,335
– other related corporations (trade)	35,032	15,274
– other related corporations (non-trade)	930	12
Advances paid to suppliers	15,226	13,330
Prepaid expenses	3,288	3,435
Refundable deposits	2,900	3,259
Tax recoverable	56,969	71,448
Lease receivables	–	39
Other receivables	102,383	89,625
Less: Allowance for expected credit losses	(67,934)	(68,512)
Net other receivables	231,256	157,315
Total trade and other receivables	1,609,808	1,712,457

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (CONT'D)

	Company	
	2022 $'000	2021 $'000
Amounts receivable from:		
– ultimate holding company (non-trade)	8	8
– immediate holding company (non-trade)	8	7
– subsidiaries (non-trade)	391,452	388,342
– other related corporations (non-trade)	409	12
Prepaid expenses	63	48
Refundable deposits	1	1
Other receivables	38	–
Less: Allowance for expected credit losses	(10,722)	(8,827)
Total trade and other receivables	381,257	379,591

Group

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. 2021 comparative figures had been adjusted as disclosed in Note 40.

Bill receivables have contractual maturities of up to 12 months from the date of bills issuance.

The non-trade balances due from ultimate and immediate holding companies, associates, joint ventures and other related corporations are unsecured, interest-free, repayable on demand and are to be settled in cash.

As previously announced by the Company on 26 March 2021, the Group, through its wholly-owned subsidiary, Hong Leong Electric Pte Ltd, had completed the assignment of the debt outstanding from former subsidiaries and realised a gain of approximately $10.0 million during the financial year ended 31 December 2021.

The maximum exposure to credit risk for trade and bill receivables at the reporting date is as follows:

	Group	
	2022 $'000	2021 $'000
Diesel engines	1,250,064	1,435,128
Building materials	124,109	114,609
Rigid packaging	4,379	5,405
	1,378,552	1,555,142

Lease receivables relate to receivables from the lease of cement trucks to ownership drivers under the owner driver scheme. The lease receivables are unsecured and are to be settled in cash. Full payment of the purchase price of cement trucks will be made over a period of approximately five years. No outstanding lease receivable as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Group (cont'd)

	Group 2021	
	Gross lease receivables $'000	Present value of minimum lease payments receivables $'000
Within 1 year	41	39
Total gross lease receivables	41	39
Less: Amounts representing unearned finance income	(2)	–
Present value of minimum lease payments receivables	39	39

Company

The non-trade balances due from subsidiaries include loans and advances of $283,458,000 (2021: $267,024,000) which bear interest at rates ranging from 1.27% to 5.70% (2021: 1.26% to 1.91%) per annum. The weighted average effective interest rate at the balance sheet date in respect of the interest-bearing balances is 2.71% (2021: 1.09%) per annum. Interest rates will be repriced within 12 months. These balances are repayable on demand and are to be settled in cash.

The remaining non-trade balances are unsecured, interest-free, repayable on demand and are to be settled in cash.

Based on management's assessment, the Company recognised an allowance for expected credit losses of $1,900,000 (2021: $6,050,000) on amounts receivable from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Group		
	Weighted average loss rate	Gross carrying amount at default	Expected credit loss
	%	$'000	$'000
2022			
Current	–	283,975	–
Past due 0 to 30 days	0.2	53,108	96
Past due 31 to 120 days	–	60,062	–
Past due 121 days to one year	0.5	20,699	96
Past due more than one year	50.6	6,008	3,038
Total	0.8	423,852	3,230
2021			
Current	–	87,463	–
Past due 0 to 30 days	0.1	47,124	1
Past due 31 to 120 days	0.7	35,506	263
Past due 121 days to one year	10.9	18,976	2,072
Past due more than one year	37.1	4,932	1,832
Total	2.1	194,001	4,168

The Group's and Company's movements in allowances for trade and other receivables and non-current receivables at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At 1 January	72,680	310,503	290,944	313,870
Allowances (written back)/made, net	(1,190)	(7,762)	1,535	(10,656)
Amounts written off	(13)	(232,075)	–	(12,322)
Translation differences	(313)	2,014	(5)	52
At 31 December	71,164	72,680	292,474	290,944

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the reporting date, the Group received financial guarantees up to a limit of $11,910,000 (2021: $15,546,000) for certain trade receivables. These guarantees included cash collateral held from certain customers of $6,267,000 (2021: $9,386,000). The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

As at 31 December 2022, outstanding bill receivables discounted with banks for which the Group retained a recourse obligation were $180,531,000 (2021: $16,770,000). All bill receivables discounted have contractual maturities of less than 12 months at the time of discounting.

As at 31 December 2022, outstanding bill receivables endorsed to suppliers with recourse obligation were $198,885,000 (2021: $540,864,000).

<u>Receivables subject to offsetting arrangements</u>

The Company had certain counterparties with receivables and payables that are offset as follows:

	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
	$'000	$'000	$'000
Company			
31 December 2022			
Current			
Amounts due from subsidiaries	14,188	(153)	14,035
Amounts due to subsidiaries	(153)	153	–
31 December 2021			
Current			
Amounts due from subsidiaries	1,639	(154)	1,485
Amounts due to subsidiaries	(154)	154	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables subject to an enforceable master netting arrangement that are not otherwise set off

The Group had certain counterparties with receivables and payables subject to an enforceable master netting arrangement that are not otherwise set-off as follows:

	Gross carrying amounts $'000	Related amounts not set off in the balance sheet $'000	Net amounts $'000
Group			
31 December 2022			
Trade and other receivables	23,836	(4,905)	18,931
Trade and other payables	(23,377)	4,905	(18,472)
31 December 2021			
Trade and other receivables	19,532	(5,906)	13,626
Trade and other payables	(20,683)	5,906	(14,777)

16. CASH, SHORT-TERM DEPOSITS AND LONG-TERM DEPOSITS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Short-term fixed deposits	266,065	239,040	8,063	74
Cash at banks and in hand	747,549	979,981	1,418	1,922
	1,013,614	1,219,021	9,481	1,996
Long-term deposits	3,854	23,331	–	–
	1,017,468	1,242,352	9,481	1,996
Long-term deposits	(3,854)	(23,331)		
Short-term deposits*	(67,747)	(75,788)		
Restricted deposits	(5,335)	(16,120)		
Cash at bank attributable to discontinued operation	1,736	2,231		
Cash and cash equivalents in the cash flow statement	942,268	1,129,344		

* Relate to certain bank deposits with initial maturities of more than three months and subject to more than insignificant risk of changes in value upon withdrawal before maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. CASH, SHORT-TERM DEPOSITS AND LONG-TERM DEPOSITS (CONT'D)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

Restricted deposits represent bank balances of certain subsidiaries placed with banks to obtain credit facilities and loans. Long-term deposits are placed with banks with tenure above 12 months and earn interest at the respective long-term deposit rates.

The weighted average effective interest rates per annum of the fixed deposits at the balance sheet date are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Fixed deposits	3.81	2.38	4.10	0.07

Interest rates will be repriced within 12 months.

17. ASSETS HELD FOR SALE

During the financial year ended 31 December 2021, the Company's indirect wholly-owned subsidiary, Rex Plastics (Malaysia) Sdn. Bhd. ("Rex Plastics Malaysia"), had entered into a sale and purchase agreement with an unrelated party of the Group for the sale of its property for a cash consideration of MYR 45,000,000. Accordingly, the property had been presented in the balance sheet as "assets held for sale" as at 31 December 2021. Rex Plastics Malaysia had sold its business operation in 2017 and become dormant since then. The sale was completed in February 2022 and a gain on disposal of $10,489,000 was recognised under "Other income" for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. SHARE CAPITAL

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

During the year, options to acquire 72,600 (2021: 88,600) shares granted in 2020 were exercised at $0.54 (2021: $0.54) per share pursuant to the Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme") (Note 32).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19. RESERVES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Capital reserve	1,167	4,351	9,199	9,199
Statutory reserve	22,207	16,802	–	–
Fair value reserve	7,797	19,291	–	–
Share option reserve	5,394	5,360	2,618	2,584
Translation reserve	(51,812)	28,105	–	–
Surplus on changes of non-controlling interests	63,007	62,597	–	–
Accumulated profits/(losses)	386,022	351,847	(228,748)	(234,367)
	433,782	488,353	(216,931)	(222,584)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. RESERVES (CONT'D)

(a) Capital reserve comprises:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Merger reserve	392	392	–	–
Business participation fee and realised capital gain on disposal of investments	3,046	3,046	9,199	9,199
Adjustment relating to shares of the Company issued to an associate for assets transferred to the Company	(11,380)	(11,380)	–	–
Issuance of put option to non-controlling interests of a subsidiary	(3,184)	–	–	–
Others	12,293	12,293	–	–
	1,167	4,351	9,199	9,199

The merger reserve relates to reserve arising from certain acquisitions accounted for under the pooling of interests method.

The put option relates to an option issued by a subsidiary of the Group ("Issuer") to the non-controlling interests ("NCI") of its subsidiary, which allows the NCI to sell the shares of its subsidiary back to the Issuer, if certain conditions are not met by end of 2027. Accordingly, a financial liability (Note 22), for the put option based on the present value of the amount payable upon exercise of the put, was recognised. A corresponding component of equity was recognised.

(b) Statutory reserve comprises the Group's share of general reserves of its subsidiaries in the PRC which are not available for dividends or other payments. The transfers are required to be made at the rate of 10% (2021: 10%) of profit after tax of subsidiaries arrived at under generally accepted accounting principles applicable in the PRC. The transfer to the statutory reserve is mandatory until the cumulative total of the statutory reserve reaches 50% of the subsidiary's registered capital. Subject to the approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The statutory reserve is not available for dividend distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. RESERVES (CONT'D)

(c) The fair value reserve includes:

- the cumulative net change in the fair value of equity instruments designated at fair value through OCI;
- the cumulative net change in the fair value of debt instruments at fair value through OCI until the assets are derecognised or reclassified; and
- the Group's share of the post-acquisition fair value adjustments arising from the allocation of purchase price to the identifiable net assets and contingent liabilities of subsidiaries.

(d) The share option reserve comprises the cumulative value of employee services received for the issue of share options. The amount in the reserve is retained when the option is exercised or expired.

(e) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the translation of monetary items used to form part of the Group's net investments in foreign entities.

20. LOANS AND BORROWINGS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current liabilities				
Unsecured bank loans	654,120	712,007	217,713	236,696
Secured bank loans	17,408	12,453	–	–
	671,528	724,460	217,713	236,696
Non-current liabilities				
Unsecured bank loans	198,540	161,210	160,000	140,000
Secured bank loans	4,535	15,163	–	–
	203,075	176,373	160,000	140,000
Total loans and borrowings	874,603	900,833	377,713	376,696

The secured bank loans are secured on assets with the following carrying values:

	Group	
	2022 $'000	2021 $'000
Investment in a subsidiary (Note 6)	83,957	106,763
Bill receivables	2,421	2,121
Trade receivables	5,780	–

These loans and borrowings have externally imposed capital requirements on certain subsidiaries of the Group which have been complied with before reporting dates for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LOANS AND BORROWINGS (CONT'D)

Terms and conditions of outstanding loans and borrowings are as follows:

	2022		
Group	Weighted average interest rate %	Year of maturity	Carrying amount $'000
Secured bank loans:			
– MYR floating rate loans	4.4	2023	9,700
– MYR floating rate loans	4.4	2024	4,535
– RMB fixed rate loans	3.1	2023	7,708
			21,943
Unsecured bank loans:			
– SGD floating rate loans	4.4	2023	242,563
– SGD floating rate loans	3.4	2024	60,000
– SGD floating rate loans	2.6	2025	100,000
– RMB fixed rate loans	2.7	2023	404,946
– RMB fixed rate loans	3.0	2025	38,540
– MYR fixed rate loans	3.8	2023	3,242
– USD fixed rate loans	5.7	2023	3,369
			852,660
			874,603
Company			
Unsecured bank loans:			
– SGD floating rate loans	4.3	2023	217,713
– SGD floating rate loans	3.4	2024	60,000
– SGD floating rate loans	2.6	2025	100,000
			377,713

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LOANS AND BORROWINGS (CONT'D)

