HONG LEONG ASIA LTD

60TH ANNIVERSARY

FACETS OF GROWTH

Building on 60 Transformational Years

HONG LEONG ASIA LTD.

ANNUAL REPORT 2023

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.

The Group's industry-leading businesses comprise China Yuchai International Limited ("CYI" or "Yuchai") with its principal operating subsidiary, Guangxi Yuchai Machinery Company Limited ("GYMCL") under the Powertrain Solutions portfolio, as well as Island Concrete (Private) Limited ("Island Concrete"), R3 Precast of HL Building Materials Pte. Ltd. ("HLBM") and Tasek Corporation Berhad ("Tasek") under the Building Materials portfolio. Collectively, the Group works closely with customers to develop and deliver innovative and sustainable solutions for cities of the future.

OUR PARENT COMPANY

Headquartered in Singapore, the Hong Leong Group[2] is a globally-diversified company with gross assets of over S$40 billion in property investment and development, hotel ownership and management, financial services and industrial enterprises across Asia Pacific including China, the Middle East, Europe and North America.

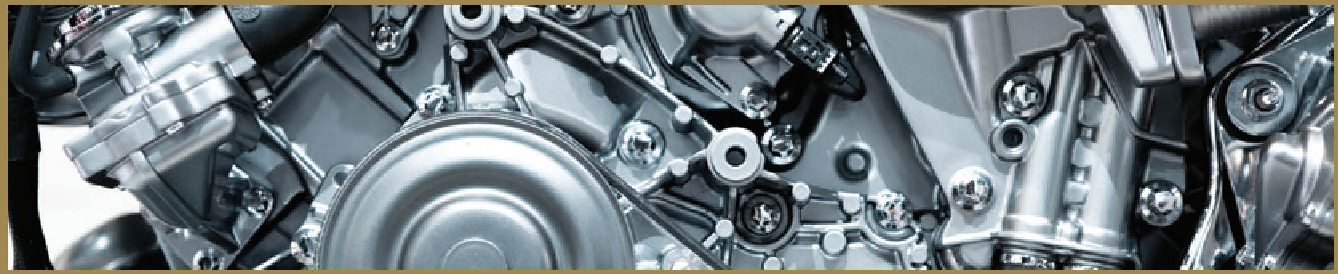
1 Formerly known as diesel engines
2 Information as at 26 March 2024

CONTENTS

01 Corporate Profile
02 Our Vision and Core Values
03 Financial Highlights
04 60 Transformational Years
06 What We Do
08 How We Create Value
12 Chairman's Message
16 Board of Directors
21 Management Team
24 CEO's Operational Review
28 Our Portfolio
32 Investor Communications
36 Sustainability Board Statement
40 Our Sustainability Highlights
50 Corporate Directory
52 Corporate Governance Report
90 Financial Report
215 Analysis of Shareholdings
217 5-Year Financial Summary
218 Notice of Annual General Meeting
227 Additional Information on Directors Seeking Re-election at the 63rd Annual General Meeting
Proxy Form
Operating Network

CORPORATE PROFILE

POWERTRAIN SOLUTIONS



CYI, a subsidiary of HLA, is a Bermuda investment holding company established in 1993 and is listed on the New York Stock Exchange (NYSE:CYD). Its principal operating subsidiary, GYMCL, is one of the leading 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 and agriculture equipment, marine and power generation applications, as well as high-value core spare parts for each application. It also produces electrical powertrain solutions for new energy vehicles.

GYMCL has an extensive sales and distribution network in China and a presence in 18 other countries, with more than 3,000 service stations in domestic markets and globally. It's Research and Development Institute also holds a portfolio of over 3,000 patents and partnerships focused on energy efficiency, new energy components, high-power electrical systems as well as hybrid and alternate fuels engine technologies.

BUILDING MATERIALS

HLA's Building Materials portfolio is one of the longest-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 ("BMG") comprising wholly-owned Island Concrete and HLBM, supplies all grades of ready-mixed concrete as well as precast concrete elements for 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.

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

- Singapore Cement Manufacturing Company (Private) Limited (50% stake)
- HL-Sunway JV Pte Ltd (51% stake)
- Cement Industries (Sabah) Sdn Bhd (29.48% stake)
- BRC Asia Limited (20.15% stake)

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

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

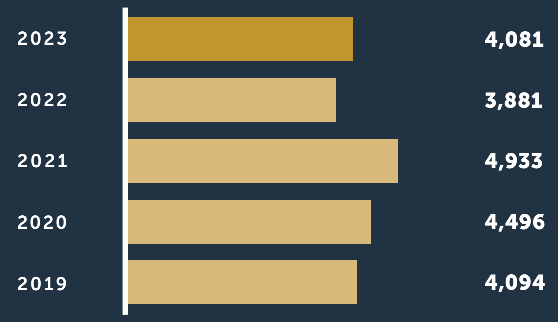
DO THE RIGHT THINGS
Maintain the highest level of business ethics and take personal ownership to conduct ourselves in an honest and responsible manner in order to do what's right

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

FINANCIAL HIGHLIGHTS

REVENUE*
(S$ million)



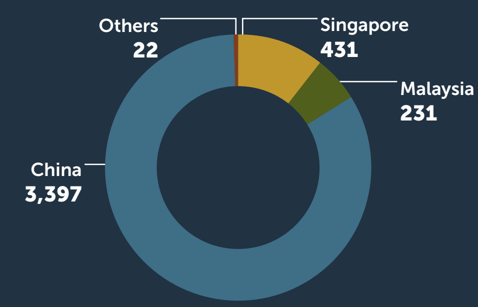
PROFIT BEFORE TAX*
(S$ million)

ATTRIBUTABLE PROFIT
(S$ million)

EARNINGS PER SHARE
(cents)

DIVIDEND PER SHARE
(cents)

REVENUE BY COUNTRY
(S$ million)



REVENUE BY BUSINESS SEGMENT*
(S$ million)

TOTAL S$**4.1** BILLION

3,404 POWERTRAIN SOLUTIONS

651 BUILDING MATERIALS

26 OTHERS

* Encompasses continuing operations only.

HONG LEONG'S BEGINNINGS — 60 — TRANSFORMATIONAL YEARS

The start of a Singapore pioneer's remarkable journey

1928

Hong Leong Group Founder, Mr Kwek Hong Png left his native China at age sixteen to build a better life. He worked hard in his brother-in-law's hardware business for 10 years and took English classes with the dream to start his own business.

1941

Uniting family to seed ambition

With a decade of savings, our Founder started his own business in a red, two-storey shophouse along Beach Road trading building materials and paint among other things. He invited his three brothers to join him from China and named the business after one of his brothers, "Hong Leong", which connotes how majestic mountains and oceans all have modest beginnings in the form of rocks and streams.

1942 - 1945

Opportunity knocks during tumultuous times

During the Japanese occupation, as other businesses crumbled, Hong Leong used its large warehouse and resources to buy and house building materials for sale, allowing more capital to be generated to expand the business further. Hong Leong was hence, able to diversify and grow much faster than others.

1950s - 1960s

Cementing long-lasting partnerships, riding on economic growth

In the 50s, Hong Leong partnered with Onoda Cement and Mitsui & Co., who were pioneers in Asia for building materials, and leveraged the partnerships to offer superior products, further growing the business through Singapore Cement Manufacturing Company ("SCMC"). This also led to new opportunities amidst a developing Singapore - acquiring land and expanding into consumer financing. During this period, Hong Leong also entered the Malaysia market, first establishing Tasek Cement Berhad, followed by setting up a Hong Leong Malaysia branch to expand its real estate and banking activities.

Hume Plastics (Malaysia) Limited (today known as Hong Leong Asia) was incorporated in Singapore on 30 August 1963

1970s - 1980s

Era of urbanisation during Singapore's first decade

Island Concrete (Private) Limited was established, being the first ready-mix concrete supplier in Singapore. It's first commercial project was Tanglin Shopping Centre, followed by well-known infrastructure projects such as Singapore's Mass Rapid Transit System and Changi Airport Terminal 1 in the years to come.

After acquiring part of Hume Far East Group and renaming it Hong Leong Industries Manufacturing Limited ("HLIM"), in anticipation of the Housing Development Board's policy to incorporate more precast elements in Singapore's buildings, HLIM began to focus on precast production and was also successful in helping the construction industry with labour saving measures during a time of rising labour costs.

1990s

Hong Leong Group undergoes Transition

In a major restructuring exercise of the Group, Hong Leong Asia ("HLA") consolidated all the Building Materials businesses of Hong Leong Group and is listed on the Singapore Stock Exchange.

HLA became a substantial stakeholder of Tasek Corporation Berhad ("Tasek") (formally known as Tasek Cement Limited), a pioneer and major player of cement in Malaysia.

First Foray into China
Mr Kwek Leng Peck led the group to acquire majority stake in Guangxi Yuchai Machinery Co., Ltd. ("GYMCL"), a Chinese diesel engine manufacturer listing it under China Yuchai International ("CYI") on the New York Stock Exchange.

Mr Kwek Hong Png passed away aged 83, passing on the business to the second generation.

2000s

Singapore modernises into an iconic island-city state beyond economic success

Island Concrete secured a contract to supply 1.2 million cubic metre of ready-mix concrete for the iconic Marina Bay Sands Integrated Resort.

HLA expanded Tasek's cement production capacity in Ipoh and soon after, established a ready-mix concrete business in Central Malaysia.

SCMC expanded its cement terminal operations with an added 24,000 tonne capacity to enable the storage of Portland Flyash Cement from its Japanese partners to provide the Singapore market with lower-carbon cement.

MOBILITY SECTOR REMAINS CORE TO HLA AS CHINA EXPERIENCES EXPONENTIAL GROWTH

GYMCL set up its first research and development centre in Nanning, Guangxi, to develop and test new prototypes to manage national emission standards and deliver energy efficient solutions.

GYMCL and Rolls-Royce announced a Joint Venture to produce MTU engines at GYMCL's primary facility for the Chinese off-road market segment.

HLA expanded into China through multiple acquisitions

2010s

Embedding sustainability and innovation to transform

The Building Materials business under Singapore launched two state-of-the-art facilities under its precast and ready-mix concrete arms to enable greener, automated operations while Malaysia created a new subsidiary to co-process waste materials to be recycled and used in its products and operations.

2020s

GYMCL set up its second research and development centre in Wuxi High Tech Zone to develop and test new prototypes to manage emission standards and deliver energy efficient products and fuel cell solutions.

WHAT DOES HLA LOOK LIKE TODAY?