	2021		
Group	**Weighted average interest rate** %	**Year of maturity**	**Carrying amount** $'000
Secured bank loans:			
– MYR floating rate loans	3.3	2022	10,332
– MYR floating rate loans	3.3	2023	10,332
– MYR floating rate loans	3.3	2024	4,831
– RMB fixed rate loans	2.4	2022	2,121
			27,616
Unsecured bank loans:			
– USD floating rate loans	0.8	2022	5,783
– SGD floating rate loans	1.2	2022	255,313
– SGD floating rate loans	1.2	2023	140,000
– RMB fixed rate loans	3.3	2022	443,925
– RMB fixed rate loans	3.5	2023	21,210
– USD fixed rate loans	0.7	2022	2,959
– MYR fixed rate loans	2.2	2022	4,027
			873,217
			900,833
Company			
Unsecured bank loans:			
– USD floating rate loans	0.8	2022	5,783
– SGD floating rate loans	1.1	2022	230,913
– SGD floating rate loans	1.2	2023	140,000
			376,696

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

	2021	Cash flows	Non-cash changes				2022
	$'000	$'000	**Foreign exchange movement** $'000	**New leases** $'000	**Termination of leases** $'000	**Other** $'000	$'000
Loans							
– current	724,460	(81,732)	(42,226)	–	–	71,026	671,528
– non-current	176,373	100,797	(3,069)	–	–	(71,026)	203,075
Lease liabilities							
– current	12,572	(12,905)	(631)	3,227	(1,262)	11,259	12,260
– non-current	29,887	–	(441)	10,145	–	(11,259)	28,332
	943,292	6,160	(46,367)	13,372	(1,262)	–	915,195

	2020	Cash flows	Non-cash changes			2021
	$'000	$'000	**Foreign exchange movement** $'000	**New leases** $'000	**Other** $'000	$'000
Loans						
– current	495,390	37,469	16,311	–	175,290	724,460
– non-current	327,915	20,838	2,910	–	(175,290)	176,373
Lease liabilities						
– current	9,063	(11,426)	158	9,238	5,539	12,572
– non-current	6,019	–	134	29,273	(5,539)	29,887
	838,387	46,881	19,513	38,511	–	943,292

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under lease liabilities (Note 21) due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LOANS AND BORROWINGS (CONT'D)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
31 December 2022					
Floating interest rate loans	416,798	436,282	267,483	168,799	–
Fixed interest rate loans	457,805	463,286	422,935	40,351	–
Trade and other liabilities	1,678,954	1,678,954	1,678,954	–	–
Non-current liabilities	45,345	47,707	–	36,490	11,217
Lease liabilities	40,592	43,084	12,855	16,258	13,971
	2,639,494	2,669,313	2,382,227	261,898	25,188
31 December 2021					
Floating interest rate loans	426,591	434,363	276,897	157,466	–
Fixed interest rate loans	474,242	480,476	458,943	21,533	–
Trade and other liabilities	2,124,096	2,124,096	2,124,096	–	–
Non-current liabilities	40,029	40,029	–	40,029	–
Lease liabilities	42,459	55,706	13,816	20,112	21,778
	3,107,417	3,134,670	2,873,752	239,140	21,778

Company	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
31 December 2022					
Floating interest rate loans	377,713	399,005	231,740	167,265	–
Trade and other payables	5,555	5,555	5,555	–	–
Lease liabilities	34	34	7	27	–
	383,302	404,594	237,302	167,292	–
31 December 2021					
Floating interest rate loans	376,696	382,647	241,004	141,643	–
Trade and other payables	4,645	4,645	4,645	–	–
Lease liabilities	7	7	6	1	–
	381,348	387,299	245,655	141,644	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. LEASES

As a lessee

The Group has lease contracts for various items of land, building, office spaces and equipment used in its operations. Leases generally have lease terms between 1 and 12 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases of low-value assets. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Leasehold land and land use rights $'000	Building and office space $'000	Motor and transport vehicles $'000	Office furniture, fittings and equipment $'000	Total $'000
At 1 January 2021	99,953	14,405	–	18	114,376
Additions	39,028	4,701	–	12	43,741
Disposal	(4,768)	–	–	–	(4,768)
Write-off	(267)	–	–	–	(267)
Depreciation expense	(10,596)	(5,895)	–	(15)	(16,506)
Transfer	4,933	(4,933)	–	–	–
Translation differences	2,799	373	–	1	3,173
At 31 December 2021 and 1 January 2022	131,082	8,651	–	16	139,749
Additions	3,625	10,081	64	38	13,808
Disposal	(664)	–	–	(8)	(672)
Write-off	(433)	(1,258)	–	–	(1,691)
Depreciation expense	(11,061)	(6,338)	(4)	(7)	(17,410)
Translation differences	(6,505)	(895)	(3)	–	(7,403)
At 31 December 2022	116,044	10,241	57	39	126,381

Company	Office furniture, fittings and equipment $'000
At 1 January 2021	10
Depreciation expense	(5)
At 31 December 2021 and 1 January 2022	5
Additions	38
Disposals	(4)
Depreciation expense	(5)
At 31 December 2022	34

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. LEASES (CONT'D)

As a lessee (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group $'000	Company $'000
At 1 January 2021	15,082	14
Additions	38,511	–
Accretion of interest	889	1
Payments	(12,315)	(8)
Translation differences	292	–
At 31 December 2021 and 1 January 2022	42,459	7
Additions	13,372	38
Accretion of interest	1,047	1
Payments	(13,952)	(6)
Termination of leases	(1,262)	(6)
Translation differences	(1,072)	–
At 31 December 2022	40,592	34
Current	12,260	7
Non-current	28,332	27
At 31 December 2022	40,592	34
Current	12,572	6
Non-current	29,887	1
At 31 December 2021	42,459	7

As at 31 December 2021, the lease liabilities included an amount of $39,000 which was secured by a charge over the leased assets.

	2022		
Group	**Interest rate %**	**Year of maturity**	**Carrying amount $'000**
Lease liabilities	1.3 – 6.4	2023 – 2028	40,592
Company			
Lease liabilities	2.4	2027	34

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. LEASES (CONT'D)

As a lessee (cont'd)

	2021		
Group	**Interest rate %**	**Year of maturity**	**Carrying amount $'000**
Lease liabilities	1.3 – 6.2	2022 – 2028	42,459
Company			
Lease liabilities	3.0	2023	7

The following are the amounts recognised in the income statement:

	Group	
	2022 $'000	**2021 $'000**
Depreciation expense of right-of-use assets	17,410	16,506
Interest expenses on lease liabilities	1,047	889
Expenses relating to short-term leases	5,104	5,769
Expenses relating to leases of low-value assets	49	2
Total amount recognised in profit or loss	23,610	23,166

The Group had total cash outflows for leases of $19,105,000 (2021: $18,086,000) in 2022. The Group also had non-cash additions to right-of-use assets and lease liabilities of $13,372,000 (2021: $38,511,000) in 2022.

As a lessor

The Group has entered into commercial property leases on its surplus office and manufacturing buildings. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum rental receivable under non-cancellable operating leases as at 31 December is as follows:

	Group	
	2022 $'000	**2021 $'000**
Within 1 year	1,881	1,611
After 1 year but within 5 years	4,952	3,244
After 5 years	6,986	3,147
	13,819	8,002

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	1,292,743	1,513,251	–	–
Accrued expenses	222,380	317,791	3,895	2,974
Other payables	25,936	28,783	76	94
Refund liabilities	42,494	152,369	–	–
Deferred grants (Note 23)	2,583	2,647	–	–
Amounts due to:				
– immediate holding company (non-trade)	205	202	113	102
– subsidiaries (trade)	–	–	1,471	1,475
– associates and joint ventures (trade)	34,132	63,041	–	–
– associates and joint ventures (non-trade)	4	36	–	–
– other related corporations (trade)	57,081	45,715	–	–
– other related corporations (non-trade)	1,396	261	–	–
Total trade and other payables (current)	1,678,954	2,124,096	5,555	4,645

	Group	
	2022 $'000	2021 $'000
Other liabilities (non-current)		
Provision for bonus	36,490	40,029
Other financial liability (Note 19(a))	8,855	–
	45,345	40,029

Trade payables/other payables

Current trade and other payables are normally settled on agreed credit terms ranging from 7 to 90 days' terms and are non-interest bearing.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The Group updates its estimates of refund liabilities at the end of each reporting period. 2021 comparative figures had been adjusted as disclosed in Note 40.

Amounts due to related corporations

The balances with the immediate holding company, subsidiaries, associates, joint ventures and other related corporations are unsecured, interest-free, repayable on demand and are to be settled in cash.

Purchases from related corporations are made at terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. DEFERRED GRANTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	89,960	110,204	–	73
Received and receivable during the year	38,143	12,318	–	34
Grant disbursed to partner of joint project	(2,701)	(3,390)	–	–
Released to consolidated income statement	(22,051)	(33,473)	–	(107)
Translation differences	(8,969)	4,301	–	–
At 31 December	94,382	89,960	–	–
Current (Note 22)	2,583	2,647	–	–
Non-current	91,799	87,313	–	–
	94,382	89,960	–	–

The government grants received were mainly to support and fund production facilities and research and development activities for product innovations and development of engines.

24. PROVISIONS

Group	Claims and restoration costs $'000	Warranties $'000	Onerous contracts $'000	Total $'000
At 1 January 2021	2,201	51,937	3,361	57,499
Provision made	38	60,878	1,006	61,922
Provision utilised	(30)	(62,386)	–	(62,416)
Provision reversed	(23)	–	(3,428)	(3,451)
Translation differences	(13)	2,221	87	2,295
At 31 December 2021 and 1 January 2022	2,173	52,650	1,026	55,849
Provision made	1,438	64,678	–	66,116
Provision utilised	(258)	(70,407)	(2)	(70,667)
Provision reversed	(128)	–	(985)	(1,113)
Translation differences	(56)	(4,498)	(39)	(4,593)
At 31 December 2022	3,169	42,423	–	45,592

Claims and restoration costs

The provision for claims consists of costs arising from delays in the completion of contracts or complaints from customers. The provision is made based on estimates from prior experience on similar projects with customers.

The provision for restoration costs relates to costs associated with the obligations to restore the lands at the end of the tenancy period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. PROVISIONS (CONT'D)

Warranties

The provision for warranties relates to products sold over the warranty period. The provision is made based on estimates from historical warranty data.

Onerous contracts

The provision for onerous contracts relates to the expected losses arising from existing customers' contracts, whereby the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received.

25. REVENUE

Disaggregation of revenue

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

			2022		
Segments	Diesel engines $'000	Building materials $'000	Rigid packaging $'000	Others $'000	Consolidated total $'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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. REVENUE (CONT'D)

Disaggregation of revenue (cont'd)

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

			2022		
Segments	Diesel engines $'000	Building materials $'000	Rigid packaging $'000	Others $'000	Consolidated total $'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
	3,263,272	585,417	25,747	6,705	3,881,141
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
Goods and services transferred over time	9,695	–	–	5,134	14,829
	3,263,272	585,417	25,747	6,705	3,881,141

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. REVENUE (CONT'D)

Disaggregation of revenue (cont'd)

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

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

Contract balances

	Group 2022 $'000	Group 2021 $'000
Trade receivables (Note 15)	420,622	189,833
Capitalised contract costs	38,095	31,284
Contract liabilities	133,941	136,260

The Group has recognised impairment losses written back on receivables arising from contracts with customers amounting to $722,000 (2021: impairment losses written back of $306,000).

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. REVENUE (CONT'D)

Contract balances (cont'd)

Capitalised contract costs are the costs incurred in fulfilling a contract for the development of technology know-how for heavy-duty engines platforms for a joint venture company of the Group. Capitalised contract costs are subsequently recognised in income statement when the Group performs the contract.

	Group 2022 $'000	Group 2021 $'000
Capitalised contract costs relating to service fee charges on development of technology know-how		
At 1 January	31,284	25,962
Addition	10,239	4,125
Translation differences	(3,428)	1,197
At 31 December	38,095	31,284

Contract liabilities comprise short-term advances from customers and unfulfilled maintenance services. The advances from customers are recognised as revenue upon the delivery of goods, and the contract liability arising from unfulfilled service-type warranty is recognised upon the completion of the maintenance services. According to the business customary practice, the remaining performance obligations (unfulfilled maintenance service) at the year-end are expected to be satisfied within 2 years.