Scan to follow #TheHLAStory

WHAT WE DO

OUR KEY BUSINESSES AND INVESTMENTS

POWERTRAIN SOLUTIONS

China Yuchai International Limited

www.cyilimited.com

BUILDING MATERIALS

Island Concrete — www.islandconcrete.com.sg

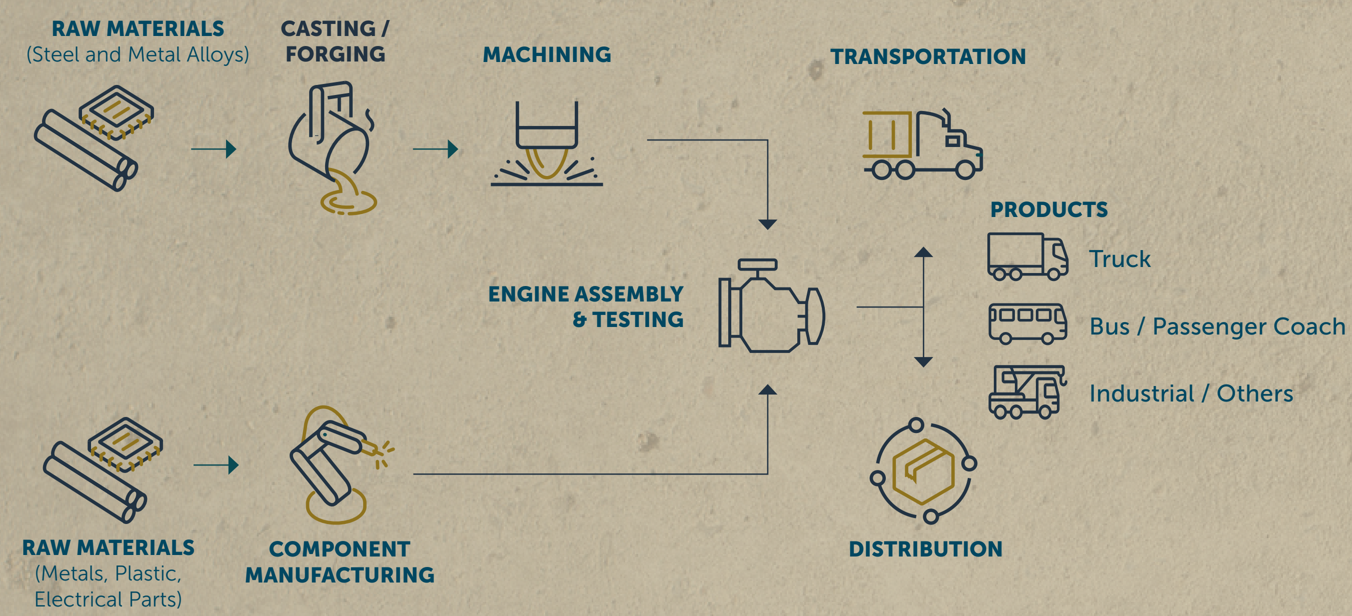
R3 Precast — www.r3precast.com.sg

TASEK — www.tasekcement.com

Singapore Cement Manufacturing Co., (Pte) Ltd — bmg.hlasia.com.sg/bmg/scmc

BRC Asia — www.brc.com.sg

POWERTRAIN SOLUTIONS

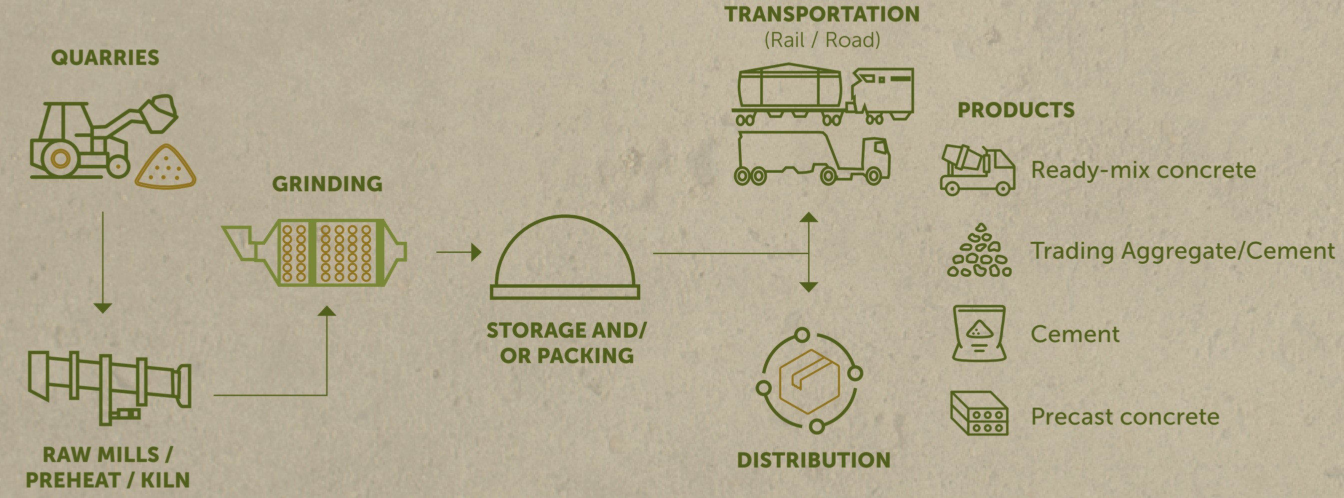


CUSTOMER SECTORS

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

BUILDING MATERIALS

Cement Production



CUSTOMER SECTORS

Residential · Commercial · Industrial · Infrastructure

HOW WE CREATE VALUE

WHAT SETS US APART

At HLA, we see an unparalleled opportunity to grow our businesses and create positive impact beyond our businesses.

Competitive advantages as a **diversified Asian multinational** with core expertise in Building Materials and Powertrain Solutions

Industry leader in **pioneering and innovating sustainable urban solutions** for cities and communities

Diverse team of **reliable, resilient and responsible** employees providing urban solutions for various customer industries

WHAT WE DO

Key strategic growth thrusts to achieve HLA's aspiration of becoming a provider of sustainable and innovative urban solutions for cities of the future.

OUR ASSETS

Powertrain Solutions
- >3,000 patents
- >3,000 service stations in Chinese domestic markets and globally
- R&D laboratories

Building Materials
- 22 batching plants in 15 locations across Singapore and Malaysia
- >300 concrete mixer trucks in Singapore and Malaysia
- Cement plant in Malaysia
- Limestone and granite quarries

People
Diversified workforce spanning Singapore, Malaysia and China

WHAT WE DELIVER

We are committed to harness our competitive strengths to responsibly build scale and grow our businesses to create long-term shareholder value.

FY 2023 FINANCIAL HIGHLIGHTS

S$4.1 billion	S$64.9 million	S$922 million
Group Revenue	Net Profit Attributable to the Owners of the Company	Equity Attributable to the Owners of the Company

KEY BUSINESS DEVELOPMENTS

GYMCL, China
Established Guangxi Foundry Company Ltd to leverage GYMCL's strong engine casting capabilities to develop wind turbine parts and components including shafts for the Chinese market

R3 Precast, Singapore
Launched 3.8 hectares HL-Sunway Prefab Hub, the largest integrated construction and Prefabrication Hub in Singapore

Island Concrete, Singapore
Started commercial operations at Jurong Port Ready-Mix Concrete Ecosystem plant, the largest in Singapore

SUSTAINABILITY INITIATIVES

Powertrain Solutions
- Eliminated coal in the blast furnace operations for engine casting at the Yulin plant
- Established Yuchai Cynland (Jiangsu) Hyentech Co., Ltd. in partnership with Tsinghua University to develop hydrogen fuel cells and stacks as well as assemble fuel cell systems and powertrains in Wuxi High Tech Zone

Building Materials
- Establised ReGen Sustainable Solutions Sdn Bhd to drive circular solutions for built environment industry
- 163 concrete and 3 cement products certified green

THE BRILLIANCE OF SYNERGY

MAKING A MATERIAL DIFFERENCE

The more facets a diamond has, the greater its brilliance. For the past six decades, the transforming growth of Hong Leong Asia attested to the multifaceted strengths of our people. We continually strive to improve everything we do and take pride in our reputation for delivering high performance products and services. But we will not rest on our laurels. Our legacy of transformation will continue to guide us in all we do to create a stronger and more brilliant future.

HLA 60th Anniversary Celebration Dinner, Singapore.

CHAIRMAN'S MESSAGE

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 2023 ("FY2023").

"WE BELIEVE THAT WE CAN ONLY SUCCEED IF OUR CUSTOMERS DO WELL. HENCE, OUR PEOPLE CONSTANTLY LOOK TO DEVELOP INNOVATIVE SOLUTIONS AND BRING THEM TO MARKET EXPEDIENTLY."

SIX DECADES OF TRANSFORMATION ALONG WITH NATION BUILDING IN KEY MARKETS

2023 was a momentous year for the Group as we celebrated our 60th Anniversary. From humble beginnings when our Founder Mr Kwek Hong Png first came to Singapore to find work, we have, over the past six decades, established ourselves to be the trading and manufacturing arm of the Hong Leong Group and became an Asian multinational known for our market leadership and financial strength. We were able to do this by riding on the back of nation building in the key markets that we serve, thanks largely to the strong and forward-looking Governments where we operate. Our success is also founded on the deep core values imparted by our Founder and built on the principles of being detail-oriented and having strong business ethics. Today we have laid down five of these important core values which are "Keeping the Customer First", "Minding the Details that Matters", "Doing the Right Things", "Thinking Fast and Working Faster" and "Creating an Impact Beyond our Business", and they will always be the cornerstone of our Group.

Over the last 60 years, we have gone through economic down cycles and more recently, the global health crisis, and each time, we would find new opportunities to re-energise ourselves and emerge stronger in tandem with the transformation of the nations.

We have a market leadership position today in the built environment sector in Singapore and Malaysia, and the powertrain solutions sector in China, known for our strength in product quality, timely delivery and the scale to supply the largest of our customers' requirements. We would not have been able to achieve this without the long-term relationships formed with our customers and the bond that we have created with our employees.

OUR PEOPLE MAKE THE DIFFERENCE

As we celebrate our 60th Anniversary, we want to honour the people for contributing to the success of the Group. "Keeping the Customer First" is a mantra that is deeply ingrained in our employees. We believe that we can only succeed if our customers do well. Hence, our people constantly look to develop innovative solutions and bring them to market expediently.

I would like to make special mention of some of our longest-serving employees who have been dedicated to HLA - Kelly Tay, a Financial Controller at China Yuchai International Limited, Ho Wan Yew, a Senior Manager from Production and Operations in Tasek Corporation Berhad and Logendran Doraipandian, the General Manager of Island Concrete (Private) Limited. There are no less than 33 employees who have worked within our Group for more than 30 years and many more who have found it a conducive workplace. To these long-serving employees, I would like to thank them for their dedication and commitment to grow HLA.

Looking ahead, we have also been taking the steps to ensure that the work environment continues to encourage personal and professional growth. We have provided company organised trainings and external learning opportunities over the years to up-skill our employees. Our overall 2023 scorecard shows that we have surpassed our 2025 target of 40 hours of training per employee. We have also enhanced our succession planning framework and refreshed our leadership training modules to support the process to build a future pipeline of leaders and talent. I am delighted to share that HLA was named in The Straits Times "Singapore Best Employers Survey 2023", ranking 61st position out of 250 companies. We are humbled to be in No. 3 position after Siemens and 3M for the Top 10 Employers in the Engineering and Manufacturing sector. For an Asian multinational, we have demonstrated that we can compete with some of the largest global companies in attracting and retaining our people.

We embrace diversity and inclusiveness, and are committed to grow the capabilities of our workforce to create a work culture where all employees take a shared responsibility in HLA's success.

ONGOING TRANSFORMATION – HALF WAY THROUGH VISION 2025

In 2020, we set a Vision for 2025 to become a diversified Asian multinational with core expertise in Building Materials and Powertrain Solutions. We are half way through and I am pleased to report that we have strengthened our supply chain resilience by diversifying our sourcing of critical raw materials, and made useful acquisition in a limestone quarry to increase our reserves. Since then, we had also in October 2021 acquired a 20% stake in our partner and strategic supplier of steel reinforcement solutions, BRC Asia Limited. The latter has done very well with their dominant market position in Singapore and have produced exceptionally strong returns thus far. We have further completed the delisting of Tasek Corporation

CHAIRMAN'S MESSAGE

Berhad in August 2020 and it has turned around from loss-making during COVID-19 to produce a higher than pre COVID-19 level of profitability in 2023. These investments were made as we took a conscious decision to optimise our business portfolio and divested non-core businesses in order to free up our capital. Our PATMI results have since shown some positive traction from a more focused business portfolio and for FY2023, we reported an encouraging PATMI of S$64.9 million compared to S$34.4 million in FY2019.

For Vision 2025, we wanted to create innovative and sustainable products by working closely with our customers and partners. We have since invested significantly in R&D to beef up our Powertrain Solutions portfolio with new energy vehicles product offerings in China under Guangxi Yuchai Machinery Company Limited ("GYMCL"). There are on-going collaborations with customers such as Beijing Yuchai Xingshunda New Energy Technology Co. Ltd. to develop new energy vehicles for the Chinese domestic market. In 2023, we partnered Tsinghua University to set up an R&D and production base in Wuxi High Tech Zone to develop high performance hydrogen fuel cell stacks and systems.

We have also stated in our Vision 2025 that we will deliver urban solutions for cities of the future. None of this is more evident than our investment in the newly opened state-of-the-art manufacturing facility – HL-Sunway Prefab Hub, an Integrated Construction and Prefabricated Hub ("ICPH") in Singapore. ICPH plays an important role in supporting the built environment industry's transformation as it moves toward Design for Manufacturing and Assembly. It helps to raise construction productivity by significantly reducing production errors and manpower requirements. ICPH as a sustainable building has also garnered the Greenmark Gold Award by the Building Construction Authority. It has perforated façade cladding that enables natural ventilation and is fitted with solar panels on the rooftop to generate electricity to meet 25% of ICPH's energy requirement.

Our work is not yet complete. We will continue to look for opportunities to innovate and transform whilst engaging our people on this exciting journey of sustainable growth.

SUSTAINABILITY MATTERS

Demonstrating our commitment to sustainability, HLA has established a Board Sustainability Committee in May 2023 to drive the Group's sustainability and climate-related agenda.

We will continue to advance our sustainability agenda under the three defined pillars that are critical to the success of our business strategy and creation of long-term value for our stakeholders. For the first pillar "Driving Innovation for a Low-Carbon and Circular Economy", I am pleased to share that we have set up ReGen Sustainable Solutions Sdn Bhd* in Malaysia to co-process waste materials for our cement plant. It provides an alternative fuel and raw materials in the production process and reduces the use of coal as the energy source. Here in Singapore, the opening of ICPH marked a significant milestone, driving capacity building initiatives as we progress towards a sustainable low-carbon economy. In the second pillar on "Empowering Our People and Communities", we continued to engage with local schools on climate related initiatives to create generational impact. HLAsians are our most important resource as the Group seeks to grow into the future.

Minister for Social and Family Development and Second Minister for National Development, Mr Desmond Lee, officiated the opening of Singapore's largest integrated construction prefabrication hub, HL-Sunway Prefab Hub, on 21 July 2023.

During the year, we have continued to invest in training and people development, including organising creative thinking workshops on how to go about building sustainable cities of the future. In the third pillar of "Building Resilience for the Long-Term", reflecting on our strong focus on health and safety, we continuously apply measures to achieve a hazard-free work environment throughout the year. There is no higher priority than employee safety and together with the Board of Directors, I regularly reviewed the key performance indicators at every quarterly meeting in 2023.

I am also pleased to announce that for the second year running, HLA is recognised in the Financial Times Statista Asia Pacific Climate Leaders List in 2023. We are one of 275 leading companies in Asia Pacific who have shown transparency in reporting and demonstrated the greatest reduction in core emission intensity relating to Scope 1 and 2 between 2016 and 2021.

STRENGTHENING CORPORATE GOVERNANCE: AWARDS AND RECOGNITION

As a company, we are committed to maintaining good corporate governance and business integrity in all our business activities. It is timely that on our 60th Anniversary, we would remind ourselves of the strong business ethics that our Founder has imparted on us that is essential for the long-term sustainability of the Group and the enhancement of shareholder's value. The Group improved on its Corporate Governance ranking from 21st position in 2022 to 16th position in 2023, amongst 517 public listed companies in the Singapore Governance and Transparency Index 2023 produced by the NUS Business School's Centre for Governance, Institutions and Organisations. Furthermore, in the prestigious Singapore Corporate Awards 2023, HLA won the 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 S$1 billion.

DIVIDENDS

The Board has recommended a tax-exempt first and final dividend of S$0.02 per share for FY2023. This represents a dividend pay-out ratio of 23%, consistent within the range that we have been paying out in recent years. HLA remains committed to delivering a sustainable dividend payout to our shareholders.

LOOKING FORWARD

While growth prospects in our markets are better, the macro environment remains greatly uncertain with the outbreak of another war and rising tension in the Middle East. This may well increase the volatility of energy prices and freight costs globally. Also, intensifying geopolitical rivalries and leadership transitions may further alter the dynamics of global supply chain. However, I am confident that our Group will be resilient, and we will be able to meet these challenges and innovate to stay ahead.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to thank all our customers, joint venture partners, suppliers and business associates for the trust and support they have given us. I would also like to thank my fellow Board members for their invaluable contribution and advice. And to my fellow colleagues, thank you for your dedication and contribution to the continued growth of the Group.

Finally, I wish everyone a good year ahead.

KWEK LENG PECK
Executive Chairman

26 March 2024

* Formerly known as Ecostari Resource Management Sdn. Bhd.

BOARD OF DIRECTORS

From left to right:
(Seated) **Kwong Ka Lo @ Caroline Kwong, Kwek Leng Peck and Maimoonah Binte Mohamed Hussain**
(Standing) **Ng Sey Ming, Tan Chian Khong, Kwek Pei Xuan and Stephen Ho Kiam Kong**

KWEK LENG PECK, 67

Executive Chairman

Date of first appointment as director
1 September 1982

Date of appointment as Executive Chairman
28 April 2017

Date of last re-election as director
27 April 2022
(Will be seeking re-election at the 2024 Annual General Meeting)

Length of service as director
41 years 6 months

Board Committee(s) served on
- Nominating Committee (Member)
- Hong Leong Asia Share Option Scheme 2000 Committee (Member)

Present Directorships
Listed companies
- China Yuchai International Limited (Non-Executive Director)
- Hong Leong Finance Limited (Non-Executive Director)

Other principal commitments
- Hong Leong Corporation Holdings Pte Ltd (Executive Director)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Director)
- Hong Realty (Private) Limited (Executive Director)
- Tasek Corporation Berhad (Non-Executive Director)

Major Appointments (other than directorships)
Nil

Past Directorships in other listed companies and principal commitments held over the preceding 3 years:
Nil

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. Hong Leong Finance Limited and Hong Realty (Private) Limited are related corporations under the Hong Leong Group of companies. China Yuchai International Limited and Tasek Corporation Berhad are subsidiaries of HLA.

Information as at 15 March 2024

BOARD OF DIRECTORS

Stephen Ho Kiam Kong, 64
Executive Director and Chief Executive Officer

Date of first appointment as director
3 August 2020

Date of last re-election as director
28 April 2021
(Will be seeking re-election at the 2024 Annual General Meeting)

Length of service as director
3 years and 7 months

Board Committee(s) served on
- Board Sustainability Committee (Member)

Present Directorships

Listed companies
- BRC Asia Limited (Non-Executive Director)
- China Yuchai International Limited (Non-Executive Director)

Other principal commitments
- Tasek Corporation Berhad (Non-Executive Director)

Major Appointments (other than directorships)
- Singapore Manufacturing Federation (Vice President and Chairman of Risk Review Committee)

Past Directorships in other listed companies and principal commitments held over the preceding 3 years
Nil

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 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.

Kwek Pei Xuan, 32
Executive Director and Head of Sustainability and Corporate Affairs

Date of first appointment as director
26 April 2023

Date of last re-election as director
Not applicable
(Appointed at 2023 Annual General Meeting)

Length of service as director
10 months

Board Committee(s) served on
- Board Sustainability Committee (Member)

Present Directorships

Listed companies
- BRC Asia Limited (Non-Executive Director)

Other principal commitments
- Tasek Corporation Berhad (Non-Executive Director)

Major Appointments (other than directorships)
- Tomowork Ltd. (Board Member, Chairman of Fundraising Committee, and Programme and Service Committee Member)
- Republic Polytechnic (School of Applied Science Advisory Committee Member)

Past Directorships in other listed companies and principal commitments held over the preceding 3 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.

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

Information as at 15 March 2024

Tan Chian Khong, 68
Non-Executive and Lead Independent Director

Date of first appointment as director
1 March 2018

Date of appointment as Lead Independent Director
28 April 2021

Date of last re-election as director
26 April 2023

Length of service as director
6 years

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

Present Directorships

Listed companies
- 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)

Other principal commitments
- SMRT Corporation Ltd (Non-Executive Director)

Major Appointments (other than directorships)
- Gambling Regulatory Authority of Singapore (Board Member)

Past Directorships in other listed companies and principal commitments held over the preceding 3 years
- Methodist Welfare Services (Honorary Treasurer)
- Trailblazer Foundation Ltd. (Honorary Executive Director)

Mr Tan retired as an audit partner of Ernst & Young LLP in June 2016. He has approximately 35 years of experience in providing audit and business advisory services to clients in a wide range of industries.

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.

Kwong Ka Lo @ Caroline Kwong, 65
Non-Executive and Independent Director

Date of first appointment as director
22 February 2016

Date of last re-election as director
27 April 2022
(Will be seeking re-election at the 2024 Annual General Meeting)

Length of service as director
8 years

Board Committee(s) served on
- Board Sustainability Committee (Chairman)
- Nominating Committee (Chairman)
- Audit and Risk Committee (Member)
- Remuneration Committee (Member)
- Hong Leong Asia Share Option Scheme 2000 Committee (Member)

Present Directorships

Listed companies
Nil

Other principal commitments
- The Global Value Investment Portfolio Management Pte Ltd (Managing Director)

Major Appointments (other than directorships)
Nil

Past Directorships in other listed companies and principal commitments held over the preceding 3 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, fundraising, 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 a 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.

Information as at 15 March 2024

BOARD OF DIRECTORS

Ng Sey Ming, 49
Non-Executive and Independent Director

Date of first appointment as director
8 May 2017

Date of last re-election as director
26 April 2023

Length of service as director
6 years 10 months

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

Present Directorships

Listed companies

Nil

Other principal commitments
- Rajah & Tann Singapore LLP (Partner)

Major Appointments (other than directorships)
- 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 over the preceding 3 years

Nil

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.

Maimoonah Binte Mohamed Hussain, 65
Non-Executive and Independent Director

Date of first appointment as director
26 April 2023

Date of last re-election as director
Not applicable
(Appointed at the 2023 Annual General Meeting)

Length of service as director
10 months

Board Committee(s) served on
- Audit and Risk Committee (Member)

Present Directorships

Listed companies

Nil

Other principal commitments
- Ekuiti Nasional Berhad (Independent Non-Executive Director)
- GX Bank Berhad (Independent Non-Executive Director)
- National Gallery Singapore (Independent Non-Executive Director)

Major Appointments (other than directorships)

Nil

Past Directorships in other listed companies and principal commitments held over the preceding 3 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.

Information as at 15 March 2024

MANAGEMENT TEAM

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

Standing (From left)
Simon Loh, Chief Operating Officer, Building Materials Group, Singapore
Joshua Loh, Head of Information Technology
Kwek Pei Xuan, Executive Director and 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
Chen Fun Tee, Chief Operating Officer, Tasek Group, Malaysia
Hoh Weng Ming, President, China Yuchai International Limited

THE ART OF RESILIENCE

GROWING IN STRENGTH

Just as diamonds are formed under immense pressure, our core Building Materials and Powertrain Solutions businesses are well positioned with a strong portfolio of industry-leading companies, constantly innovating to develop high performing, sustainable and cost competitive products in the market and investing in game-changing technologies to deliver growth into the future.

CEO'S OPERATIONAL REVIEW

Dear Shareholders,

We celebrated our 60th anniversary in 2023, marking an important milestone for Hong Leong Asia Ltd. The Group has successfully evolved over the past six decades to meet constant demands of building better infrastructures - homes, schools, offices, hospitals, malls, transportation, airports and enabling greater mobility and connectivity with our energy efficient Powertrain Solutions.

As told to me by one of our customers, we are a business of delivering quality to the people, the lives that we touched and the relationships that we have cemented cannot be underestimated.

We have met an ever-changing business landscape and we have done so by striving to live by our core values and working closely with our partners, customers and our suppliers, leveraging technologies and spearheading sustainability efforts to build cities of the future.

It is now my pleasure to provide you with an update on the operational performance of the Group in a challenging but fruitful 2023.

UNEVEN MARKETS RECOVERY AMID TIGHT LIQUIDITY

Firstly, our biggest market in China started to recover slowly after three years of pandemic restrictions. Domestic demand for commercial on-road diesel engines for trucks and buses increased 17.2%, off a low base caused by COVID lockdowns. Truck sales benefitted in part from the lower liquefied natural gas prices. Bus segment also improved from the pickup in domestic tourism demand. However, sales for the Powertrain Solutions business have not reverted to pre-COVID levels. The electrification of trucks and buses has continued, more so in buses than trucks, and is taking a share of the mainly light-duty end of the market segment. Off-road engine sales and applications including marine power and generators have improved. Despite the People's Bank of China's attempt to roll out lending programmes and lower the borrowing costs at various times during the year, it will take more time for business confidence to restore and liquidity to improve. We expect this to put a lid on the turnaround of the Powertrain Solutions market.

In Singapore, the local construction industry and Building Materials market benefitted from the continuing expansion in both the public and private sector construction outputs. The construction sector expanded 5.2% in 2023. The Building and Construction Authority ("BCA") has reported that the preliminary total construction[*] demand in 2023 rose to S$33.8 billion, surpassing their forecast range of S$27 billion to S$32 billion. BCA has projected that favourable developments will steer the industry towards achieving total construction demand of S$32 billion to S$38 billion in 2024. Longer-term prospects remain positive with mega infrastructure projects planned for Changi Terminal 5 and Tuas Mega Port, and other projects such as the recently announced 800 ha Long Island reclamation plan which are being studied. In the short term however, challenges remain with recruitment and accommodation of foreign workers and the higher costs of employing qualified foreign employees. Truck drivers are particularly in short supply. Operating cost has gone up including rentals of premises, and Certificate of Entitlement prices for trucks have increased in recent tenders.

Over in Malaysia, recovery has also kicked in as private construction projects have restarted and large infrastructure projects have progressed further. The construction sector[*] registered a year-on-year growth of 8.4% in 2023 versus a growth of 8.8% in 2022 and a 5.2% drop in 2021. However, raw materials, energy and transportation costs have increased substantially as aggregates such as sand and quarry dust are in short supply. Rising costs and a tight liquidity situation have weeded out the weaker players and favour those with stronger balance sheet and greater financial means.

The Group has reported higher Revenues of S$4.08 billion, up 5.2% on the back of recovery in our markets. Our Powertrain Solutions and Building Materials businesses have performed better compared to a year ago with full year Net Profit attributable to the owners of the Company up 19% at S$64.9 million.

Despite our markets recovering, the external environment remains uncertain. We faced the regular threat of disruptions on our raw material supplies and the inflationary environment that persisted during the year. Nevertheless, our employees and businesses have shown their operational resilience, and the Group has reported a satisfactory set of financial results. In an uncertain environment, we kept our focus on cash flow and working capital management to stay financially strong.