	Group 2022 $'000	Group 2021 $'000
Contract liabilities		
Unfulfilled maintenance services	37,624	44,493
Advance from customer	96,317	91,767
At 31 December	133,941	136,260
Current	119,038	121,588
Non-current	14,903	14,672
At 31 December	133,941	136,260

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. REVENUE (CONT'D)

Set out below are the amounts of revenue recognised from:

	Group	
	2022 $'000	2021 $'000
Amounts included in contract liabilities at the beginning of the year	111,068	182,201

Performance obligations

The transaction price allocated to the remaining performance obligation as at the end of the year are as follows:

	Group	
	2022 $'000	2021 $'000
Within 1 year	22,721	29,821
More than 1 year	14,903	14,672

The remaining performance obligations expected to be recognised in more than one year related to the unfulfilled maintenance service that was to be satisfied within 2 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax from continuing operations includes the following:

		Group	
	Note	2022 $'000	2021 $'000
Impairment losses written back for trade and other receivables		(1,190)	(7,762)
Inventories recognised as an expense in cost of sales	13	2,694,829	3,642,424
Amortisation of intangible assets		14,780	9,577
Depreciation of property, plant and equipment		120,930	119,341
Depreciation of investment property		71	74
Depreciation of right-of-use assets		17,410	16,506
Property, plant and equipment written off		880	410
Audit fees paid/payable:			
– auditors of the Company		1,183	1,192
– other auditors		1,654	1,507
Non-audit fees paid/payable to:			
– auditors of the Company		20	23
– other auditors		299	285
Exchange loss/(gain), net		3,339	(933)
Fair value gain on investments		–	(29)
Gain on disposal of associate		(271)	–
Gain on disposal of property, plant and equipment		(1,374)	(561)
Gain on disposal of right-of-use assets		(801)	(3,066)
Gain on disposal of other investments		(59)	(419)
Gain on disposal of assets classified as held-for-sale		(10,489)	–
Provisions made, net		65,003	58,471
Allowance made/(written back) for inventory obsolescence, net		11,447	(1,650)
Inventories written off		–	2,101
Impairment losses on property, plant and equipment		3,524	1,507
Impairment losses on intangible assets		319	–
Impairment losses on interests in joint ventures		202	–
Dividend income from other investments		(79)	(670)
Interest income:			
– cash and short-term deposits		(28,182)	(28,166)
– other related corporations		(103)	(155)
Gain on debt assignment		–	(9,990)
Sale of scrap		(1,663)	(1,164)
Government grants [(1)]		(36,202)	(35,030)

(1) Government grants were mainly to support and fund production facilities and research and development activities for product innovations and developments of engines. In 2021, the Group also recognised Coronavirus Disease 2019 ("COVID-19") related government assistance for its operations in Singapore and Malaysia. The grants had been included in the "Other income" line item or deducted against related expenses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. FINANCE COSTS

	Group	
	2022 $'000	2021 $'000
Bank term loans	23,748	22,208
Lease liabilities	1,047	889
Bills and other discounting	4,933	5,807
Bank charges	1,049	1,187
Facilities fees	390	–
	31,167	30,091

28. EMPLOYEE BENEFITS

	Group	
	2022 $'000	2021 $'000
Wages and salaries	270,372	352,945
Cost of share-based payments	34	46
Contributions to defined contribution plans	77,058	81,696
	347,464	434,687

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022 $'000	2021 $'000
Consolidated income statement:		
Current tax charge		
– Current year	24,313	15,922
– Under/(over) provision in respect of prior years	5,419	(5,417)
	29,732	10,505
Deferred tax expense		
– Movements in temporary differences	(11,524)	220
– Under provision in respect of prior years	189	–
	(11,335)	220
Withholding tax expense	2,338	3,027
Income tax expense recognised in profit or loss	20,735	13,752

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	Group	
	2022 $'000	2021 $'000
Profit before income tax from continuing operations	123,652	132,495
Income tax using the PRC tax rate of 25% (2021: 25%)	30,913	33,124
Adjustments:		
Effect of different tax rates in other countries	(4,647)	(3,389)
Effect of tax concessions	(6,585)	(6,734)
Non-deductible expenses	3,812	9,770
Tax-exempt income	(845)	(6,280)
Utilisation of deferred tax benefits previously not recognised	(672)	–
Deferred tax benefits not recognised	6,597	1,916
Tax credits for research and development expense	(15,673)	(12,426)
Under/(over) provision in respect of prior years:		
– current	5,419	(5,417)
– deferred	189	–
Withholding tax expense	2,338	3,027
Others	(111)	161
	20,735	13,752

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit (cont'd)

Certain subsidiaries of the Group in the PRC have been granted a concessionary tax rate under the Corporate Income Tax ("CIT") Law of the PRC. Income from these entities is subject to tax at the concessionary rate of 15% instead of the national standard income tax rate of 25% (2021: 25%). This concession is available subject to certain conditions including these entities remain engaged in advanced and new technology.

The CIT law also provides for a tax of 10% to be withheld from dividends paid to foreign investors of the PRC enterprises. This withholding tax provision does not apply to dividends paid out of profits earned prior to 1 January 2008. Beginning on 1 January 2008, a 10% withholding tax is imposed on dividends paid to the Group, as a non-resident enterprise, unless an applicable tax treaty provides for a lower tax rate and the Group will recognise a provision for withholding tax payable for profits accumulated after 31 December 2007 for the earnings that the Group does not plan to indefinitely reinvest in the PRC enterprises. As of 31 December 2022, the amount of deferred tax liability recognised in respect of withholding tax payable was $11,915,000 (2021: $13,903,000). The amount of unrecognised deferred tax liability relating to undistributed earnings of the PRC enterprises is estimated to be $36,746,000 (2021: $41,474,000).

30. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on:

	Group	
	2022 $'000	2021 $'000
Net profit attributable to owners of the Company	54,538	60,121
Add/(less): Loss/(profit) from discontinued operation, net of tax attributable to owners of the Company	218	(461)
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations	54,756	59,660

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

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

	Group	
	2022 No. of shares	**2021 No. of shares**
Weighted average number of shares issued, used in the calculation of basic earnings per share	741,914,289	747,866,637
Dilutive effect of share options	95,628	185,072
Weighted average number of ordinary shares (diluted)	742,009,917	748,051,709

120,000 (2021: 190,000) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

31. DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. SHARE OPTIONS

By the Company

Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme")

The HLA Share Option Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 30 December 2000 for an initial duration of 10 years (from 30 December 2000 to 29 December 2010). The HLA Share Option Scheme was extended at the annual general meeting ("AGM") of the Company held on 29 April 2010 for a further period of 10 years from 30 December 2010 to 29 December 2020. At the Company's AGM held on 18 June 2020, the shareholder approved the second extension of the duration of the HLA Share Option Scheme for another period of ten years from 30 December 2020 to 29 December 2030.

The HLA Share Option Scheme is administered by a committee comprising the following members:

Ng Sey Ming – Chairman
Kwek Leng Peck
Tan Chian Khong
Kwong Ka Lo @ Caroline Kwong

All options granted under the HLA Share Option Scheme are subject to a vesting schedule as follows:

Market Price Options:

(1) one year after the date of grant for up to 33% of the Shares over which the options are exercisable;

(2) two years after the date of grant for up to 66% (including (1) above) of the Shares over which the options are exercisable; and

(3) three years after the date of grant for up to 100% (including (1) and (2) above) of the Shares over which the options are exercisable.

Incentive Price Options:

(1) two years after the date of grant for up to 33% of the Shares over which the options are exercisable;

(2) three years after the date of grant for up to 66% (including (1) above) of the Shares over which the options are exercisable; and

(3) four years after the date of grant for up to 100% (including (1) and (2) above) of the Shares over which the options are exercisable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. SHARE OPTIONS (CONT'D)

By the Company (cont'd)

Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme") (cont'd)

Details of the options granted under the HLA Share Option Scheme to subscribe for ordinary shares of the Company as at the end of the financial year are as follows:

Date of grant	Exercise price per Share	Number of options outstanding at 1 January 2022	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Number of options outstanding at 31 December 2022	Number of options exercisable at 1 January 2022	Number of options exercisable at 31 December 2022	Proceeds on options exercised during the year credited to share capital	Market price of Shares at exercise date of option	Exercise period
28/1/2014	$1.31	190,000	–	–	(130,000)	60,000	190,000	60,000	–	–	28/1/2015 to 27/1/2024
11/6/2020	$0.54	308,400	–	(72,600)	(57,800)	178,000	42,410	100,820	$39,204	$0.650 – $0.655	11/6/2021 to 10/6/2030
3/3/2021	$0.72	200,000	–	–	–	200,000	–	66,000	–	–	3/3/2022 to 2/3/2031
18/8/2021	$0.87	60,000	–	–	–	60,000	–	19,800	–	–	18/8/2022 to 17/8/2031
Total		758,400	–	(72,600)	(187,800)	498,000	232,410	246,620	$39,204		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. SHARE OPTIONS (CONT'D)

By the Company (cont'd)

Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme") (cont'd)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is estimated at the date of the grant using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions:

Date of grant of options	On 28 January 2014	On 11 June 2020	On 3 March 2021	On 18 August 2021
Fair value at measurement date ($)	0.13 – 0.25	0.12 – 0.15	0.18 – 0.21	0.23 – 0.27
Share price ($)	1.31	0.52	0.72	0.855
Exercise price ($)	1.31	0.54	0.72	0.87
Expected volatility (%)	21.1 – 34.0	38.2 – 42.2	39.6 – 41.8	41.2 – 43.1
Expected option life (years)	2 – 4	2 – 4	2 – 4	2 – 4
Expected dividends (%)	3.1	0.5	0.4	–
Risk-free interest rate (%)	0.6 – 0.8	0.3 – 0.5	0.4 – 0.7	0.5 – 0.8

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

The range of exercise prices for options outstanding at the end of the year was $0.54 to $1.31 (2021: $0.54 to $1.31). The weighted average remaining contractual life for these options is 7.12 years (2021: 7.14 years).

By Subsidiary

China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan")

The CYI Equity Plan was approved by the shareholders at the annual general meeting of CYI held on 4 July 2014. It is administered by CYI's Compensation Committee comprising the following members:

Kwek Leng Peck – Chairman
Neo Poh Kiat
Raymond Ho Chi-Keung

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. SHARE OPTIONS (CONT'D)

By Subsidiary (cont'd)

China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan") (cont'd)

The CYI Equity Plan contains the following key terms:

(i) only share options, restricted stock and stock payments (the "Awards") may be granted to employees of CYI or a subsidiary of CYI ("CYI Group Employees");

(ii) the maximum aggregate number of shares that may be issued under the CYI Equity Plan shall not exceed 1,800,000 ordinary shares of US$0.10 each ("Ordinary Shares") subject to adjustment under the CYI Equity Plan;

(iii) the maximum aggregate number of Ordinary Shares with respect to one or more Awards that may be granted to any one eligible person during any calendar year is 300,000;

(iv) CYI's Compensation Committee shall administer the CYI Equity Plan and it has full power and authority to (a) select grantees from eligible individuals to receive the Awards and determine the time when Awards will be granted; (b) determine the number of Awards and the number of Ordinary Shares covered by each Award; (c) determine the terms and conditions of each Award; (d) approve the forms of agreement for use under the CYI Equity Plan; (e) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the CYI Equity Plan; and (f) take any and all other action as it deems necessary or advisable for the operation or administration of the CYI Equity Plan and the Awards;

(v) the price per Ordinary Share at which a holder may subscribe for the Ordinary Shares issuable upon the exercise of the option granted pursuant to the CYI Equity Plan shall be determined by CYI's Compensation Committee and shall not be less than:

- the Fair Market Value of the Ordinary Shares on the date the option is granted; and
- the par value of the Ordinary Shares;

(vi) Options granted under the CYI Equity Plan shall become exercisable ("vest") in the manner and subject to such conditions provided by CYI's Compensation Committee and set forth in the written Award agreement with respect to such options; and

(vii) the CYI Equity Plan shall terminate automatically ten years after its effective date unless terminated earlier. Awards outstanding at the time of the CYI Equity Plan's termination may continue to be exercised in accordance with their terms and shall continue to be governed by and interpreted consistent with the terms of the CYI Equity Plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. SHARE OPTIONS (CONT'D)

By Subsidiary (cont'd)

China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan") (cont'd)

No option was granted under the CYI Equity Plan during the financial year under review. As at the end of the year, there were a total of 270,000 unissued Ordinary Shares under option granted pursuant to the CYI Equity Plan. Details of the options to subscribe for Ordinary Shares in CYI are as follows:

Date of grant	Exercise price per Ordinary Share	Balance at 1 January 2022	Options granted	Options exercised	Options cancelled/ lapsed	Balance at 31 December 2022	Exercise Period
29/7/2014	US$21.11	270,000	–	–	–	270,000	29/7/2015 to 28/7/2024

The above options are subject to a vesting period of three years from the date of grant with one-third of the options vesting on each 12-month anniversary of the date of grant.