The Group generated positive Net Cash Flow from Operating Activities of S$362.0 million in FY2023.

POWERTRAIN SOLUTIONS ("YUCHAI")

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. Yuchai 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.

Yuchai sold 313,493 units of engines in FY2023, down 2.4% from 321,256 a year ago. The decrease was mainly attributable to the agricultural engine segment that was impacted by market consolidation. Nonetheless, we did better with sales growth in the other segments of on-road heavy and medium duty trucks and buses, and off-road engines for Marine and Generators. Our New Energy Vehicles segment was up 27.3%, with 8,057 units sold during the year compared to 6,327 units the previous year. It is a small contribution to overall sales growth but an important step in our transformation journey.

Despite the drop in unit sales caused mainly by the agricultural engine segment, Yuchai's sales revenue rose 4.3% to S$3.40 billion. A better sales mix and a higher average selling price have offset the lower unit sales. Yuchai's margins have improved across the board, helped in part by on-going cost-down initiatives. Better performance in their associated companies have contributed to Yuchai's Profit after Tax of S$76.5 million in FY 2023 compared to S$67.0 million the previous year, an increase of 14.1% year-on-year.

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

* Construction Sector - https://www.dosm.gov.my/portal-main/release-content/construction-statistics-fourth-quarter-2023.

CEO'S OPERATIONAL REVIEW

Yuchai expands beyond core into New Energy Vehicles and other new businesses as part of its transformation journey.

During the year, Yuchai Xin-Lan New Energy Power Technology Co Ltd introduced S06-100kW P1 parallel hybrid powertrain system for a key customer - SANY Group's 12 cubic metre concrete mixer trucks. This new product has helped them to achieve significant fuel savings from automatic engine shutdown and restart during commuting in congested traffic.

Yuchai has also set up Yuchai Cynland (Jiangsu) Hyentech Co., Ltd. collaborating with Tsinghua University to focus on R&D and production in Wuxi High Tech Zone. The purpose is to develop high performance fuel cell stacks and systems, and to use the new technology to develop hydrogen production equipment.

Besides this, Yuchai has incorporated Guangxi Xing Yun Cloud Technology Co Ltd to develop proprietary operating systems to enable data analytics for smart and connected solutions for both on-road and off-road vehicles and machineries.

BUILDING MATERIALS

Our Building Materials business did well, riding with the market recovery in Singapore and Malaysia. However, ready-mix volume delivered in Singapore was capped by the shortage of truck drivers and slower progress at construction sites due to heightened safety regulations and noise restrictions. To mitigate the shortage of truck drivers, we increased the fleet of 12 cubic metre ready-mix concrete trucks. We were the first in Singapore to obtain approval to launch the large 12 cubic metre ready-mix concrete trucks back in 2022 and as of 31 December 2023, we have 40 of these trucks on the roads in Singapore. This innovation with the larger trucks has helped our operations to reduce the number of truck trips overall and increased the productivity per driver per truck. Overall, productivity is estimated to increase by about 30% as compared to the old 9 cubic metre ready-mix concrete trucks.

In Singapore, we partnered with Sunway Construction Group to build and manage the Integrated Construction and Prefabricated Hub ("ICPH") in Pulau Punggol Barat. ICPH commenced operations during the year with 26 production lines in total. It has the ability to raise construction productivity, increase production quantity and quality of precast components.

Our latest ICPH facility enables us to move towards cutting edge automation and reinforces our position as the largest precast player in Singapore. We will be able to deliver 2,500 dwelling units annually.

In Malaysia, the upstream cement and clinker production and sales and the downstream ready-mix concrete operations have performed better. Both businesses saw higher volume sales and improving selling price. Malaysia operations has turned around and has reported higher level of profitability compared to pre COVID-19.

HLA was conferred Best Managed Board (Silver) at Singapore Corporate Awards 2023.

Photo Credit: Singapore Corporate Awards

The combined sales in Singapore and Malaysia reached S$650.6 million in FY2023, up 11.1% from S$585.4 million a year ago. Including results of our associates and joint ventures, Profit after Tax increased to S$76.3 million, up 67.2% from S$45.6 million in 2022.

HEALTH AND SAFETY OF OUR EMPLOYEES A PRIORITY

Frequent talks were conducted by the Singapore Civil Defence Force team and Traffic Police on fire drill and fire fighting for employees groupwide. Internal and external courses were conducted on our job competency training with a focus on safety. In addition, we have senior managers at the plant level conducting safety briefings on traffic management, working from heights, use of chemicals, working with moving parts of machines etc. Records of activities were kept, and health and safety performance indicators were presented to the HLA's Board of Directors at every quarterly Board meeting. During toolbox meetings, employees would share their experiences with peers whilst reminding themselves not to be complacent. Our on-going commitment to safety and sustainability is embedded in our business practices, with a continued focus on doing what matters for our customers, employees and other stakeholders.

RIGID PACKAGING

We have two main plants in China, one in Dongguan and the other in Tianjin. The plants manufacture and produce rigid packaging products for the industrial and consumer packaging markets. Our Tianjin operations had suffered from slow demand and had remained unprofitable for several years. Sales for the combined operations in 2023 dropped to S$21.5 million compared to S$25.7 million the previous year. For FY2023, there was an after-tax loss of S$2.2 million compared to a gain of S$8.2 million last year, which included a gain from the sale of land and property. As part of our business optimisation plan, we have taken steps to close the Tianjin plant and dispose the land and building. The closure is expected to result in a net small positive cash-flow impact in 2024.

PROSPECTS

In China, market recovery is still in its nascent stage, and we expect the demand for medium and heavy-duty diesel engines for trucks and buses to slowly improve. Sentiments remain cautious on capital spending as business confidence and liquidity will take more time to restore and improve. New Energy Vehicles will do better with local government supporting their use in the public sector as China is transitioning into green energy. Electrification of trucks and buses will continue to take place mainly in the light-duty market segment of trucks and buses.

In Singapore, we expect our market to continue to expand in both the public and private sectors. Prospects remain favourable even though cost pressures have increased, particularly with rentals of premises and labour. Tapping on increased use of 12 cubic metre ready-mix concrete trucks and leveraging ICPH capabilities, we will continue to focus on innovation and productivity gains to offset some of the cost pressures.

In Malaysia, we expect our market to hold firm with improved sentiments. The construction industry has turned around, but credit environment remains tight. Operating costs are also increasing but we counter this by improving our operational efficiencies and logistics in our vertically integrated model.

As we reflect on our 60th anniversary, we are proud of our heritage and how far we have come in building better infrastructures and enabling greater mobility and connectivity for cities past and present. We will continue to collaborate with our partners, customers and suppliers to bring innovation to our markets with greener solutions.

Although the external environment remains uncertain, we will stay the course to innovate in order to stay relevant, to strengthen our operational resilience, to remain a reliable partner to our customers and be responsible to our stakeholders and the communities where we operate.

STEPHEN HO KIAM KONG
Executive Director and Chief Executive Officer

26 March 2024

OUR PORTFOLIO

BUILDING MATERIALS

From quarries to cement plants and concrete mixer trucks, HLA's Building Materials portfolio is vertically integrated to supply critical building materials for the built environment industries across Singapore and Malaysia.

Island Concrete (Private) Limited ("Island Concrete") is a leading provider of building material solutions for the real estate and built environment industry in Singapore. Established in 1970 with a single batching plant in Aljunied, Island Concrete is well equipped with the capacity to supply more than 3 million m^3 of ready-mix concrete annually. With strategically located wet-batching plants and a fleet of over 250 concrete mixer trucks to meet the needs of our customers, Island Concrete is dedicated to deliver the next generation of sustainable and responsible building material solutions.

Island Concrete (Private) Limited

R3 Precast, under HL Building Materials Pte Ltd, is a leading precast concrete supplier specialising in the consulting, design and manufacturing of prefabricated building components such as PPVC units for both public as well as commercial sectors in Singapore. With deep technical expertise and adoption of advanced manufacturing solutions showcased in the new integrated hub, R3 Precast is strategically focused on delivering sustainable, advanced and efficient precast solutions for the future.

R3 Precast

Tasek Corporation Berhad ("Tasek") is one of the pioneers of building materials with established integrated cement plants in Malaysia. Together with its wholly-owned subsidiary, Tasek Concrete Sdn Bhd, Tasek supplies cement and ready-mix concrete to construction projects in Peninsular Malaysia. In East Malaysia, Cement Industries (Sabah) Sdn Bhd, an associated company under Tasek, has a clinker grinding plant in Kota Kinabalu which supplies cement to whole of Sabah. Looking ahead, Tasek is advancing towards circularity to develop innovative solutions for a low-carbon built environment.

Tasek Corporation Berhad

KEY DEVELOPMENTS IN FY2023

Island Concrete: Commenced operations at Jurong Port's Ready-Mixed Concrete ("RMC") Port-Centric Ecosystem

Singapore's largest concrete batching facility at the multi-purpose port improves environmental sustainability and operational productivity with the integration of key raw materials such as cement and aggregates, effectively reducing the number of truck trips required.

R3 Precast: Largest integrated construction prefabrication hub opened in Singapore – HL-Sunway Prefab Hub

The 3.8-hectare precast manufacturing facility is installed with state-of-the-art technology to produce a wide range of building components including Prefabricated Prefinished Volumetric Construction ("PPVC") components, Precast Bathroom Units, Precast Household Shelters as well as Large Panel Slabs under one roof.

Tasek : Established ReGEN Sustainable Solutions Sdn Bhd

The wholly-owned subsidiary is an initiative to drive circular solutions through specialised sustainable waste management services for industrial customers which in turn provides Tasek with alternative raw materials and fuels.

OUR PORTFOLIO

POWERTRAIN SOLUTIONS

GYMCL is a leading manufacturer of a wide array of light, medium and heavy duty and high horsepower engines including diesel, gas, hybrid engines as well as New Energy powertrains for multiple markets.

Established on 29 April 1993, China Yuchai International Limited ("CYI"), owns a controlling 76.4% equity stake in its principal operating subsidiary, Guangxi Yuchai Machinery Company Limited ("GYMCL"). Headquartered in China with primary manufacturing plant and facilities in Yulin, Guangxi Zhuang Automonous Region, GYMCL is a leading manufacturer of diesel engines and powertrain systems with a strong repute in research and development ("R&D"). GYMCL's 87.7% owned New Energy arm, Yuchai Xin-Lan New Energy Power Technology Co., Ltd. ("Yuchai-Xinlan") focuses on research, development and manufacturing of new powertrains including fuel cell systems, range extenders, hybrid power and electric drive system.

Ranked as one of the top commercial vehicle engine suppliers in annual unit sales by the China Association of Automobile Manufacturers

Growing New Energy product portfolio of electric, diesel hybrids and hydrogen fuel cell solutions developed at two R&D facilities in Nanning and Wuxi

Operating the largest single-facility to produce commercial automotive and industrial engines in China

Manufacturing capacity of 600,000 units annually from engine production facilities in both GYMCL and its subsidiaries

Over 3,000 domestic services stations throughout China and globally

GROWING SUSTAINABILITY CAPABILITIES

As urbanisation continues to drive demand for smart buildings, we will leverage our deep understanding of the markets we serve to offer low-carbon, innovative and sustainable urban solutions to build safer, cleaner and more efficient future cities.

Recognising the environmental impact of our business activities, the Group is committed to "Doing the Right Things" and strengthening our sustainability is an integral part of the Group's business strategy to make HLA more resilient. Our key businesses, Island Concrete, R3 Precast, Tasek and CYI/GYMCL are thriving industry leaders well positioned to grow with a strong focus on responsible business practices and sustainability across our operations.

BUILDING MATERIALS

166
Products Certified Green

0.87
Clinker-to-Cement Ratio

12%
Coal Substitution by Alternative Fuels

POWERTRAIN SOLUTIONS

3%
New Energy Products Sold Against Total Powertrain Systems Sales

Note: Please refer to HLA's 2023 Sustainability Report, which will be published separately on 5 April 2024 for more information on our sustainability initiatives in FY2023.

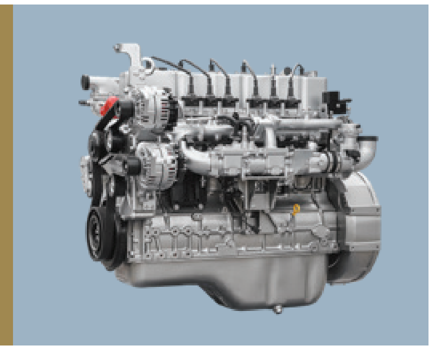
KEY DEVELOPMENTS IN FY2023

Yuchai CynLand (Jiangsu) Hyentech Co. Ltd: R&D centre in Wuxi for fuel cell development

In collaboration with Yuchai-Xinlan's R&D partnership with Tsinghua University for hydrogen fuel cells and stacks, the R&D centre in Wuxi will develop as well as assemble fuel cell systems and powertrains for New Energy mobility applications. These fuel cells will be powering long-haul medium and heavy commercial vehicles.