The persons to whom these options have been granted have not been granted any right to participate by virtue of the options, in any share issue of any other company.

33. COMMITMENTS

Capital commitments

Capital expenditure contracted for as at the end of the year but not recognised in the financial statements is as follows:

	Group	
	2022 $'000	2021 $'000
Capital commitments in respect of property, plant and equipment	71,531	110,119

Operating lease commitments as lessee

As at 31 December 2022, the Group has no lease contract that has not yet commenced.

As at 31 December 2021, the Group has various lease contracts that have not yet commenced. The future lease payments for these non-cancellable lease contracts are $587,000 within one year and $462,000 within five years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. RELATED PARTY TRANSACTIONS

(a) ***Compensation of key management personnel***

	Group	
	2022 $'000	2021 $'000
Short-term employee benefits	8,239	8,845
Defined contribution plans	135	161
Equity compensation benefits	21	33
	8,395	9,039

Directors' remuneration included in key management personnel compensation amounted to $2,835,000 (2021: $2,445,000).

Hong Leong Asia Share Option Scheme 2000 (the "HLA Share Option Scheme")

Key management personnel of the Group participate in the HLA Share Option Scheme as described in Note 32. During the financial year, no (2021: 200,000) options were granted to key management personnel pursuant to the HLA Share Option Scheme during the year. All Options are subject to a vesting schedule.

As at the end of the year, 249,000 (2021: 380,400) options granted to key management personnel were outstanding, of which 200,000 (2021: 200,000) were Options granted to an Executive Director of the Company.

China Yuchai International Limited ("CYI") Equity Incentive Plan ("CYI Equity Plan")

Awards of share options, restricted stock and stock payments may be granted to key management personnel of the Group who are employees of CYI or a subsidiary of CYI pursuant to the CYI Equity Plan as described in Note 32. In 2022 and 2021, no award was granted to key management personnel under the CYI Equity Plan during the financial years under review. As at the end of the year, 270,000 (2021: 270,000) options granted to key management personnel were outstanding. These options are subject to a vesting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. RELATED PARTY TRANSACTIONS (CONT'D)

(b) ***Sale and purchase of goods and services (cont'd)***

Significant transactions with related parties made at terms agreed between the parties, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2022 $'000	2021 $'000
Sale of engines and materials		
– associates and joint ventures	102,190	91,909
– related corporations	461,473	671,756
Purchase of materials, supplies and engines		
– associates and joint ventures	379,159	491,090
– related corporations	214,918	272,375
Management services income		
– an associate	444	444
Management services paid and payable		
– related corporations	459	806
Rental paid and payable (include general expenses)		
– immediate holding company	679	491
General and administrative expenses		
– joint ventures	26	1,068
– related corporations	17,023	11,950
Delivery, storage, distribution and handling expenses		
– related corporations	41,137	62,658
Hospitality, restaurant and consultancy service income		
– a joint venture	1,039	448
– related corporations	2,121	1,377
Rental income		
– joint ventures	986	961
– related corporations	118	57
Purchase of vehicles and machineries		
– related corporations	513	721

(c) ***Outstanding balances with a related party***

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. RELATED PARTY TRANSACTIONS (CONT'D)

(d) ***Commitments with related parties***

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Group and the Company. The management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. The Group's and the Company's policies and financial authority limits are documented and reviewed periodically. The financial authority limits seek to limit and mitigate operational risk by setting threshold of approvals required for the entry into contractual obligations and investments.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The Group and the Company require collateral in respect of financial assets in certain circumstances.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

The Group determined that its financial assets are credit-impaired when:

- There are significant financial difficulties of the issuer or the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 360 days from the invoice date. Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the income statement.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The expected credit losses incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

The Group's exposure to credit risk arises primarily from its diesel engines segment. As at 31 December 2022, the carrying amount of the trade receivables from the top five customer groups of the diesel engines segment was $191,365,000 (2021: $43,172,000). This accounted for approximately 39.6% (2021: 20.6%) of the Group's trade receivables (including trade amounts due from related corporation but excluding bills receivables). These customers are located in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and short-term deposits.

The Group's and the Company's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts. The Group's and the Company's debt obligations are mainly denominated in Singapore Dollar, United States Dollar, Chinese Renminbi and Ringgit Malaysia, and at fixed and floating rates of interest. For variable rate financial instruments, a change of 100 bp in interest rate at the reporting date would increase/(decrease) profit before income tax by the amounts shown below.

	Profit before income tax	
	100 bp Increase $'000	100 bp Decrease $'000
Group		
31 December 2022		
Floating rate instruments	(1,507)	1,507
31 December 2021		
Floating rate instruments	(1,876)	1,876

	Profit before income tax	
	100 bp Increase $'000	100 bp Decrease $'000
Company		
31 December 2022		
Floating rate instruments	(3,697)	3,697
31 December 2021		
Floating rate instruments	(3,766)	3,766

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows, and having adequate amounts of committed credit facilities.

The Group assesses the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash outflows is disclosed in Note 20.

(d) *Foreign currency risk*

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily the Singapore Dollar, Chinese Renminbi ("RMB"), United States Dollar ("USD"), Ringgit Malaysia ("MYR") and Euro.

Foreign currency translation exposure is managed by incurring debt in the operating currency so that where possible operating cash flows can be primarily used to repay obligations in the local currency. This also has the effect of minimising the exchange differences recorded against income, as the exchange differences on the net investment are recorded directly against equity.

The Group does not apply hedge accounting for such foreign currency denominated sales, purchases and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Foreign currency risk (cont'd)*

The Group's and the Company's financial assets and liabilities balances that have exposures to foreign currencies are as follows:

Group	Singapore Dollar $'000	Chinese Renminbi $'000	United States Dollar $'000	Ringgit Malaysia $'000	Euro $'000
2022					
Trade and other receivables	290	1,968	59,966	–	1,747
Cash and bank balances	32,372	318	13,317	2,956	249
Loans and borrowings	(39)	–	(3,369)	–	–
Trade and other payables	(59,622)	(527)	(84,528)	(9,281)	(5,293)
	(26,999)	1,759	(14,614)	(6,325)	(3,297)
Add: Loan payables forming part of net investment in foreign entities	54,516	–	–	–	–
	27,517	1,759	(14,614)	(6,325)	(3,297)

Group	Singapore Dollar $'000	Chinese Renminbi $'000	United States Dollar $'000	Ringgit Malaysia $'000	Euro $'000
2021					
Other investments	129	–	–	–	–
Trade and other receivables	148	20,658	57,837	1,864	1,879
Cash and bank balances	34,893	311	1,107	3,041	540
Loans and borrowings	(303)	–	(8,742)	–	–
Trade and other payables	(80,576)	(151)	(81,867)	(7,565)	(6,864)
	(45,709)	20,818	(31,665)	(2,660)	(4,445)
Add: Loan payables forming part of net investment in foreign entities	54,516	–	–	–	–
	8,807	20,818	(31,665)	(2,660)	(4,445)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) ***Foreign currency risk (cont'd)***

	2022		2021	
Company	**Chinese Renminbi $'000**	**United States Dollar $'000**	**Chinese Renminbi $'000**	**United States Dollar $'000**
Trade and other receivables	868	59,131	956	57,732
Cash and bank balances	71	8,106	79	89
Loans and borrowings	–	–	–	(5,783)
Trade and other payables	(1)	(3)	(1)	(9)
	938	67,234	1,034	52,029

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would increase/(decrease) profit before income tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before income tax	
Group	**2022 $'000**	**2021 $'000**
Singapore Dollar	2,752	881
Chinese Renminbi	176	2,082
United States Dollar	(1,461)	(3,167)
Ringgit Malaysia	(633)	(266)
Euro	(330)	(445)
Company		
Chinese Renminbi	94	103
United States Dollar	6,723	5,203

A 10% weakening of the above would have equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. 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.

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

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

	Group		
31 December 2022	**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Total $'000**
Financial assets			
Other investments	11,056	–	11,056
Bill receivables	–	957,930	957,930
At 31 December 2022	11,056	957,930	968,986
Financial liabilities			
Derivatives	–	142	142
At 31 December 2022	–	142	142

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) ***Assets and liabilities measured at fair value (cont'd)***

	Group		
31 December 2021	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Total**
	$'000	**$'000**	**$'000**
Financial assets			
Other investments	22,984	–	22,984
Bill receivables	–	1,365,309	1,365,309
At 31 December 2021	22,984	1,365,309	1,388,293
Financial liabilities			
Derivatives	–	7	7
At 31 December 2021	–	7	7

(c) ***Level 2 fair value measurements***

The Group's derivatives at the end of the reporting period consist of the following:

i. In 2021, the Group entered into forward currency contracts which were used for the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to 2022. The Group accounted for the derivatives at fair value through "Other income" in the income statement.

ii. In 2022, the Group used onshore foreign currency loans to manage some of its transaction exposure. The Group accounted for the derivatives at fair value through "Other expenses" in the income statement.

The fair value of forward currency contracts and onshore foreign currency loans are determined directly by reference to the marked-to-market ("MTM") rates provided by the bank.

The fair value of the Group's bill receivables are measured based on quoted market interest rates of similar instruments.

(d) ***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 (Note 15), cash and short-term deposits (Note 16), trade and other payables (Note 22), and current loans and borrowings (Note 20) are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of non-current receivables (Note 11) and other non-current liabilities (Note 22) are reasonable approximation of fair values as the consideration of time value of money is not material.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) ***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)***

The carrying amounts of long term deposits (Note 16) and non-current loans and borrowings (Note 20) 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.

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

Classification of financial instruments

Group	**Financial assets at amortised cost $'000**	**Fair value through OCI $'000**	**Financial liabilities at amortised cost $'000**	**Total $'000**
31 December 2022				
Assets				
Other investments	–	11,056	–	11,056
Non-current receivables	4,560	–	–	4,560
Trade receivables	420,622	–	–	420,622
Bill receivables	–	957,930	–	957,930
Due from related corporations	118,424	–	–	118,424
Refundable deposits	2,900	–	–	2,900
Other receivables	34,449	–	–	34,449
Cash and bank balances	1,017,468	–	–	1,017,468
	1,598,423	968,986	–	2,567,409
Liabilities				
Trade payables	–	–	1,292,743	1,292,743
Accrued expenses	–	–	222,380	222,380
Other payables	–	–	25,936	25,936
Refund liabilities	–	–	42,494	42,494
Due to related corporations	–	–	92,818	92,818
Loans and borrowings	–	–	874,603	874,603
Lease liabilities	–	–	40,592	40,592
Other non-current liabilities	–	–	45,345	45,345
	–	–	2,636,911	2,636,911

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For the financial year ended 31 December 2022

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) ***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)***

Classification of financial instruments (cont'd)

Group	Financial assets at amortised cost $'000	Fair value through profit or loss $'000	Fair value through OCI $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2021					
Assets					
Other investments	–	129	22,855	–	22,984
Non-current receivables	3,665	–	–	–	3,665
Trade receivables	189,833	–	–	–	189,833
Bill receivables	–	–	1,365,309	–	1,365,309
Due from related corporations	44,691	–	–	–	44,691
Refundable deposits	3,259	–	–	–	3,259
Lease receivables	39	–	–	–	39
Other receivables	21,113	–	–	–	21,113
Cash and bank balances	1,242,352	–	–	–	1,242,352
	1,504,952	129	1,388,164	–	2,893,245
Liabilities					
Trade payables	–	–	–	1,513,251	1,513,251
Accrued expenses	–	–	–	317,791	317,791
Other payables	–	–	–	28,783	28,783
Refund liabilities	–	–	–	152,369	152,369
Due to related corporations	–	–	–	109,255	109,255
Loans and borrowings	–	–	–	900,833	900,833
Lease liabilities	–	–	–	42,459	42,459
Other non-current liabilities	–	–	–	40,029	40,029
	–	–	–	3,104,770	3,104,770

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For the financial year ended 31 December 2022

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) ***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)***

Classification of financial instruments (cont'd)

Company	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2022			
Assets			
Due from related corporations	381,155	–	381,155
Refundable deposits	1	–	1
Cash and short-term deposits	9,481	–	9,481
	390,637	–	390,637
Liabilities			
Accrued expenses	–	3,895	3,895
Other payables	–	76	76
Due to related corporations	–	1,584	1,584
Loans and borrowings	–	377,713	377,713
Lease liabilities	–	34	34
	–	383,302	383,302
31 December 2021			
Assets			
Due from related corporations	383,042	–	383,042
Refundable deposits	1	–	1
Cash and short-term deposits	1,996	–	1,996
	385,039	–	385,039
Liabilities			
Accrued expenses	–	2,974	2,974
Other payables	–	94	94
Due to related corporations	–	1,577	1,577
Loans and borrowings	–	376,696	376,696
Lease liabilities	–	7	7
	–	381,348	381,348

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For the financial year ended 31 December 2022

37. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital structure in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

As disclosed in Note 19(b), the Group's subsidiaries in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above mentioned subsidiaries for the financial years ended 31 December 2022 and 2021.