GYMCL: Secured contract to supply hybrid engine, YCA07N model, to Yutong Group Co., Ltd, the largest bus manufacturer in China

Over 1,200 public buses in Nanjing, China, will be powered with a fuel-saving hybrid system that comes with the National VI emission compliant gas engine. With a horsepower range of 190 to 260 that can support 8.5m to 10.5m long public transit buses or 10m long-haul coaches, the YCA07N engines are well known for its reliability and durability.



Yuchai Xin-Lan: S06-100kW P1 parallel hybrid powertrain system powered SANY hybrid concrete mixer truck

Launched with a successful test run of over 20,000km across four Chinese provinces in China, the SANY hybrid concrete mixer truck with the S06-100kW P1 parallel hybrid powertrain is fuel efficient and equipped with intelligent control software and an adaptive driving system that automatically recognises changing road conditions.

GYMCL: Secured contract to install 20MW ferroalloy off-gas power generation system in Inner Mongolia, China

This range of power generation system harnesses ferroalloy off-gas, a by-product of silicon-manganese alloy smelting as a fuel resource for power generation. It eliminates greenhouse gas emissions and is expected to generate over 160 million kilowatt-hours of electricity annually.

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 Group's performance and progress to facilitate informed investment decisions, nurture continued confidence in HLA and foster strong, enduring relations with our shareholders and the investment community.

During the year, HLA's Management Team engaged and kept the investment community updated on the corporate developments of the Group, enabling the Management Team to gain insights into the equity market's perceptions of the Group. For HLA's financial results performance, briefings were held for analysts and the media bi-annually. At the 62nd Annual General Meeting ("AGM") held on 26 April 2023, the Group presented our FY2022 business performance to shareholders. HLA's Board of Directors and Management Team also addressed questions from shareholders.

In the second half of the year, the Management Team also hosted customers, suppliers, financiers, analysts and the media at the Group's newest manufacturing facility, HL-Sunway Prefab Hub, showcasing the Group's investments on improving productivity with robotics and automation technologies.

The Group's outreach initiatives also include other channels of communication, such as 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@hlasia.com.sg**.

HLA's 62nd Annual General Meeting was well-attended by shareholders in 2023.

AWARDS AND RECOGNITION

In the first half of 2023, the Group's sustainability efforts continued to be recognised with HLA named amongst Asia's 275 leading public-listed companies on the second edition of the Financial Times-Statista Asia Pacific Climate Leaders List for achieving the greatest reduction in Scope 1 and 2 greenhouse gas emissions intensity between 2016 and 2021.

Our investor engagement outreach and commitment to corporate transparency also gained due recognition by the investing community in 2023. At the Singapore Corporate Awards held in September 2023, HLA garnered "Best Managed Board" (Silver Award, S$300 million to less than S$1 billion market capitalisation category) and "Best Annual Report" (Bronze Award, S$300 million to less than S$1 billion market capitalisation category). HLA was also awarded "Best Annual Report" (Gold Award, Print Media, Publications) at the International Hermes Creative Awards 2023.

In the 2023 Governance and Transparency Index published by NUS Business School's Centre for Governance Institutions and Organisations, HLA ranked 16th out of 517 public listed companies, placing HLA amongst the top Singapore-listed companies assessed in terms of corporate governance disclosures and practices.

BROADENING OUR SHAREHOLDER BASE

As of 8 March 2024, Hong Leong Corporation Holdings Pte Ltd remains our largest shareholder with 73.40% of issued share capital. 3,503 shareholders with up to 10,000 shares each formed 2.21% of our shareholder base, with another 1,736 shareholders holding between 10,001 and 1 million shares each, making up 10.96% of our shareholder base. 21 shareholders holding more than 1 million shares each accounted for 86.83% of our shareholder base.

In 2023, the Group continued to work with research firms and financial intermediaries to further broaden our shareholder base. HLA will continue to uphold our efforts on investor relations as a responsibility to shareholders.

HLA was awarded Best Annual Report (Bronze) at Singapore Corporate Awards 2023.

Photo Credit: Singapore Corporate Awards

CORPORATE CALENDAR

2024	
Announcement of 2H 2023 and 2023 full-year financial results	28 February
63rd Annual General Meeting	25 April
Proposed First and Final Dividend for FY2023*	
Record Date* Payment Date*	5.00 pm, 6 May 15 May
Announcement of 1H 2024 financial results	August
2025	
Announcement of 2H 2024 and 2024 full-year financial results	February

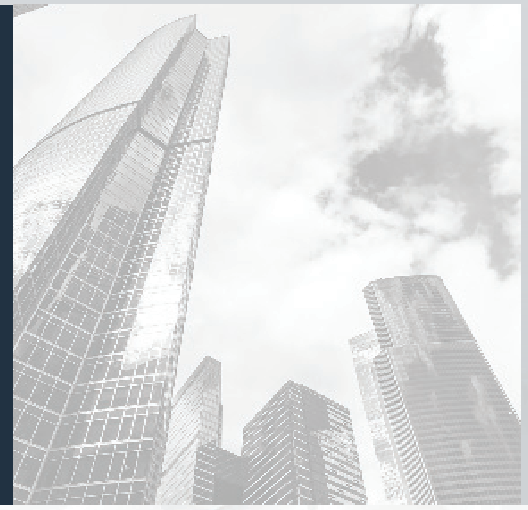
*Note: Subject to the approval of shareholders at the 63rd Annual General Meeting

INVESTOR RELATIONS CONTACT

For feedback and inquiries, please contact:

Patrick Yau
Chief Investment Officer
Email: investor_relations@hlasia.com.sg

Scan to connect with HLA on LinkedIn



THE VALUE OF RESPONSIBILITY

ACHIEVING LONG-TERM GOALS

Diamonds are known for their transparency, which in turn drives responsibility and accountability. As Hong Leong Asia continues to grow in our key markets, we are confident in our business strategies and our people to do the right things and deliver long-term value for our stakeholders ethically, safely and profitably.

SUSTAINABILITY BOARD STATEMENT

Dear Stakeholders,

Sustainability has always been at the heart of our guiding principles at HLA which 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 business with integrity and driving responsible green practices among our employees is vital towards long-term sustainable value creation for our stakeholders.

COMMITMENT AND ACTION

Since 2016, HLA embarked on its sustainability reporting to improve and enhance our approach to provide transparent, succinct and focused information to our stakeholders. Guided by the Audit and Risk Committee ("ARC"), the Board has active oversight of HLA's Sustainability Reporting process and risk management of key material issues under a holistic sustainability framework enabling us to manage pertinent Environment, Social and Governance ("ESG") issues relating to HLA's businesses. In 2021, HLA conducted a materiality assessment with key stakeholders and the ESG targets for 2025 were developed in 2022.

To sharpen HLA's focus on sustainability, the Board Sustainability Committee ("BSC") was set up in May 2023 to drive the implementation of HLA's ESG strategies and initiatives, monitor and manage the sustainability performance of the Group as well as the setting of targets for continuous improvement to safeguard our operations, and support the safety and well-being of our employees.

We have also created a stronger link between ESG performance and the remuneration of Key Management Personnel ("KMP") by including ESG as one of the four categories in our performance scorecard. Weightings are allocated to key performance indicators for key executives to ensure a balanced approach in assessing individual performance and determining the appropriate remuneration which is reviewed by the Remuneration Committee and approved by the Board. ESG key performance indicators form a minimum of 20% of total performance evaluation in 2024.

In 2023, we provided key updates under the Taskforce for Climate Financial Disclosures ("TCFD") report pertaining to strengthened governance practices as well as disclosing a more comprehensive overview of climate risks and opportunities on our Building Materials and Powertrain Solutions businesses.

HLAsians spending time with more than 30 Eco-Champions from Dazhong Primary School at the Sustainable Singapore Gallery.

The BSC is chaired by one of our Independent Directors, Ms Kwong Ka Lo @ Caroline Kwong and supported by Chief Executive Officer, Mr Stephen Ho Kiam Kong and Head of Sustainability and Corporate Affairs, Ms Kwek Pei Xuan, to bring greater focus on overseeing climate risks and opportunities while leveraging Ms Kwong's experience in assessing green technology investments.

The updated analysis of our prioritised climate risks and opportunities involved a preliminary assessment to develop impact mapping pathways that describe the potential high-level impacts of 17 risks and opportunities. In our board meeting discussions, transition risks such as carbon pricing and investing in the right technologies continue to pose a greater concern due to their level of complexity and magnitude of impact on business sustainability. Furthermore, raw material, energy and transportation costs have increased substantially in parts of our business, making a stronger case to re-evaluate the way we operate. The ongoing review of our TCFD strategy has provided our leadership team with clearer strategy levers to support upcoming sustainability strategy and risk management framework reviews.

PROGRESSING ON OUR SUSTAINABILITY TARGETS

In 2023, the Group reached the midpoint mark of advancing towards its 2025 ESG targets, which are inextricably linked to our business strategy to propel HLA forward.

Advancing towards Circularity

The Group's carbon emission intensity against total revenue (Singapore Dollars) increased 15% in 2023 compared to 2022, mainly attributed to an increase in Scope 1 emissions from higher clinker production in our cement operations based in Ipoh, Malaysia, due to the recovery of the market. Tracking our 2023 performance review against 2016's baseline, we have achieved a 28% reduction in carbon intensity. This is where our efforts towards achieving a 30% replacement rate of coal usage with alternative fuels ("AFs") by 2025 plays a vital role in advancing our sustainability ambitions.

Due to limited flexibility in current feeding systems, the replacement rate of coal usage dipped to 12% compared to 16% in 2022. At the same time, alternative raw materials usage surpassed the 2025 target by over 25% and the usage of clinker substitutes have increased 37%. To support these targets and drive our ambition further, Tasek has set up ReGen Sustainable Solutions Sdn Bhd in 2023 to enhance our waste co-processing capabilities and advance in our circular economy strategies.

In China, we are closely monitoring the performance of their ESG targets. Overall, the Powertrain Solutions business has done well in transitioning its energy sources by eliminating coal for its blast furnace operations in mid-2023 and maintaining the utilisation of solar energy which made up 14.3% of the plant's total energy usage in 2023, an increase from 11% in 2022.

Enhancing Green Product Capabilities

Our commitment to sustainability is evident in our products and services, designed to reduce the carbon footprint associated with their manufacture and use. In enhancing our capabilities to offer greener building materials, we made progress in our green concrete products which saw an increase of 4% in sales compared to 2022, as well as the successful green certification of three cement and concrete products in Malaysia.

Under the Powertrain Solutions business, the new energy subsidiary, Yuchai Xin-Lan New Energy Power Technology Co., Ltd, established in August 2021, has increased sales of new energy products by 27% compared to 2022 with notable increase in demand for range extender solutions. A second research and development ("R&D") and production base in Wuxi High Tech Zone was set up during the year to develop high performance fuel cell stacks and systems in collaboration with Tsinghua University under Yuchai CYNLand (Jiangsu) Hyentech Co., Ltd. Furthermore, Guangxi Foundry Company Ltd. – a wholly-owned subsidiary under China Yuchai International's operating subsidiary, Guangxi Yuchai Machinery Co., Limited ("GYMCL"), was also set up to tap onto our casting capabilities on diesel engines to produce wind turbine shafts for the Chinese market. These are steps that signify the Group's ESG commitments, leveraging green technology to build sustainable cities of the future.

SUSTAINABILITY BOARD STATEMENT

Creating an Impact Beyond Our Business

Over the decades, we have made meaningful investments to advance our business and create positive impact in the communities where we operate. On the social front, we continue to focus on uplifting communities as well as integrating sustainability education across our community engagement and volunteering efforts in Singapore and Malaysia in 2023. These activities included our continued collaboration with Dazhong Primary School to empower 40 Eco-Champions, urban and beach clean-up activities involving 138 volunteers and donations of building materials nearing 30 tons to build social infrastructures. We were heartened to see an increase in employee volunteerism from 12% in 2022 to 18% in 2023. In China, GYMCL recorded over 10,000 volunteering hours for the year. The social focus in China is centred on supporting the disadvantaged and their communities through the education of individual health and well-being habits, dissemination of waste management knowledge and refurbishing old facilities.

As a Group, notwithstanding the economic and societal challenges, we also saw the opportunity to clarify our corporate responsibility approach while enhancing synergies with our businesses and capabilities. We embarked on a journey to refresh our approach to shift towards a shared value concept that strives to create positive environmental and social impact and deliver innovative solutions in the process.

In December 2023, we launched the *Beyond***HLA** impact programme with a strengthened purpose built upon HLA's 2025 Vision, defined by three focus areas that include Sustainable Cities and Communities, Enabling Solutions for Healthier Environments and Communities and Educating Future Generations. The last focus area was evident through the sustainability education workshops for primary education students over the last three years to raise awareness on climate change, develop solutions for future cities and leadership skills. Looking ahead, we are excited to develop new initiatives in our other focus areas.

Ensuring Responsible Procurement

In 2023, we launched an updated Supplier Code of Conduct ("Code") to reflect our ESG ambitions. The Code establishes clear expectations on our suppliers to meet HLA's ESG standards and to provide disclosure of their organisation's ESG performance guided by a self-assessment questionnaire to be submitted on an annual basis.

In Q2 2023, we rolled out the Code to our procurement teams in the Building Materials business in Singapore and Malaysia, garnering a 99% response rate from high-value suppliers. This first review indicates that most respondents have established a health and safety management system but lack environmental management and monitoring of greenhouse gas emissions. For corporate governance practices, 55% respondents shared that these policies are implemented in their organisations.

For the Powertrain Solutions business in China, a separate roll-out and briefing was conducted on-site in Q4 2023 and we expect to launch it with selected high-value suppliers in 2024. Over the long-term, this initiative will signify our commitment to improve collaboration with our respective supply chains and progressively reduce emissions in the built environment and transportation industries.

Beyond
Hong Leong Asia

Continuing Focus on Safety Leadership

Just as important as our business accomplishments is the manner in which we achieve them. HLA constantly upholds and maintains high corporate governance standards to provide a safe and healthy workplace for our employees. We closed 2023 with zero workplace fatalities and injuries for third-party transportation of our products. However, there were 11 lost-time injuries ("LTIs") involving five employees and six contractors recorded at our Singapore and Malaysia sites due to non-compliance with procedures.

During the year, we formalised safety standards across all subsidiaries under HLA with the implementation of the Group's Occupational Health and Safety ("OHS") policy that states zero tolerance for fatalities and injuries across our sites and third-party transportation of our products. Following this, the Group has increased efforts to audit and review gaps in policies and practices that may affect safety performance.

We recognise we need to invest more effort to improve our overall safety performance and will continue to work towards maintaining zero fatalities and safeguarding the health and well-being of our employees.

LOOKING AHEAD

Last August, HLA celebrated its 60th anniversary, marking our integral role in supporting the foundations of building and moving in Asian cities in the last six decades. To that end, we will continue to progress toward our 2025 Vision and seize opportunities in new challenges.

We will collectively innovate and pursue new ways to reduce carbon emissions in our operations and our products, and actively support the green transition of the built environment and transportation industries. We will also continue the momentum on achieving our 2025 ESG targets as well as better position our sustainability priorities and ambitions ahead of 2025. We will prioritise strengthening key initiatives such as Scope 3 emissions data collection, community engagement programmes, developing our diversity, equity and inclusion policy, supply chain audits and promoting safety leadership.

The three pillars of **"Driving Innovation for a Low-Carbon and Circular Economy", "Empowering Our People and Communities"** and **"Building Resilience for the Long-Term"** have been well articulated in our sustainability journey, cultivating our key strengths to sustain our competitiveness. Looking ahead, we are excited to create more meaningful and positive impact for the next 60 years for our customers, communities and cities of the future.

The 2023 Sustainability Report, which has been reviewed by the Group's internal auditors, will be published separately on 5 April 2024, and available in digital format via SGXNet and HLA's website https://www.hlasia.com.sg/.

For inquiries or questions relating to the report, please contact the HLA Sustainability Team at sustainability@hlasia.com.sg.

The well-being and safety of our employees and all other stakeholders are among our top priorities.

OUR SUSTAINABILITY HIGHLIGHTS

The HLA Group's aspiration, outlined in our 2025 Vision, is to develop and deliver innovative and sustainable urban solutions for cities of the future. It lays the foundation for our business strategies and the cornerstones of our 2025 Vision – Driving Innovation for a Low-carbon and Circular Economy, Empowering Our People and Communities and Building Resilience for the Long-term rest on three key enablers: Investing in Our Future, Fostering Synergistic Partnerships and Fortifying Our Foundations.

INVESTING IN OUR FUTURE

As HLA sets it sights to grow in key markets around the Asia Pacific region, we recognise that our people are the most valuable asset of the Group. We are committed to support lifelong learning for our workforce, offering learning, skills upgrading opportunities to all employees at all levels to equip them with the necessary knowledge and technical skills to meet business challenges.

In 2023, the HLA Leadership series was launched groupwide with middle management team and above to enable learning opportunities for employees and foster a diverse, collaborative and mutually supportive workplace. 58 people managers and senior leaders from HLA corporate office and the Building Materials businesses in Singapore and Malaysia participated in the series.

Training is a key pillar of the Group's HR policy, ensuring that our diverse, well-educated workforce makes us a stronger, more competitive company. Throughout the year, employees are encouraged to take responsibility for their own career development and to challenge themselves in their everyday work. This included structured trainings on topics such as health and safety, laws and regulations, risk and compliance, energy and waste management and systems for controls and quality checks.

At HLA, our employees actively engage customers in the development of our products to achieve high satisfaction level.

INVESTING IN COMMUNITIES

The core businesses of HLA coupled with the ESG initiatives of HLA can significantly contribute to the communities where we operate and in return, sustain support for our business operations. Since 2020, the Group has been focusing our corporate responsibility activities in the areas where we can make a difference, leveraging on our experience and resources to actively support key stakeholders.

In 2023, we worked to sharpen our focus with the launch of an impact programme, *Beyond***HLA**. This outreach programme is built upon the foundation of long-term, synergistic partnerships, to drive holistic impact through innovative means and inclusion of our stakeholders. The three key pillars of focus defined include "Sustainable Cities and Communities", "Enabling Solutions for Healthier Environments and Communities" and "Educating Future Generations". By initiating societal initiatives that promote lasting employee engagement and support for communities, we strive to impact and enrich the communities and environment where we live and work.

During the year, employee volunteers across the Group participated in waterways and beach clean-ups, sustainable farming workshops and refurbishments of facilities in local communities for Malaysia and China. For the last three years, we have also collaborated with Dazhong Primary School in Singapore, contributing and supporting the next generation of eco-champions to learn more about environmental stewardship.

BUILDING MATERIALS

18%

employee volunteer participation rate

POWERTRAIN SOLUTIONS

10,084

employee volunteer hours clocked

HLAsians are encouraged to participate actively in community outreach events.

OUR SUSTAINABILITY HIGHLIGHTS

FOSTERING STRATEGIC PARTNERSHIPS

Buildings account for almost 40% of the world's energy use and a large portion of the world's greenhouse gas emissions. At HLA, we collaborate closely with business partners to develop and market greener concrete products to reduce our footprint and drive circularity solutions. One example is the Building Materials portfolio of companies – Island Concrete, R3 Precast and Tasek working with respective regulators in Singapore and Malaysia including the Building and Construction Authority of Singapore, Singapore Green Building Council, Singapore Environment Council, Standard and Industrial Research Institute of Malaysia and Construction and Industry Development Board of Malaysia to attain green certification for our supply of eco-friendly building materials. We will continue to look for opportunities to drive a low-carbon and circular economy through responsible business practices.

Across our footprint, we have also made concerted efforts to make a positive impact on the global environment by driving greater efficiency with the Powertrain Solutions we develop and manufacture. Among the green technology projects at GYMCL is Yuchai-Xinlan's R&D partnership with Tsinghua University for hydrogen fuel cells and stack. The R&D centre in Wuxi will develop as well as assemble fuel cell systems and powertrains for New Energy mobility applications as well as powering long-haul medium and heavy commercial vehicles.

BUILDING MATERIALS

28%

total concrete volume generated contains alternative/ recycled materials

POWERTRAIN SOLUTIONS

27%

growth in new energy sales

RMB 877 million

spent on R&D activities

A GYMCL employee conducting quality checks on production floor.

FORTIFYING OUR FOUNDATIONS

HLA places the highest priority to provide an optimal workplace environment for our growing workforce.

Our corporate culture is based on five core values: Keeping the Customer First, Minding the Details that Matter, Doing the Right Things, Thinking Fast, Working Faster and Creating an Impact Beyond Our Business. We seek to foster a corporate culture in which the building blocks of these values apply always and everywhere, and to all employees.

Guided by standard operational guidelines, HLAsians are expected to act responsibly in their day-to-day work, committed to minimising the environmental impact of our products, operations and supply chain as well as providing a safe work environment for all. With business activities and operations spanning across Singapore, Malaysia and China, HLA also has various policies and procedures in place such as Code of Business Conduct, Anti-Fraud, Anti-Bribery & Anti-Corruption and Occupational Health and Safety ("OHS"). Employees are kept informed from time to time and trainings are provided on key new policies.

The Group's OHS Policy emphasises the importance of occupational health and workplace safety in the work environment and serve to instil in all employees a culture of being responsible and practise safe workplace habits. Annual health screenings, mandatory workplace health and safety briefings and fire drills are held regularly throughout the year to create awareness that keeping the workplace and environment safe is of paramount importance to the HLA work culture and to reinforce and promote a safe and healthy environment. In addition, HLA also strives to provide a safe and healthy work environment that is non-threatening, with no harassment, assaults and bullying. Proper grievance handling procedures are also in place to resolve incidents in a timely manner.

The Group's success is measured not just by financial value creation to stakeholders but also sustainable corporate governance measures such as high-level accountability and robust risk management, as well as building an inclusive and engaged workforce and contributing meaningfully to the community at large. Together, these building blocks further fortify the foundation for HLA's sustainable growth.

HLA GROUP

100%

participation rate for compliance and ethics-based training

Enhanced Supplier Code of Conduct (with ESG criteria)

Enhanced Occupational, Health and Safety Policy

BUILDING MATERIALS

75%

operations sites ISO 45001 certified for Occupational Safety and Health Management Systems

11

lost-time injuries

OUR SUSTAINABILITY HIGHLIGHTS

OUR APPROACH

Sustainability Framework
We have selected the HLA Group Sustainability Framework with its interconnected pillars after meticulously identifying and laying out HLA's sustainability priorities. These three interconnected pillars encompass the material ESG topics that were identified by internal and external stakeholders of HLA. Ensuring the sound management of these material topics is crucial to the success of our business strategy to create long-term value for our stakeholders.

HLA Vision 2025
At HLA, our vision is to develop and deliver sustainable and innovative urban solutions for cities of the future. Our core values set the foundation for building resilience for the long-term.

DRIVING INNOVATION FOR A LOW CARBON AND CIRCULAR ECONOMY

1. Energy Consumption and CO_2 emissions
2. Alternative Cement and Concrete Products
3. Energy Efficient Products
4. Circular Economy and Waste Management
5. Product Quality and Customer Satisfaction

EMPOWERING OUR PEOPLE AND COMMUNITIES

1. Community Engagement
2. Diversity, Equity, Inclusion and Talent Management

BUILDING RESILIENCE FOR THE LONG-TERM

1. Ethical Conduct and Regulatory Compliance
2. Cybersecurity and Data Protection
3. Responsible Supply Chain
4. Occupational Health, Safety and Welfare

KEEP THE CUSTOMER FIRST | MIND THE DETAILS THAT MATTER | DO THE RIGHT THINGS | THINK FAST, WORK FASTER | CREATE AN IMPACT BEYOND OUR BUSINESS

Note: To differentiate the material topic of "Innovative Products" between Powertrain Solutions and Building Materials businesses, our core business units as depicted on the materiality matrix on p.49 of this report, we have renamed the topic as "Alternative Cement and Concrete Products" and "Energy Efficient Products: for the Building Materials and Powertrain Solutions businesses, respectively.