There were no changes in the Group's approach to capital management during the year.

	Group	
	2022 $'000	2021 $'000
Loans and borrowings (current and non-current)	874,603	900,833
Trade and other liabilities (current and non-current)	1,724,299	2,164,125
Less: Cash and deposits	(1,017,468)	(1,242,352)
Net debt	1,581,434	1,822,606
Equity attributable to the owners of the Company	902,552	956,905
Less: Fair value reserve	(7,797)	(19,291)
Statutory reserve	(22,207)	(16,802)
Total capital	872,548	920,812
Capital and net debt	2,453,982	2,743,418

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. SEGMENT INFORMATION

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

Reportable segments

(i) Diesel engines: diesel engines and automobile spare parts.

(ii) Building materials: cement, precast concrete products, ready-mix concrete and quarry products.

(iii) Rigid packaging: plastic packaging related products and container components.

(iv) Air-conditioning systems (discontinued operation – see Note 6(d)): commercial and residential air-conditioning products and lifestyle consumer appliances.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. SEGMENT INFORMATION (CONT'D)

Reportable segments (cont'd)

2022	Diesel engines $'000	Building materials $'000	Rigid Packaging $'000	Corporate and Others* $'000	Air-conditioning systems (Discontinued operation) $'000	Adjustments $'000	Consolidated total $'000
Total external revenue	3,263,272	585,417	25,747	6,705	–	–	3,881,141
Interest income ^	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 ^	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 ^	66,991	45,626	8,228	(17,928)	(325)	325	102,917
Other material non-cash items:							
– Impairment losses recognised on property, plant and equipment and intangible assets	3,524	319	–	–	–	–	3,843
– Claims and restoration costs, net	–	1,310	–	–	–	–	1,310
– Warranties	64,678	–	–	–	–	–	64,678
– Onerous contract	(985)	–	–	–	–	–	(985)
Assets and liabilities							
Reportable segment assets	4,545,355	428,870	45,737	1,089,623	1,736	(965,486)	5,145,835
Investment in associates and joint ventures	28,947	140,363	–	914	–	–	170,224
Capital expenditure @	108,886	27,508	79	1,624	–	–	138,097
Reportable segment liabilities	2,368,367	166,170	104,361	1,231,524	1,122	(914,098)	2,957,446

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. SEGMENT INFORMATION (CONT'D)

Reportable segments (cont'd)

2021	Diesel engines $'000	Building materials $'000	Rigid Packaging $'000	Corporate and Others* $'000	Air-conditioning systems (Discontinued operation) $'000	Adjustments $'000	Consolidated total $'000
Total external revenue	4,428,830	471,130	30,171	2,458	–	–	4,932,589
Interest income ^	27,239	612	152	3,329	33	(3,044)	28,321
Interest expense	(23,295)	(622)	(458)	(7,564)	–	3,035	(28,904)
Depreciation and amortisation	(118,435)	(24,650)	(1,220)	(1,193)	–	–	(145,498)
Reportable segment profit/(loss) before income tax ^	94,766	32,430	(804)	6,103	688	(688)	132,495
Share of results of associates and joint ventures, net of income tax	(20,141)	3,628	–	159	–	–	(16,354)
Reportable segment profit/(loss) after income tax ^	85,687	28,179	(974)	5,851	688	(688)	118,743
Other material non-cash items:							
– Impairment losses recognised on property, plant and equipment and intangible assets	1,506	–	1	–	–	–	1,507
– Claims and restoration costs, net	–	15	–	–	–	–	15
– Warranties	60,878	–	–	–	–	–	60,878
– Onerous contract	(1,836)	(586)	–	–	–	–	(2,422)
Assets and liabilities							
Reportable segment assets	5,169,472	308,580	52,904	1,320,213	2,232	(1,074,802)	5,778,599
Investment in associates and joint ventures	31,671	140,529	–	900	–	–	173,100
Capital expenditure @	160,856	16,631	222	918	–	–	178,627
Reportable segment liabilities	2,816,607	163,351	118,305	1,255,403	1,413	(932,385)	3,422,694

* Others include hospitality and property development.

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

@ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. SEGMENT INFORMATION (CONT'D)

Geographical segments

The Group operations are primarily in the PRC, Singapore and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	The PRC $'000	Singapore $'000	Malaysia $'000	Others $'000	Consolidated total $'000
2022					
Total revenue from external customers	3,266,264	404,484	188,409	21,984	3,881,141
Non-current assets #^^	1,138,132	70,435	130,163	3	1,338,733
2021					
Total revenue from external customers	4,450,537	327,040	143,135	11,877	4,932,589
Non-current assets #^^	1,273,463	71,461	141,504	3	1,486,431

Exclude interests in associates and joint ventures, other investments, capitalised contract costs, deferred tax assets, long-term deposits and non-current receivables.

^^ Exclude assets relating to the discontinued air-conditioning systems segment.

Major customer

Revenue from two customer group of the Group's diesel engines segment in the PRC amounted to approximately $962,173,000 (2021: $1,781,968,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

39. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) ***Derecognition of bill receivable***

The Group sells bill receivable to banks on an ongoing basis depending on funding needs and money market conditions. The Group also endorses certain bills to suppliers for debts settlement. Chinese law governing bills allows recourse to be traced to all the parties in the discounting and endorsing process. In relation to the derecognition of bill receivable when discounted and endorsed, the management assesses the credit rating of the banks that issued these bills, considers the designated commercial banks by China regulatory are high credit rating and believes that the contractual right to receive the cash flows from the asset have terminated with the Group, but transferred to the banks and suppliers. Accordingly, the respective bill receivable are derecognised, and a discount equal to the difference between the carrying value of the bills receivable and cash received is recorded in the statement of profit or loss. Please refer to Note 15 to the financial statements.

(ii) ***Identifying contract price and performance obligations in sales of engines***

The Group provides certain warranties for both general repairs and maintenance service as part of the sales of engines. For general repairs, such warranties will be assurance-type warranty that will continue to be accounted for under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. For maintenance services, it will be accounted for as a service-type warranties that are capable of being distinct and customers can benefit from the service on its own. Hence, the Group identified two separate performance obligations, one is the promise to transfer the engine and the other one is to provide maintenance services after reaching certain on-road mileage or running hours. Consequently, the Group allocated a portion of the transaction price to the engines and the maintenance services based on a combination of expected cost plus margin and residual approaches. Please refer to Note 25 to the financial statements.

(iii) ***Capitalisation of development expenditure***

Development expenditure are capitalised in accordance with the accounting policy in Note 2.13. Capitalisation of development expenditure is based on management's judgement to determine what constitutes development activities, and when a development project moves from the research phase into development phase. In addition, management's judgement is required to determine the nature of the expenses that qualify for capitalisation. The carrying amount of development expenditure capitalised is disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

39. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of property, plant and equipment

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of property, plant and equipment are disclosed in Note 5 to the financial statements.

40. COMPARATIVE FIGURES

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

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

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of Hong Leong Asia Ltd. for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors passed on 24 March 2023.

财务报表

资产负债表

2022年12月31日

	附注	合并 2022年12月31日 $' 000	合并 2021年12月31日 $' 000	母公司 2022年12月31日 $' 000	母公司 2021年12月31日 $' 000
非流动资产					
固定资产	3	887,895	1,012,752	1,567	216
无形资产	4	323,541	332,851	–	1
子公司股权投资	6	–	–	229,867	229,867
联营公司权益	7	126,166	126,452	14,605	14,605
合资公司权益	8	44,058	46,648	–	–
投资性房地产	9	916	1,079	–	–
其它金融资产	10	11,056	22,855	–	–
长期应收款	11	4,560	3,665	–	3,500
合同资产	25	38,095	31,284	–	–
使用权资产	21	126,381	139,749	34	5
递延所得税资产	12	92,255	84,598	–	–
长期存款	16	3,854	23,331	–	–
		1,658,777	1,825,264	246,073	248,194
流动资产					
存货	13	1,028,903	1,186,923	–	–
开发性房地产	14	3,221	3,430	–	–
其它金融资产	10	–	129	–	–
应收账款及其他应收款	15	1,609,808	1,712,457	381,257	379,591
货币资金	16	1,013,614	1,219,021	9,481	1,996
		3,655,546	4,121,960	390,738	381,587
持有待售资产	17	–	2,243	–	–
分类为待分配给所有者的资产	6(d)	1,736	2,232	–	–
		3,657,282	4,126,435	390,738	381,587
总资产合计		5,316,059	5,951,699	636,811	629,781

此报告中的附注是组成这些财务报表不可或缺的内容

资产负债表

2022年12月31日

	附注	合并 2022年12月31日 $' 000	合并 2021年12月31日 $' 000	母公司 2022年12月31日 $' 000	母公司 2021年12月31日 $' 000
流动负债					
应付账款及其他应付款	22	1,678,954	2,124,096	5,555	4,645
合同负债	25	119,038	121,588	–	–
租赁负债	21	12,260	12,572	7	6
预计负债	24	45,592	55,849	–	–
短期借款	20	671,528	724,460	217,713	236,696
应付所得税		22,737	14,529	–	21
衍生金融负债		142	7	–	–
		2,550,251	3,053,101	223,275	241,368
分类为待分配给所有者直接相关的负债	6(d)	1,122	1,413	–	–
		2,551,373	3,054,514	223,275	241,368
净流动资产		1,105,909	1,071,921	167,463	140,219
非流动负债					
长期借款	20	203,075	176,373	160,000	140,000
递延所得税负债	12	22,617	19,903	2,463	3,058
递延补贴	23	91,799	87,313	–	–
其他负债	22	45,345	40,029	–	–
合同负债	25	14,903	14,672	–	–
租赁负债	21	28,332	29,887	27	1
应付退休金		2	3	–	–
		406,073	368,180	162,490	143,059
总负债合计		2,957,446	3,422,694	385,765	384,427
净资产		2,358,613	2,529,005	251,046	245,354
股本与公积					
发行股本	18	467,977	467,938	467,977	467,938
各项储备	19	433,782	488,353	(216,931)	(222,584)
分类为待分配给所有者的公积	6(d)	793	614	–	–
		902,552	956,905	251,046	245,354
非控股权益		1,456,061	1,572,100	–	–
所有者权益合计		2,358,613	2,529,005	251,046	245,354
负债及所有者权益总计		5,316,059	5,951,699	636,811	629,781

此报告中的附注是组成这些财务报表不可或缺的内容

合并利润表

截至2022年12月31日

	附注	合并 2022 $' 000	合并 2021 $' 000
持续经营			
营业收入	25	3,881,141	4,932,589
营业成本		(3,199,547)	(4,203,150)
毛利润		681,594	729,439
其他收入项目			
其他收入		84,878	93,139
其他费用项目			
销售费用		(279,432)	(286,966)
研发费用		(170,619)	(176,871)
管理费用		(162,371)	(178,081)
财务费用	27	(31,167)	(30,091)
其他费用		(2,734)	(1,720)
应占联营企业的业绩		3,503	(16,354)
税前利润	26	123,652	132,495
所得税费用	29	(20,735)	(13,752)
本年来自持续经营的利润		102,917	118,743
终止经营			
本年来自终止经营的(亏损)/利润	6(d)	(325)	688
本年利润		102,592	119,431
利润归属于:			
母公司所有者			
– 本年来自持续经营的利润		54,756	59,660
– 本年来自终止经营的(亏损)/利润		(218)	461
		54,538	60,121
非控股权益			
– 本年来自持续经营的利润		48,161	59,083
– 本年来自终止经营的(亏损)/利润		(107)	227
		48,054	59,310
来自持续经营的每股收益(分)			
– 基本	30	7.32	7.98
– 稀释	30	7.32	7.98
来自持续及终止经营的每股收益(分)			
– 基本	30	7.29	8.04
– 稀释	30	7.29	8.04

此报告中的附注是组成这些财务报表不可或缺的内容

合并综合收益表

截至2022年12月31日

	合并 2022 $' 000	合并 2021 $' 000
本年利润	102,592	119,431
其他综合收益		
不能重分类进损益的其他综合收益		
其他权益工具投资公允价值变动	(11,477)	(13,399)
将重分类进损益的其他综合收益		
国外子公司,联营公司和合资公司的外币报表折算差额	(214,888)	92,873
其他债权投资公允价值变动	89	13,294
本年其他综合收益(税后净值)	(226,276)	92,768
本年综合收益总额	(123,684)	212,199
归属于:		
母公司所有者	(36,694)	84,316
非控股权益	(86,990)	127,883
本年综合收益总额	(123,684)	212,199
归属于:		
母公司所有者		
– 本年来自持续经营的综合收益	(36,476)	83,855
– 本年来自终止经营的综合收益	(218)	461
	(36,694)	84,316

此报告中的附注是组成这些财务报表不可或缺的内容

合并所有者权益变动表

截至2022年12月31日

合并	附注	发行股本 $' 000	资本公积 $' 000	法定公积 $' 000	公允价值公积 $' 000	权益报酬公积 $' 000	外币折算储备 $' 000	非控股权变动的盈余 $' 000	分类为待分配给所有者的待售组合的公积 $' 000	未分配利润 $' 000	归属于母公司所有者权益合计 $' 000	非控股权益 $' 000	所有者权益合计 $' 000
2022年1月1日余额		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
本年利润		–	–	–	–	–	–	–	–	54,538	54,538	48,054	102,592
其他综合收益													
国外子公司，联营公司和合资公司的外币报表折算差额		–	–	–	–	–	(79,738)	–	–	–	(79,738)	(135,150)	(214,888)
其他权益工具投资公允价值变动		–	–	–	(11,527)	–	–	–	–	–	(11,527)	50	(11,477)
其他债权投资公允价值变动		–	–	–	33	–	–	–	–	–	33	56	89
本年其他综合收益（税后净值）		–	–	–	(11,494)	–	(79,738)	–	–	–	(91,232)	(135,044)	(226,276)
本年综合收益总额		–	–	–	(11,494)	–	(79,738)	–	–	54,538	(36,694)	(86,990)	(123,684)
与所有者的交易直接在权益确认													
所有者投入和减少资本													
本年股本发行	18	39	–	–	–	–	–	–	–	–	39	–	39
支付公司股东股利	31	–	–	–	–	–	–	–	–	(14,958)	(14,958)	–	(14,958)
支付子公司非控股东股利		–	–	–	–	–	–	–	–	–	–	(33,419)	(33,419)
支付股份费用		–	–	–	–	34	–	–	–	–	34	–	34
非控股东的投入资本		–	–	–	–	–	–	–	–	–	–	10,913	10,913
对子公司控股权的变动													
子公司股权稀释		–	–	–	–	–	–	410	–	–	410	(410)	–
其他													
转入法定公积		–	–	5,405	–	–	–	–	–	(5,405)	–	–	–
分类为待分配给所有者的公积	6(d)	–	–	–	–	–	(179)	–	179	–	–	–	–
授予子公司非控股东卖出期权		–	(3,184)	–	–	–	–	–	–	–	(3,184)	(6,133)	(9,317)
2022年12月31日余额		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

此报告中的附注是组成这些财务报表不可或缺的内容

合并所有者权益变动表

截至2022年12月31日

合并	附注	发行股本 $' 000	资本公积 $' 000	法定公积 $' 000	公允价值公积 $' 000	权益报酬公积 $' 000	外币折算储备 $' 000	非控股权变动的盈余 $' 000	分类为待分配给所有者的待售组合的公积 $' 000	未分配利润 $' 000	归属于母公司所有者权益合计 $' 000	非控股权益 $' 000	所有者权益合计 $' 000
2021年1月1日余额		467,890	4,351	16,371	28,225	5,314	(5,053)	62,597	667	299,611	879,973	1,538,361	2,418,334
本年利润		–	–	–	–	–	–	–	–	60,121	60,121	59,310	119,431
<u>其他综合收益</u>													
国外子公司，联营公司和合资公司的外币报表折算差额		–	–	–	–	–	33,105	–	–	–	33,105	59,768	92,873
其他权益工具投资公允价值变动		–	–	–	(13,441)	–	–	–	–	–	(13,441)	42	(13,399)
其他债权投资公允价值变动		–	–	–	4,531	–	–	–	–	–	4,531	8,763	13,294
本年其他综合收益（税后净值）		–	–	–	(8,910)	–	33,105	–	–	–	24,195	68,573	92,768
本年综合收益总额		–	–	–	(8,910)	–	33,105	–	–	60,121	84,316	127,883	212,199
与所有者的交易直接在权益确认													
<u>*所有者投入和减少资本*</u>													
本年股本发行	18	48	–	–	–	–	–	–	–	–	48	–	48
支付公司股东股利	31	–	–	–	–	–	–	–	–	(7,478)	(7,478)	–	(7,478)
支付子公司非控股东股利		–	–	–	–	–	–	–	–	–	–	(94,144)	(94,144)
支付股份费用		–	–	–	–	46	–	–	–	–	46	–	46
<u>*其他*</u>													
转入法定公积		–	–	431	–	–	–	–	–	(431)	–	–	–
转出公允价值公积		–	–	–	(24)	–	–	–	–	24	–	–	–
分类为待分配给所有者的公积	6(d)	–	–	–	–	–	53	–	(53)	–	–	–	–
2021年12月31日余额		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

此报告中的附注是组成这些财务报表不可或缺的内容

所有者权益变动表

截至2022年12月31日

母公司	附注	发行股本 $'000	资本公积 $'000	权益报酬公积 $'000	未分配利润 $'000	合计 $'000
2022年1月1日余额		467,938	9,199	2,584	(234,367)	245,354
本年综合收益总额		–	–	–	20,577	20,577
与所有者的交易直接在权益确认						
所有者投入和减少资本						
本年股本发行	18	39	–	–	–	39
支付公司股东股利	31	–	–	–	(14,958)	(14,958)
支付股份费用		–	–	34	–	34
2022年12月31日余额		467,977	9,199	2,618	(228,748)	251,046
2021年1月1日余额		467,890	9,199	2,538	(263,163)	216,464
本年综合收益总额		–	–	–	36,274	36,274
与所有者的交易直接在权益确认						
所有者投入和减少资本						
本年股本发行	18	48	–	–	–	48
支付公司股东股利	31	–	–	–	(7,478)	(7,478)
支付股份费用		–	–	46	–	46
2021年12月31日余额		467,938	9,199	2,584	(234,367)	245,354

此报告中的附注是组成这些财务报表不可或缺的内容

合并现金流量表

截至2022年12月31日

	附注	合并 2022 $'000	合并 2021 $'000
经营活动产生的现金流量			
本年来自持续经营的税前利润		123,652	132,495
本年来自终止经营的税前(亏损)/利润		(325)	688
调整项目:			
应占联营企业的业绩		(3,503)	16,354
股份支付费用	28	34	46
折旧与摊销费用		153,191	145,498
存货跌价准备变动		11,447	(1,694)
存货注销	26	–	2,101
应收账款及其他应收款坏账准备变动		(1,190)	(8,091)
固定资产及无形资产减值准备		3,843	1,507
合资公司权益减值损失	26	202	–
固定资产注销	26	880	410
财务费用		31,167	30,094
其他投资股利收入	26	(79)	(670)
利息收入		(28,296)	(28,354)
处置以下资产的(收益)/损失:			
– 联营公司	26	(271)	–
– 固定资产	26	(1,374)	(561)
– 使用权资产	26	(801)	(3,066)
– 持有待售资产	26	(10,489)	–
– 其他金融资产	26	(59)	(419)
债务转让收益	26	–	(9,990)
其他投资公允价值变动收益	26	–	(29)
三包费及其他准备计提净额	26	65,003	58,471
流动资金变动前经营活动产生的现金流量		343,032	334,790
流动资金的变动:			
存货的变动		37,470	(178,140)
应收账款，合同资产及其他应收款的变动		(90,067)	212,338
应付账款，合同负债及其他应付款的变动		(211,896)	(152,666)
政府补贴收入收到的现金		39,652	13,969
已计提准备的使用	24	(70,667)	(62,416)
经营活动产生的现金流量		47,524	167,875
支付所得税		(9,875)	(37,209)
经营活动产生的现金流量净额		37,649	130,666

此报告中的附注是组成这些财务报表不可或缺的内容

合并现金流量表

截至2022年12月31日

	附注	合并 2022 $' 000	合并 2021 $' 000
投资活动产生的现金流量			
收购联营公司与合资公司股权支付的现金		(1,072)	(71,822)
取得股利分配收到的现金：			
– 联营公司与合资公司		8,663	868
– 其他金融资产		66	663
取得利息收入收到的现金		28,221	26,955
银行存款净流入		29,386	5,999
购置资产支付的现金：			
– 固定资产		(115,880)	(135,989)
– 使用权资产		–	(4,699)
– 无形资产		(34,100)	(59,984)
– 其他金融资产		–	(12,651)
处置资产产生的净现金流入:			
– 联营公司		204	–
– 固定资产		2,097	2,144
– 使用权资产		1,466	8,594
– 持有待售资产		11,476	–
– 其它金融资产		110	1,350
投资活动使用的现金流量净额		(69,363)	(238,572)
筹资活动产生的现金流量			
非控股东的投入资本		10,913	–
支付子公司非控股东股利		(33,419)	(94,144)
支付公司股东股利		(14,958)	(7,478)
偿付利息支付的现金		(32,296)	(30,606)
发行股本收到的现金		39	48
向银行借款收到的现金		408,673	468,359
偿还银行贷款支付的现金		(389,608)	(410,052)
偿还租赁负债支付的现金		(12,905)	(11,426)
筹资活动使用的现金流量净额		(63,561)	(85,299)
现金及现金等价物净减少额		(95,275)	(193,205)
年初现金及现金等价物余额	16	1,129,344	1,274,451
汇率变动对现金及现金等价物的影响		(91,801)	48,098
年末现金及现金等价物余额	16	942,268	1,129,344

附注:

存放于实行外汇管制的中国的现金及现金等价物共计$721,349,000 (2021: $908,580,000)。

此报告中的附注是组成这些财务报表不可或缺的内容

ANALYSIS OF SHAREHOLDINGS

As at 8 March 2023

Class of Shares	:	Ordinary shares (“**Shares**”)
Number of Shares in issue	:	747,978,318
Number of Ordinary Shareholders	:	5,429
Voting Rights	:	1 vote for 1 share

As at 8 March 2023, there were no Shares or subsidiary holdings^ held by the Company.

^ ‘Subsidiary holdings’ is defined in the Listing Manual of Singapore Exchange Securities Trading Limited (“**Listing Manual**”) to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

Range of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	14	0.26	166	0.00
100 – 1,000	622	11.46	581,467	0.08
1,001 – 10,000	2,993	55.13	16,631,830	2.22
10,001 – 1,000,000	1,779	32.76	81,264,277	10.87
1,000,001 and above	21	0.39	649,500,578	86.83
	5,429	**100.00**	**747,978,318**	**100.00**

Based on information available to the Company as at 8 March 2023, 23.48% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 8 MARCH 2023

No.	Name	No. of Shares Held	%*
1	Hong Leong Corporation Holdings Pte Ltd	549,001,657	73.40
2	CGS-CIMB Securities (Singapore) Pte Ltd	21,024,600	2.81
3	Citibank Nominees Singapore Pte Ltd	14,478,433	1.94
4	DBS Nominees Pte Ltd	12,364,745	1.65
5	Taiheiyo Singapore Pte Ltd	9,079,659	1.21
6	Raffles Nominees (Pte) Ltd	6,597,013	0.88
7	Phillip Securities Pte Ltd	5,203,017	0.70
8	HSBC (Singapore) Nominees Pte Ltd	5,071,232	0.68
9	Morph Investments Ltd	4,180,000	0.56
10	UOB Kay Hian Pte Ltd	2,886,000	0.39
11	Lim Thiam Yew Paul or Tan Soon Tze Mrs Lim Soon Tze	2,829,000	0.38
12	United Overseas Bank Nominees Pte Ltd	2,734,600	0.36
13	OCBC Securities Pte Ltd	2,316,000	0.31
14	DBSN Services Pte Ltd	1,875,122	0.25
15	DBS Vickers Securities (S) Pte Ltd	1,857,300	0.25
16	Ang Jwee Herng	1,600,000	0.21
17	Maybank Securities Pte. Ltd.	1,478,100	0.20
18	OCBC Nominees Singapore Pte Ltd	1,408,100	0.19
19	Soon Lee Heng Trading & Transportation Pte Ltd	1,373,900	0.18
20	Ifast Financial Pte Ltd	1,107,800	0.15
		648,466,278	86.70

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 8 March 2023.