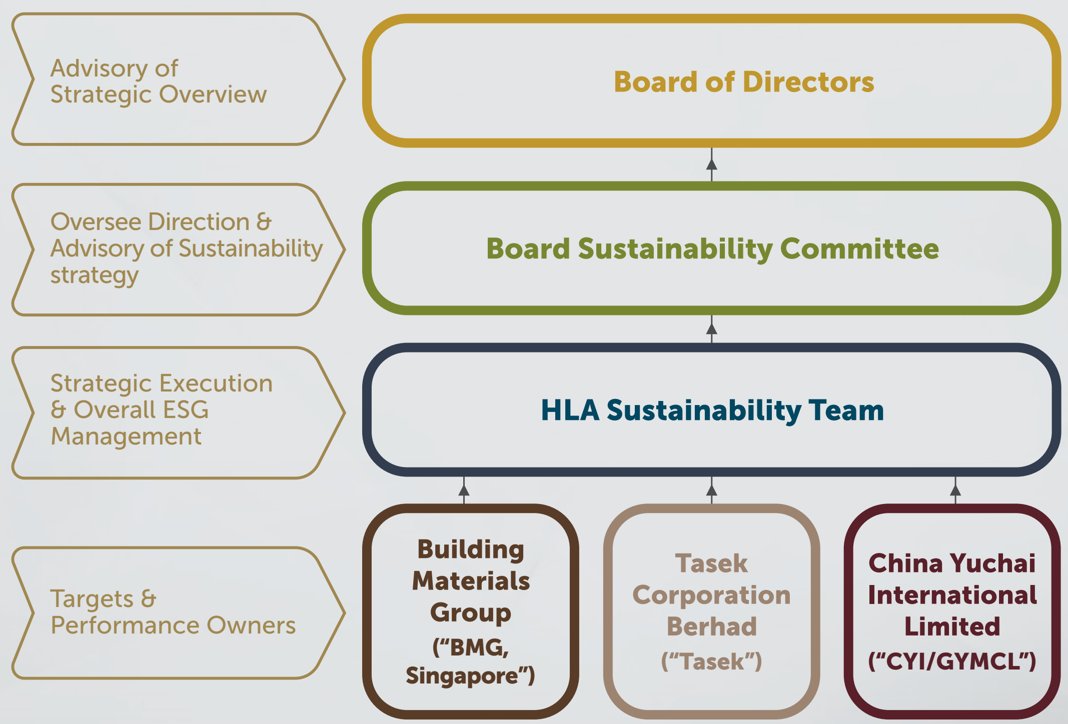
The topic, "Responsible Supply Chain" was formally known as "Supply Chain Management" and was renamed to reflect the integration of ESG in our practices.

GOVERNANCE

The Board is entrusted to provide transparency and visibility into HLA's risk management practices as well as to ensure the reliability, adequacy and effectiveness of internal controls through the support and recommendation of the Audit and Risk Committee ("ARC").

In May 2023, the Board Sustainability Committee ("BSC") was set up to provide specific oversight of the HLA Group's sustainability framework, governance and reporting, which previously were under the purview of the ARC. The BSC would now assist the Board in driving sustainability and climate-related agenda. The Building Materials business, made up of Building Materials Group, Singapore, and Tasek Corporation Berhad in Malaysia, currently have their ESG Impact Working Groups. China Yuchai International Limited ("CYI")/Guangxi Yuchai Machinery Company Limited ("GYMCL") have also formed an ESG Committee. Meanwhile the HLA Sustainability Team would oversee sustainability related issues, support the progress tracking of the ESG commitments and strategies of the above business units and report to the BSC, which in turn would report to the Board.

HLA SUSTAINABILITY GOVERNANCE STRUCTURE



OUR SUSTAINABILITY HIGHLIGHTS

HLA'S KEY STAKEHOLDERS AND MATERIALITY ASSESSMENT PROCESS

Our Key Stakeholders

We recognise the importance of engaging our stakeholders and define key stakeholders as groups that the HLA businesses in Singapore, Malaysia and China may have a significant impact on or vice versa, and those with a vested interest in our business conduct. They include shareholders, customers, employees, local communities, government agencies, industry associations, suppliers and business partners.

Recognising the importance of engaging our stakeholders to encourage open communication and build relationships, we have adopted a stakeholder-inclusive approach – understanding the diversity of our stakeholders, keeping our ears to the ground and staying abreast of industry trends – and deployed various platforms to this end. The frequency of ongoing engagement with our stakeholders varies with their concerns and needs as well as with the topics of engagement.

KEY STAKEHOLDERS	MATERIAL ESG ISSUES	ENGAGEMENT PATHWAYS
Customers		
Our customers are the reason for our business existence. We aim to assist our customers to meet future requirements and transit to a low carbon economy with key focus on sustainable and innovative urban solutions in the built environment and transport sectors.	• Energy Consumption and CO_2 Emissions • Alternative Cement and Concrete Products (BMG, Singapore) • Energy Efficient Products (CYI / GYMCL) • Product Quality and Customer Satisfaction	• Customer Surveys (Yearly) • Materiality Survey (2021) • Rebranding Projects • Partnerships / Joint Ventures • Customer Site Visits • Service Centres / Call Centres, Mobile Applications, Online Channels • After-Sales Services (CYI / GYMCL)
Employees		
Our employees are the engines that drive our business forward, anticipating needs of our customers, delivering value and executing business strategies.	• Diversity, Equity, Inclusion and Talent Management • Occupational Health, Safety and Welfare	• Recruitment Channels • Talent Management Programme • Occupational Health and Safety Channels (toolbox meetings, management meetings, trainings) • Employee Surveys • Materiality Survey (2021) • Rebranding Projects • Training and Development Initiatives • Town Hall Meetings, Management Meetings, Department / Team Bonding • Staff Engagement Events and Wellness Activities • Newsletters, Bulletin Boards, Email Communication • Whistleblowing Channel

KEY STAKEHOLDERS	MATERIAL ESG ISSUES	ENGAGEMENT PATHWAYS
Government agencies and authorities		
Beyond meeting regulatory requirements, we recognise the importance of building partnerships and good relations with the authorities and regulators to participate in nation building and development.	• Energy Consumption and CO_2 Emissions • Circular Economy and Waste Management • Ethical Conduct and Regulatory Compliance • Occupational Health, Safety and Welfare	• Materiality Survey (2021) • Site Inspections, Site Audits Reports Submissions • Meetings, Trainings, Seminars, Technical Committees at respective industry associations
Local communities		
We are part of the communities wherever we operate. We are committed to invest our resources in the local communities to support their well-being and development.	• Dust and other Emissions Management • Community Engagement	• Environmental and Social Impact Activities and Initiatives • Partnerships or Collaborations with Non-Governmental Organisations
Shareholders, investors, analysts and media		
We aim to maximise shareholder value and implement prudent risk management to ensure company financial resilience and embed sustainability strategies into the business.	• Energy Consumption and CO_2 Emissions • Ethical Conduct and Regulatory Compliance	• Annual General Meeting • Corporate Websites, Annual Reports, Financial Reports • Meetings, Presentations and Dialogues
Suppliers, contractors and vendors		
Across our value chain, we expect our suppliers to adhere to our policies and codes. In addition, we recognise the important role we play in collaborating with our suppliers, contractors and vendors to improve sustainable and responsible practices.	• Ethical Conduct and Regulatory Compliance • Occupational Health, Safety and Welfare • Responsible Supply Chain	• Supplier Evaluation (Yearly) • Supplier Code of Conduct Self-Assessment (Yearly) • Materiality Survey (2021) • Health and Safety Trainings / Inductions • Tender/Bidding Process, Request for Proposals / Support, Meetings, Dialogues

OUR SUSTAINABILITY HIGHLIGHTS

MATERIALITY ASSESSMENT

HLA conducted its sustainability materiality assessment in 2021 to re-frame the ESG concerns from the respective business key stakeholders. The material issues have been updated accordingly.

To understand the sustainability concerns and identify relevant sustainability key topics, we followed the process as shown below.

HLA GROUP MATERIALITY ASSESSMENT PROCESS

1 IDENTIFY RELEVANT SUSTAINABILITY TOPICS

- Peer benchmarking, desktop research and collaborative working sessions with Sustainability Committee were done to understand the Group's sustainability context and identify relevant sustainability topics for HLA and its businesses

2 PRIORITISE TOPICS THROUGH STAKEHOLDER ENGAGEMENT

- Interviews with key personnel from business units and online surveys for employees (364 out of 596 responses) to identify important sustainability issues
- The process was repeated with interviews and online surverys for external stakeholders including consultants, customers, authorities, suppliers, contractors etc. (93 out of 269 responses)

3 VALIDATION OF MATERIAL TOPICS

- Analysis of results from the stakeholder engagement process was presented to the Group's Management Team and its business unit leaders
- Discussion and final agreement on material ESG issues for both Group and respective business unit

4 PRIORITISED MATERIAL TOPICS

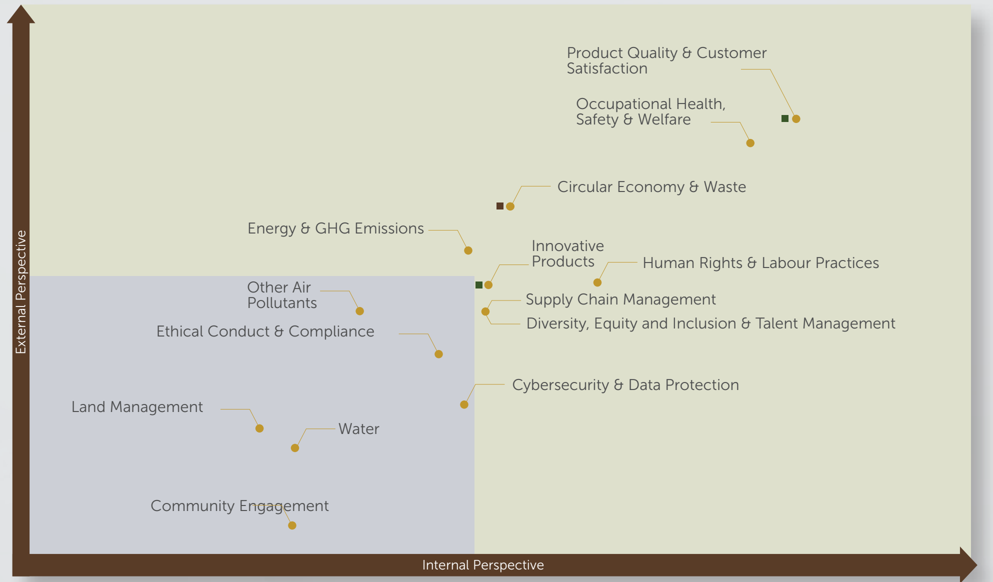
- Significant sustainability issues ranked and prioritised by key personnel from business units. The prioritised issues were considered when formulating HLA's business strategy which serves as inputs for Sustainability Strategy and Reporting purposes

Regular safety briefings are conducted to inculcate a strong safety mindset among our employees and other stakeholders.

HLA MATERIALITY MATRIX

HLA's materiality matrix is summarised from our engagement with various stakeholders both internally and externally. The list of ESG issues were mapped onto a matrix reflecting the importance of key stakeholders (external) and HLA (internal).

The materiality matrix compiled reflected a strong consistency between internal and external ratings on the material issues. It also served to affirm the high relevance of SDGs 9 and 12 to the Group's businesses.



SDG 9

- Innovative Products
- Innovative Product Quality & Customer Satisfaction

SDG 12

- Circular Economy & Waste

● HLA prioritised material issues
■ SDG 9: Industry, Innovation and Infrastructure
■ SDG 12: Responsible Consumption and Production

Note: Material issues bolded within the blue box were included as key prioritised topics during the management workshops.

MORE IN OUR SUSTAINABILITY REPORT 2023

The sustainability highlights in this report serve as a summary of our sustainability initiatives and progress and should be read in conjunction with the full HLA Sustainability Report 2023, which has been prepared with reference to Global Reporting Initiative ("GRI") standards and complies with the Singapore Stock Exchange Ltd (the "SGX-ST") requirements on sustainability reporting.

In line with SGX's Listing Rules, we also conducted an inaugural internal assurance of our sustainability reporting processes in FY2023. We invite you to learn more about our sustainability approach and welcome your feedback in our efforts to continuously improve our sustainability practices and performance. Access the Sustainability Report 2023 at https://www.hlasia.com.sg/sustainability-reports.