ANALYSIS OF SHAREHOLDINGS

As at 8 March 2023

SUBSTANTIAL SHAREHOLDERS
(As shown in the Register of Substantial Shareholders as at 8 March 2023)

	<—— No. of Shares	——>		
	Direct Interest	**Deemed Interest**	**Total Interest**	**%***
Hong Leong Corporation Holdings Pte Ltd	549,001,657	13,328,000(1)	562,329,657	75.18
Hong Leong Enterprises Pte. Ltd.	–	562,329,657(2)	562,329,657	75.18
Hong Leong Investment Holdings Pte. Ltd.	–	562,865,657(3)	562,865,657	75.25
Davos Investment Holdings Private Limited	–	562,865,657(4)	562,865,657	75.25
Kwek Holdings Pte Ltd	–	562,865,657(4)	562,865,657	75.25

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 8 March 2023.

Notes:

(1) Hong Leong Corporation Holdings Pte Ltd ("**HLCH**") is deemed under Section 4 of the Securities and Futures Act 2001 (the "**SFA**") to have an interest in the Shares held directly by its wholly-owned subsidiary, Starich Investments Pte. Ltd. ("**Starich**").

(2) Hong Leong Enterprises Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in the Shares held directly by HLCH and Starich, in which it is entitled to exercise or control the exercise of not less than 20% of the voting shares in the latter companies.

(3) Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**") is deemed under Section 4 of the SFA to have an interest in the Shares held directly by its subsidiaries, HLCH, Starich, Millennium Securities Pte Ltd and Welkin Investment Pte Ltd.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA to have interests in the Shares referred to in Note 3 above held indirectly by HLIH, in which each of them is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH.

5-YEAR FINANCIAL SUMMARY

	2022	**2021**	**2020**	**2019**	**2018**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ($'000)					
Revenue	3,881,141	4,932,589	4,496,207	4,094,448	3,785,641
Net profit from continuing operations	102,917	118,743	152,993	162,837	159,826
Net profit	102,592	119,431	155,207	145,770	126,664
Net profit/(loss) attributable to owners of the Company	54,538	60,121	46,745	34,443	(6,017)
AS AT 31 DECEMBER ($'000)					
Property, plant and equipment	887,895	1,012,752	993,781	951,772	893,959
Intangible assets	323,541	332,851	264,800	145,609	43,942
Interests in associates and joint ventures	170,224	173,100	103,970	111,660	104,889
Inventories	1,028,903	1,186,923	967,929	594,208	562,729
Cash and deposits	1,017,468	1,242,352	1,374,611	1,328,638	1,321,978
Other assets	1,888,028	2,003,721	2,141,139	1,983,318	1,889,941
Total assets	5,316,059	5,951,699	5,846,230	5,115,205	4,817,438
Shareholders' funds	902,552	956,905	879,973	764,824	746,852
Non-controlling interests	1,456,061	1,572,100	1,538,361	1,488,340	1,512,100
Loans and borrowings	874,603	900,833	823,305	761,299	774,965
Other liabilities	2,082,843	2,521,861	2,604,591	2,100,742	1,783,521
Total liabilities and equity	5,316,059	5,951,699	5,846,230	5,115,205	4,817,438
FINANCIAL RATIOS					
Return on equity [1]	5.9%	6.5%	5.7%	4.6%	(0.9%)
Net debt [2] / equity ratio	(0.16)	(0.37)	(0.66)	(0.77)	(0.75)
SHAREHOLDERS' RETURN					
Earnings/(loss) per share (cents) [3]	7.29	8.04	6.25	4.61	(1.37)
Net asset value per share (cents) [4]	120.67	127.94	117.67	102.27	99.87
Dividends per share (cents)	2.00	2.00	1.00	1.00	–

1 Based on net profit/(loss) attributable to owners of the Company divided by average shareholders' equity
2 Based on loans and borrowings, less cash and deposits. The Group is in a net cash position of $142,865,000 as at 31 December 2022
3 Based on net profit/(loss) attributable to owners of the Company divided by the weighted average number of shares issued during the financial year ended 31 December
4 Based on equity attributable to owners of the Company divided by the number of ordinary shares issued at the end of the financial year ended 31 December

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting (the "**Meeting**") of HONG LEONG ASIA LTD. (the "**Company**") will be held at M Hotel Singapore City Centre, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 26 April 2023 at 3.00 p.m. for the following purposes:

A. ORDINARY BUSINESS:

1. To receive the Directors' Statement and Audited Financial Statements for the year ended 31 December ("**FY**") 2022 and the Auditors' Report thereon.

2. To declare a first and final one-tier tax exempt dividend of 2 cents per ordinary share for FY 2022 ("**First and Final Dividend**").

3. To approve Directors' Fees of $498,000 for FY 2022 (FY 2021: $380,290).

4. To re-elect the following Directors who would be retiring in accordance with the Company's Constitution and who, being eligible, offer themselves for re-election as Directors of the Company:

   (a) Mr Ng Sey Ming
   (b) Mr Tan Chian Khong

   Detailed information on the Directors who are proposed to be re-elected can be found under the sections on "Board of Directors" and "Additional Information on Directors Seeking Re-election/Appointment at the 62nd Annual General Meeting" of the Annual Report 2022.

5. To appoint the following as Directors of the Company:

   (a) Ms Kwek Pei Xuan
   (b) Datuk Maimoonah Binte Mohamed Hussain

   Detailed information on the above proposed Directors can be found under the sections on "Board of Directors" and "Additional Information on Directors Seeking Re-election/Appointment at the 62nd Annual General Meeting" of the Annual Report 2022.

6. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

B. SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions which will be proposed as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time this Ordinary Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares;

   and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of SGX-ST;

   (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

   (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

8. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Hong Leong Asia Share Option Scheme 2000 (the "**SOS**") to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors (each as defined under the terms of the SOS) and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of the options granted under the SOS, provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares, excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of SGX-ST), of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

9. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) on SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may, in their absolute discretion, deem fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Ordinary Resolution:

"Average Closing Price" means the average of the closing market prices of a Share for the five consecutive market days on which the Shares are transacted on SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of SGX-ST for any corporate action which occurs during the relevant five-day period and the day on which the purchase is made;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share, and the relevant terms of the equal access scheme for effecting the off-market purchase;

NOTICE OF ANNUAL GENERAL MEETING

"Maximum Limit" means that number of issued Shares representing 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of SGX-ST)) as at the date of the passing of this Ordinary Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties (if applicable), commission, applicable goods and services tax and other related expenses (if applicable)) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

10. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Letter to Shareholders dated 28 March 2023 (the "**Letter to Shareholders**") with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders; provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders, and that such approval (the "**IPT Mandate**"), shall unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company; and

(b) That the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

BY ORDER OF THE BOARD

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

Singapore, 28 March 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. With reference to item 2 of the Ordinary Business above, the Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 4 May 2023 up to (and including) 5 May 2023. Registrable transfers received up to 5.00 p.m. on 4 May 2023 will be registered to determine shareholders' entitlement to the First and Final Dividend. If approved at the Meeting, it will be paid on 16 May 2023.

2. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $498,000 for FY 2022 includes fees payable to the Audit and Risk Committee ("**ARC**") for FY 2022, which will be payable upon approval of the shareholders at the Meeting. Further information on the Directors' Fees structure can be found on page 54 of the Annual Report 2022.

3. With reference to item 4(a) of the Ordinary Business above, Mr Ng Sey Ming will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee ("**RC**") and the SOS Committee, a member of the ARC, and will also be appointed as a member of the Nominating Committee ("**NC**") following the conclusion of the Meeting. Mr Ng is considered an independent Director.

   Key information on Mr Ng can be found on page 15 and pages 236 to 240 of the Annual Report 2022.

4. With reference to item 4(b) of the Ordinary Business above, Mr Tan Chian Khong will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the ARC and a member of the NC, RC and SOS Commitee. Mr Tan is considered an independent Director.

   Key information on Mr Tan can be found on page 15 and pages 236 to 240 of the Annual Report 2022.

5. With reference to item 5(a) of the Ordinary Business above, key information on Ms Kwek Pei Xuan can be found on page 16 and pages 236 to 241 of the Annual Report 2022.

6. With reference to item 5(b) of the Ordinary Business above, Datuk Maimoonah Binte Mohamed Hussain will, upon appointment as a Director of the Company, be also appointed as a member of the ARC following the conclusion of the Meeting. Datuk Maimoonah is considered an independent Director.

   Key information on Datuk Maimoonah can be found on page 16 and pages 236 to 241 of the Annual Report 2022.

7. The Ordinary Resolution set out in item 7 of the Special Business above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is revoked or varied at a general meeting), to issue shares and/or make or grant Instruments that might require shares to be issued up to a number not exceeding 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time that this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

8. The Ordinary Resolution set out in item 8 of the Special Business above, if passed, will empower the Directors to offer and grant options in accordance with the SOS to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors and to issue from time to time such number of shares of the Company pursuant to the exercise of such options under the SOS subject to such limits as prescribed in the SOS *(see note below on voting restrictions)*.

   Voting restrictions pursuant to Rule 859 of the Listing Manual of SGX-ST
   *Please note that a shareholder who is eligible to participate in the SOS (other than as a director and/or employee of Hong Leong Investment Holdings Pte. Ltd. (the "**Parent Company**") and its subsidiaries (but not including the Company and its subsidiaries)), should abstain from voting at the Meeting in respect of the Ordinary Resolution set out in item 8 in relation to the SOS, and accordingly should not accept nominations as proxies or otherwise for voting at the Meeting, in respect of the aforesaid ordinary resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.*

9. The Ordinary Resolution set out in item 9 of the Special Business above, if passed, will empower the Directors to make purchases or otherwise acquire the Company's issued Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Letter to Shareholders. This authority will expire at the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

10. The Ordinary Resolution set out in item 10 of the Special Business above, if passed, will renew the IPT Mandate first approved by Shareholders on 30 May 2003 to facilitate the Company, its subsidiaries and its associated companies, to enter into Interested Person Transactions, the details of which are set out in Annexures II and III of the Letter to Shareholders. The IPT Mandate will continue in force until the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting.

    Voting restrictions pursuant to Rule 921(7) of the Listing Manual of SGX-ST
    The Parent Company and its subsidiaries, the Directors of the Company and their associates, who are also shareholders of the Company and being Interested Persons under the IPT Mandate, are required to abstain from voting at the Meeting in respect of the Ordinary Resolution set out in item 10 in relation to the proposed renewal of the IPT Mandate.

Meeting Notes:

1. The Meeting will be held in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually**. Printed copies of this Notice will not be sent to members, instead, this Notice will be made available to members by electronic means *via* publication on the Company's website at the URL http://www.hlasia.com.sg/agm-documents. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Arrangements relating to the attendance at the Meeting, submission of questions to the Chairman of the Meeting in advance of, or at, the Meeting, addressing of substantial and relevant questions in advance of, or at, the Meeting and voting by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 28 March 2023. The announcement may be accessed at the Company's website at URL http://www.hlasia.com.sg/agm-documents, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. A proxy need not be a member of the Company.

5. Completion and return of the form of proxy shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the Meeting.

6. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to the voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

7. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:

   (a) may attend and vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2023.

8. The form appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or

   (b) if submitted electronically, *via* email to the Company's Share Registrar at gpb@mncsingapore.com,

   in either case, at least 72 hours before the time for holding the Meeting.

   A member who wishes to submit an instrument of proxy must download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. The proxy form for the Meeting may be downloaded from the Company's website at the URL http://www.hlasia.com.sg/agm-documents, and also from the SGX website at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

9. All resolutions at the Meeting shall be voted on by way of a poll. Polling will be done by way of an electronic poll voting system and members present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

10. The Annual Report 2022 and the Letter to Shareholders are available on the Company's website at the URL http://www.hlasia.com.sg/agm-documents and may also be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Members may request for printed copies of the Annual Report 2022 and the Letter to Shareholders by completing and submitting the online Request Form at http://www.hlasia.com.sg/ar-requestform by 10 April 2023.

Personal data privacy:

By submitting a form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, or submitting any question prior to the Meeting in accordance with this Notice, a member of the Company:

(a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of the proxies appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable legislation, the Listing Manual of SGX-ST and/or other regulatory guidelines (collectively, the "**Purposes**"); and

(b) where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), agrees to provide the Company with written evidence of such prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT AT THE 62ND ANNUAL GENERAL MEETING

Name of Director	Ng Sey Ming	Tan Chian Khong	Kwek Pei Xuan (Proposed Director)	Datuk Maimoonah Binte Mohamed Hussain (Proposed Director)
Age	48	67	31	64
Date of appointment	8 May 2017	1 March 2018	Proposed for appointment on 26 April 2023	Proposed for appointment on 26 April 2023
Job Title	Non-Executive and Independent Director Chairman of the Remuneration Committee ("**RC**") and Hong Leong Asia Share Option Scheme 2000 Committee ("**SOSC**"), and a member of the Audit and Risk Committee ("**ARC**")	Non-Executive and Lead Independent Director Chairman of the ARC and a member of the Nominating Committee ("**NC**"), RC and SOSC	Executive Director and Head of Sustainability and Corporate Affairs	Non-Executive and Independent Director A member of the ARC
Date of last re-election as Director (if applicable)	18 June 2020	28 April 2021	Not applicable	Not applicable
Country of principal residence	Singapore	Singapore	Singapore	Singapore
Board's comments on the re-election/proposed appointment (including rationale, selection/proposed appointment criteria, and the search and nomination process)	The Board reviewed the recommendation of the NC on the re-election of Mr Ng Sey Ming and Mr Tan Chian Khong, and the appointment of Ms Kwek Pei Xuan and Datuk Maimoonah Binte Mohamed Hussain, and took into account, *inter alia,* • the NC's report to the Board on the evaluation of Mr Ng Sey Ming and Mr Tan Chian Khong; • their skill sets, experiences and contribution to the effectiveness of the Board (which included their participation at Board and Board committees' meetings, where applicable, for the existing Directors); and • their time commitments especially for Directors and the proposed Directors who have other company board representations and/or principal commitments; and also reviewed the independence of Mr Ng, Mr Tan and Datuk Maimoonah.		The Board recommends the re-election of Mr Ng Sey Ming and Mr Tan Chian Khong, and the appointment of Ms Kwek Pei Xuan and Datuk Maimoonah Binte Mohamed Hussain as Directors of the Company. For more details on the NC's evaluation process, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 47 to 51 of the Annual Report.	
Whether appointment is executive, and if so, the area of responsibility	No	No	Yes Oversees the management of the sustainability practices and reporting, and corporate affairs of the Company and its subsidiaries	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT AT THE 62ND ANNUAL GENERAL MEETING

Name of Director	Ng Sey Ming	Tan Chian Khong	Kwek Pei Xuan (Proposed Director)	Datuk Maimoonah Binte Mohamed Hussain (Proposed Director)
Professional qualification and working experience and occupation(s) during the past 10 years	Advocate and Solicitor of the Supreme Court in Singapore and of the High Court of Malaya, and a Solicitor of England and Wales. Holds a Bachelor of Laws (Honours) degree from the National University of Singapore. <u>July 2000 to Present</u> Commenced legal practice in Rajah & Tann Singapore LLP ("R&T") in 2000 and became a partner of R&T in 2007. <u>February 2015 to Present</u> Partner of Christopher & Lee Ong, a member of the R&T Asia network of law firms.	Approximately 35 years of experience in providing audit and business advisory services to clients in a wide range of industries. <u>1981 to 2016</u> Joined Ernst & Young LLP (then known as Ernst & Whinney) in 1981 and became an audit partner in 1996 until his retirement in 2016. Holds a Bachelor of Accountancy degree from the National University of Singapore and an Environmental Management degree from the University of Adelaide. A member of the American Institute of Certified Public Accountants, a Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia.	Currently the Head of Sustainability and Corporate Affairs of the Company, overseeing the Group's strategic direction in its management of environmental, social and governance (ESG) issues, sustainability reporting framework and corporate communication. Past experience included business development, marketing and communications and investment. <u>January 2021 to Present</u> Head of Sustainability and Corporate Affairs, Hong Leong Asia Ltd. ("**HLA**") <u>January 2020 to December 2020</u> Senior Business Development Manager, HLA <u>December 2016 to October 2019</u> Marketing Communications Executive, JW Marriott Singapore South Beach <u>June 2013 to July 2015</u> Corporate Investments Executive, Hong Leong Corporation Holdings Pte Ltd Holds a Bachelor of Commerce degree, majoring in Marketing and Finance from University of Melbourne and a Masters in Hospitality Management from Les Roches International School of Hotel Management. Awarded certifications of completion for Business Sustainability Management and Supply Chain Management from the University of Cambridge.	An accomplished banker with over 40 years of experience specialising in debt capital markets, structured finance, securities, asset management and investment banking. <u>2014 to 2019</u> Group Managing Director, Affin Hwang Capital <u>2007 to 2013</u> Managing Director, Affin Investment Bank Chartered Banker. Holds a Bachelor of Accountancy from the National University of Singapore
Shareholding interest in the Company and its subsidiaries	Nil	Nil	200,000 ordinary shares of HLA	Nil
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil	Daughter of Mr Kwek Leng Peck, Executive Chairman of the Company	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT AT THE 62ND ANNUAL GENERAL MEETING

Name of Director	Ng Sey Ming	Tan Chian Khong	Kwek Pei Xuan (Proposed Director)	Datuk Maimoonah Binte Mohamed Hussain (Proposed Director)
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to Hong Leong Asia Ltd.	Yes	Yes	Yes	Yes
Other Principal Commitments including directorships	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years"
Directorships: • Past (for the last 5 years):	• XMH Holdings Ltd.	• Xinghua Port Holdings Ltd.	Nil	• Affin Hwang Capital • Affin Hwang Asset Management • Affin Hwang Trustee
• Present:	• HLA*	• HLA* • Alliance Bank Malaysia Berhad* • Banyan Tree Holdings Limited* • CSE Global Limited* • The Straits Trading Company Limited* • SMRT Corporation Ltd • Trailblazer Foundation Ltd. • Methodist Welfare Services • Gambling Regulatory Authority of Singapore (formerly known as Casino Regulatory Authority of Singapore) Other Appointment • Energy Market Company Pte Ltd (Member of Rules Change Panel)	• 19 subsidiaries of HLA* • BRC Asia Limited* • Tasek Corporation Berhad and 1 of its subsidiaries	• Ekuiti Nasional Berhad • A5-DB (M) Berhad • National Gallery Singapore
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Responses to questions (a) to (k) are negative (same as previously announced on 8 May 2017)	Responses to questions (a) to (k) are negative (same as previously announced on 28 February 2018)	Responses to questions (a) to (k) are negative (same as announced on 28 March 2023)	Responses to questions (a) to (k) are negative (same as announced on 28 March 2023)

* listed company

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HONG LEONG ASIA LTD.
Co. Reg. No. 196300306G
(Incorporated in the Republic of Singapore)

PROXY FORM

for 62nd Annual General Meeting

IMPORTANT:

1. The Meeting will be held in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually**. Printed copies of the Notice of Meeting will not be sent to members. Instead, the Notice of Meeting will be made available to members by electronic means via publication on the Company's website at the URL https://www.hlasia.com.sg/agm-documents. The Notice of Meeting will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Arrangements relating to attendance at the Meeting, submission of questions to the Chairman of the Meeting in advance of, or at, the Meeting, addressing of substantial and relevant questions in advance of, or at the Meeting and voting by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 28 March 2023. The announcement may be accessed at the Company's website at the URL https://www.hlasia.com.sg/agm-documents, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. Please read the notes overleaf which contain instructions on, *inter alia,* the appointment of a proxy(ies).
4. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the AGM.
5. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy

6. By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 28 March 2023.

I/We, (name) ______________________________ with NRIC/Passport/Co. Reg. No.: ______________________________

of (address) ____

being a member/members of HONG LEONG ASIA LTD. (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of shares	**%**
Address			

and/or

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of shares	**%**
Address			

as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the Sixty-Second Annual General Meeting of the Company (the "**Meeting**") to be held at M Hotel Singapore City Centre, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 26 April 2023 at 3.00 p.m., and at any adjournment thereof in the following manner as specified below.

NOTE: Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "√" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes "**For**" and/or "**Against**" that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with "√" in the **Abstain** box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the **Abstain** box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the below resolutions if no voting instruction is specified, and on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions**		**For**	**Against**	**Abstain**
A.	**ORDINARY BUSINESS:**				
1.	Receipt of the Directors' Statement and Audited Financial Statements together with the Auditor's Report thereon				
2.	Declaration of a First and Final Dividend				
3.	Approval of Directors' Fees				
4.	Re-election of Directors:	(a) Mr Ng Sey Ming			
		(b) Mr Tan Chian Khong			
5.	Appointment of Directors:	(a) Ms Kwek Pei Xuan			
		(b) Datuk Maimoonah Binte Mohamed Hussain			
6.	6. Re-appointment of Ernst & Young LLP as Auditor				
B.	**SPECIAL BUSINESS:**				
7.	Authority for Directors to issue shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act 1967 and the Listing Manual of Singapore Exchange Securities Trading Limited				
8.	Authority for Directors to offer and grant options to eligible participants under the Hong Leong Asia Share Option Scheme 2000 (the "**SOS**") other than Parent Group Employees and Parent Group Non-Executive Directors and to issue shares in accordance with the provisions of the SOS				
9.	Renewal of Share Purchase Mandate				
10.	Renewal of IPT Mandate for Interested Person Transactions				

Dated this ____________________ day of ____________________ 2023

Total No. of Shares Held

____
Signature(s) or Common Seal of Member(s)

NOTES: SEE OVERLEAF

Notes:

1. This proxy form may be downloaded from the Company's website at the URL https://www.hlasia.com.sg/agm-documents, and also from the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
4. A proxy need not be a member of the Company.
5. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:

   (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2023.
6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or

   (b) if submitted electronically, via email to the Company's Share Registrar at gpb@mncsingapore.com,

   in either case not less than 72 hours before the time appointed for holding the Meeting.

   A member who wishes to submit a form of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.
7. The form of proxy must be signed by the appointor or his attorney duly authorised in writing. Where the form of proxy is executed by a corporation, it must be executed either under its common seal or signed by a director or an officer or an attorney duly authorised.
8. The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold Here

PROXY FORM

Affix Postage Stamp

HONG LEONG ASIA LTD.
c/o The Share Registrar
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Fold Here

OPERATING NETWORK

CORPORATE OFFICE

Hong Leong Asia Ltd.
16 Raffles Quay #26-00
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F : (65) 6222 0087 / 6226 0502

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Shanghai 201800
People's Republic of China
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Singapore 048581
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F : (65) 6221 1172

Guangxi Yuchai Machinery Company Limited
88 Tianqiao West Road, Yulin
Guangxi 537005
People's Republic of China
T : (86) 775 328 9000
F : (86) 775 322 9600

BUILDING MATERIALS

READY-MIX CONCRETE DIVISION

Island Concrete (Private) Limited
43/45 Sungei Kadut Street 4
Singapore 729061
T : (65) 6488 5777
F : (65) 6368 0312

PRECAST CONCRETE DIVISION

HL Building Materials Pte. Ltd.
10 Punggol Barat Lane #03-01
Singapore 797359
T : (65) 6862 3501
F : (65) 6861 0674

HL-Manufacturing Industries Sdn. Bhd.
Lot 2595 and Lot 2596
Jalan Perindustrian 3
Kawasan Perindustrian Senai Fasa II
81400 Senai
Johor Darul Ta'zim
Malaysia
T : (607) 598 6828
F : (607) 598 6822

CEMENT DIVISION

Singapore Cement Manufacturing Company (Private) Limited
43/45 Sungei Kadut Street 4
Singapore 729061
T : (65) 6488 5777
F : (65) 6368 0312

Tasek Corporation Berhad
5, Persiaran Tasek
Tasek Industrial Estate
31400 Ipoh, Perak
Malaysia
T : (605) 291 1011
F : (605) 291 9932

TRADING AND GRANITE DIVISION

HL Building Materials Pte. Ltd.
43/45 Sungei Kadut Street 4
Singapore 729061
T : (65) 6488 5777
F : (65) 6368 0312

HL Granite Resources Pte. Ltd.
43/45 Sungei Kadut Street 4
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F : (65) 6368 0312

Hayford Holdings Sdn. Bhd.
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F : (86) 22 6620 1128

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