Scan to view our Sustainability Report 2023 from 5 April 2024 onwards

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors

Kwek Leng Peck – Executive Chairman
Stephen Ho Kiam Kong – Chief Executive Officer
Kwek Pei Xuan – Head of Sustainability and Corporate Affairs

Lead Independent Director

Tan Chian Khong

Independent Non-Executive Directors

Kwong Ka Lo @ Caroline Kwong
Ng Sey Ming
Maimoonah Binte Mohamed Hussain

AUDIT AND RISK COMMITTEE

Tan Chian Khong – Chairman
Kwong Ka Lo @ Caroline Kwong
Ng Sey Ming
Maimoonah Binte Mohamed Hussain

BOARD SUSTAINABILITY COMMITTEE

Kwong Ka Lo @ Caroline Kwong – Chairman
Stephen Ho Kiam Kong
Kwek Pei Xuan

NOMINATING COMMITTEE

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

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

INVESTOR RELATIONS

Patrick Yau – Chief Investment Officer
Lilian Low – Corporate Communications Manager

Email : investor_relations@hlasia.com.sg
Tel : (65) 6220 8411

SUSTAINABILITY FEEDBACK

Email : sustainability@hlasia.com.sg

REGISTERED OFFICE

16 Raffles Quay
#26-00 Hong Leong Building
Singapore 048581

Tel : (65) 6220 8411
Fax : (65) 6222 0087 / 6226 0502

Website : www.hlasia.com.sg

SHARE REGISTRAR & SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Tel : (65) 6593 4848

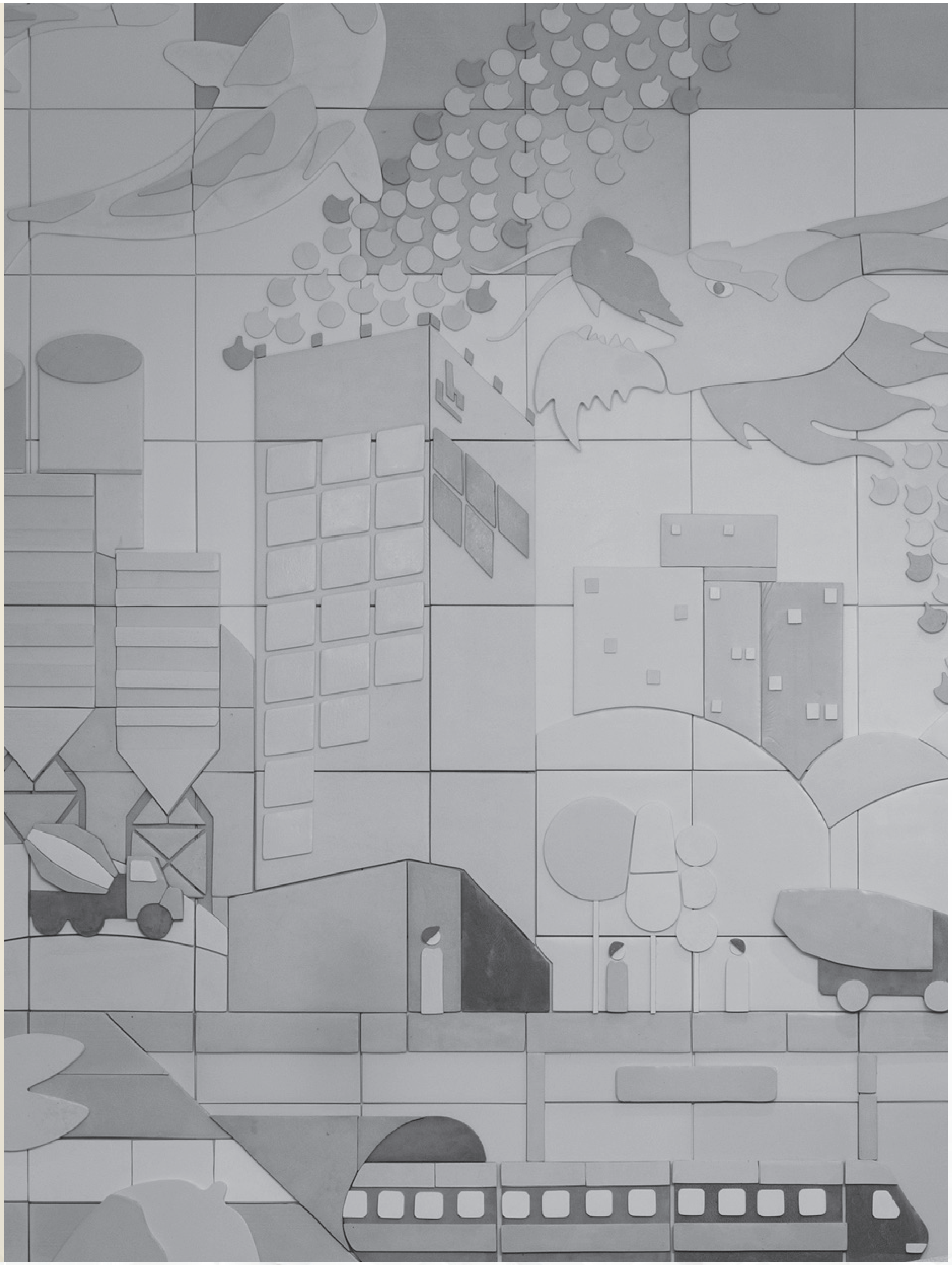
AUDITORS

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 2023 in making the following public Statement of Support as part of the SIAS Corporate Governance Week 2023 Initiatives organised by SIAS in November 2023:

"As a Company, we are committed to upholding high standards of corporate governance to enhance shareholder value, a sustainable future and 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, as amended ("**CG Code**"). Where the Company's practices differ from the principles and guidelines under the CG 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 Securities and Exchange Commission ("**SEC**") Form 20F 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**")
Ms Kwek Pei Xuan, Executive Director and Head of Sustainability and Corporate Affairs

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

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, operational, 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) Datuk Maimoonah Binte Mohamed Hussain (ID) **Key objective** Assists the Board in the review of the Company's financial reporting, internal accounting controls, audit function, and key risks under a risk management framework.
Board Sustainability Committee ("BSC")	Ms Kwong Ka Lo @ Caroline Kwong, Chairman (ID) Mr Stephen Ho Kiam Kong (ED) Ms Kwek Pei Xuan (ED) **Key objectives** Assists the Board in the review of the Group's sustainability issues including climate risks, initiatives, and performance as well as emerging corporate governance trends and best practices. Reviews the Company's sustainability and corporate governance reports.
Nominating Committee ("NC")	Ms Kwong Ka Lo @ Caroline Kwong, Chairman (ID) Mr Kwek Leng Peck (ED) Mr Tan Chian Khong (Lead ID) Mr Ng Sey Ming (ID) **Key objectives** Assists the Board in its succession planning through the review of board size, composition, and mix, 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 performances of the Company, the Group and Management, 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 businesses and operations, and to advance the Company's sustainability efforts and achievements. In this regard, the Board has delegated to the BSC, which was established in May 2023, the general oversight on sustainability issues and sustainability reporting that were previously under the purview of the ARC. Since 2017, the Company has been publishing its annual Sustainability Reports which meet SGX-ST's sustainability reporting requirements. The Sustainability Team led by the CEO and supported by the Head of Sustainability and Corporate Affairs and the Sustainability Manager is responsible for identifying, evaluating, monitoring, and managing the Group's material environmental, social and governance ("**ESG**") factors, and reports to the BSC. Details on the Company's corporate sustainability practices will be presented in the 2023 Sustainability Report on 5 April 2024, 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.

The key responsibilities of the BSC as set out in its written terms of reference, approved by the Board, include the following:

- Provides oversight on the Group's compliance relating to sustainability governance and reporting including reviewing the framework put in place by the Management for the identification, assessment, management, and monitoring of the material ESG factors and climate risks, and setting of the targets and key performance indicators for the achievement of the Group's sustainability strategy;

- Reviews the Group's sustainability issues, initiatives, and performance as well as emerging corporate governance trends and best practices and recommends to the Board the adoption of such trends and best practices; and

- Reviews the Company's sustainability and corporate governance reports.

The BSC held a meeting during the year and carried out its duties as set out within its terms of reference. The Company Secretaries maintain records of all BSC meetings including records of key deliberations and decisions taken.

For the financial year under review, the BSC 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 ("**BSC Self-Assessment Checklist**").

CORPORATE GOVERNANCE REPORT

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

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

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.

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 Group's businesses in their relationships with the Group'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/Development (Provision 1.2)
Every newly appointed Director receives a formal letter, setting out his/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 the chairmen of the Board Committees in the case of appointments to any of the Board Committees, on matters relevant to such Board Committees, 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 CEO and other members of 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/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 CG Code.

CORPORATE GOVERNANCE REPORT

Datuk Maimoonah Hussain who was appointed as an ID and an additional member of the ARC on 26 April 2023, attended the induction programmes conducted by the Company during the year and being a first time Director of a listed company, she has also attended the full LED Programme conducted by the SID. She had visited the Group's key operations in Singapore in 2023 and Malaysia in March 2024.

Mr Ng Sey Ming, who was appointed as an additional member of the NC on 26 April 2023, was briefed on the scope and responsibilities of the NC by the NC chairman.

The Board recognises that it is important for Directors to undergo continual training/development. From time to time, the Directors are provided with updates and/or briefings by professional advisers, auditors, the 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. They are also 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 sets 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.

During the year, the trainings attended by the Directors included the SID Directors Conference 2023, SID Corporate Governance Roundup 2023, SID Seminars: Climate Reporting – Directors, How Do You Respond?; The Board's Role in Leading Successful Transformation; Megatrends Shaping the Future of the Boards, the LED Programme, briefings, and seminars organised by SID and other consultants in relation to board, audit, nominating and remuneration committees matters, and climate-related disclosures and sustainability matters. In addition, six in-house seminars/webinars were also organised and conducted by invited external speakers in 2023, on the following topics:

(a) Task Force on Climate-Related Financial Disclosures Awareness/Capacity Building Workshop;

(b) Occupational Health & Safety Training;

(c) Navigating the new frontier: Cybersecurity and Generative AI;

(d) Sustainability Reporting – Value vs Investment; Challenges vs Opportunities; and

(e) Anti-Fraud, Anti-Bribery and Anti-Corruption.

The Company's external auditors also provided members of the ARC with updates on applicable Accounting Standards, climate and sustainability reporting, cybersecurity, and regulatory updates during the year.

All the Board members attended various training webinars, seminars, and workshops in 2023 which accounted for more than 210 training hours in aggregate.

In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach the 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.

CORPORATE GOVERNANCE REPORT

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 BSC, 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.

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 and Note 32 of the Notes to the Financial Statements in this Annual Report 2023 ("**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 2023.

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 2023 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 some of 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, the Board Committees and the IDs, as well as the frequency of such meetings in 2023, are disclosed on page 58. Nonetheless, the Board is of the view that the contribution of each Director should not be focused solely on his/her attendance at the AGM and at meetings of the Board, the Board Committees and/or the IDs. 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.

CORPORATE GOVERNANCE REPORT

Directors' Attendance (including via electronic means) at the AGM, and Meetings of the Board, Board Committees, and the IDs in 2023 (Provision 1.5)

	Board	IDs	ARC	BSC	NC	RC	SOSC	AGM[b]
Number of meetings held in 2023:	4	1	3	1	2	2	1	1
Name of Director	**Number of meetings attended in 2023**							
Kwek Leng Peck	4	N.A.	N.A.	N.A.	2	2[a]	1	1
Stephen Ho Kiam Kong	4	N.A.	3[a]	1	N.A.	N.A.	N.A.	1
Kwek Pei Xuan	4[c]	N.A.	3[a][c]	1	N.A.	N.A.	N.A.	1
Kwong Ka Lo @ Caroline Kwong	4	1	3	1	2	2	1	1
Ng Sey Ming	4	1	3	N.A.	1[e]	2	1	1
Tan Chian Khong	4	1	3	N.A.	2	2	1	1
Maimoonah Binte Mohamed Hussain[d]	3	N.A.	1	N.A.	N.A.	N.A.	N.A.	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 2023 together with the Company's external auditors.
(c) Ms Kwek Pei Xuan was appointed as an ED on 26 April 2023. She had attended Board and ARC meetings by invitation prior to her appointment.
(d) Datuk Maimoonah Hussain was appointed as an ID and as an additional member of the ARC on 26 April 2023.
(e) Mr Ng Sey Ming was appointed as an additional member of the NC on 26 April 2023.

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/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/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 meetings of the Board, the Board Committees and the IDs, 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, Mr Stephen Ho and Ms Kwek Pei Xuan, 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.

On the NC's recommendation, the Board has approved the maximum number of listed company board representations which a Director of the Company may hold was set at six (including the Company), 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.

CORPORATE GOVERNANCE REPORT

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/her time commitments with the proposed new appointment and in the case of an ID, to also ensure that his/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 Team, 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 EA 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, BSC, 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.

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, the Company Secretaries 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 meetings of the Board, the Board Committees and the IDs, 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.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Independence (Provisions 2.1, 2.2 and 2.3)
The Board currently comprises seven members, three of whom are EDs, while the other four members of the Board are NEDs. The NC has determined all four NEDs, being more than half of the Board, to be independent ("**4 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 4 IDs, namely, Ms Caroline Kwong, Mr Ng Sey Ming, Mr Tan Chian Khong and Datuk Maimoonah Hussain, 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 CG 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/her own independence.

None of the 4 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 4 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 4 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 4 IDs with each ID abstaining from participating in his/her own review, and the Board concurred with the NC's determination of the independence of the 4 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 2023 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 engagements 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.

CORPORATE GOVERNANCE REPORT

The 4 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)
Since 2018, 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 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 including the annual Board targets and timelines for promoting and achieving diversity on the Board. As prescribed under the BDP, the final decision on the selection of Directors is based on merits against objective criteria and targets considered by the NC annually and recommended to the Board for approval.

Diversity Targets and Progress in FY 2023

Targets	Progress
Skills diversity: Expand the Board skill set to achieve the Company's strategic objectives.	Ms Kwek Pei Xuan and Datuk Maimoonah Hussain were appointed as an additional ED and an additional ID, respectively at the AGM in April 2023. 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 ESG issues, sustainability reporting framework and corporate communications. Datuk Maimoonah Hussain is an accomplished banker with over 40 years of experience specialising in debt capital markets, structured finance, securities, asset management and investment banking. Their appointments have provided further diversity to the core competencies and skill set of the Board.

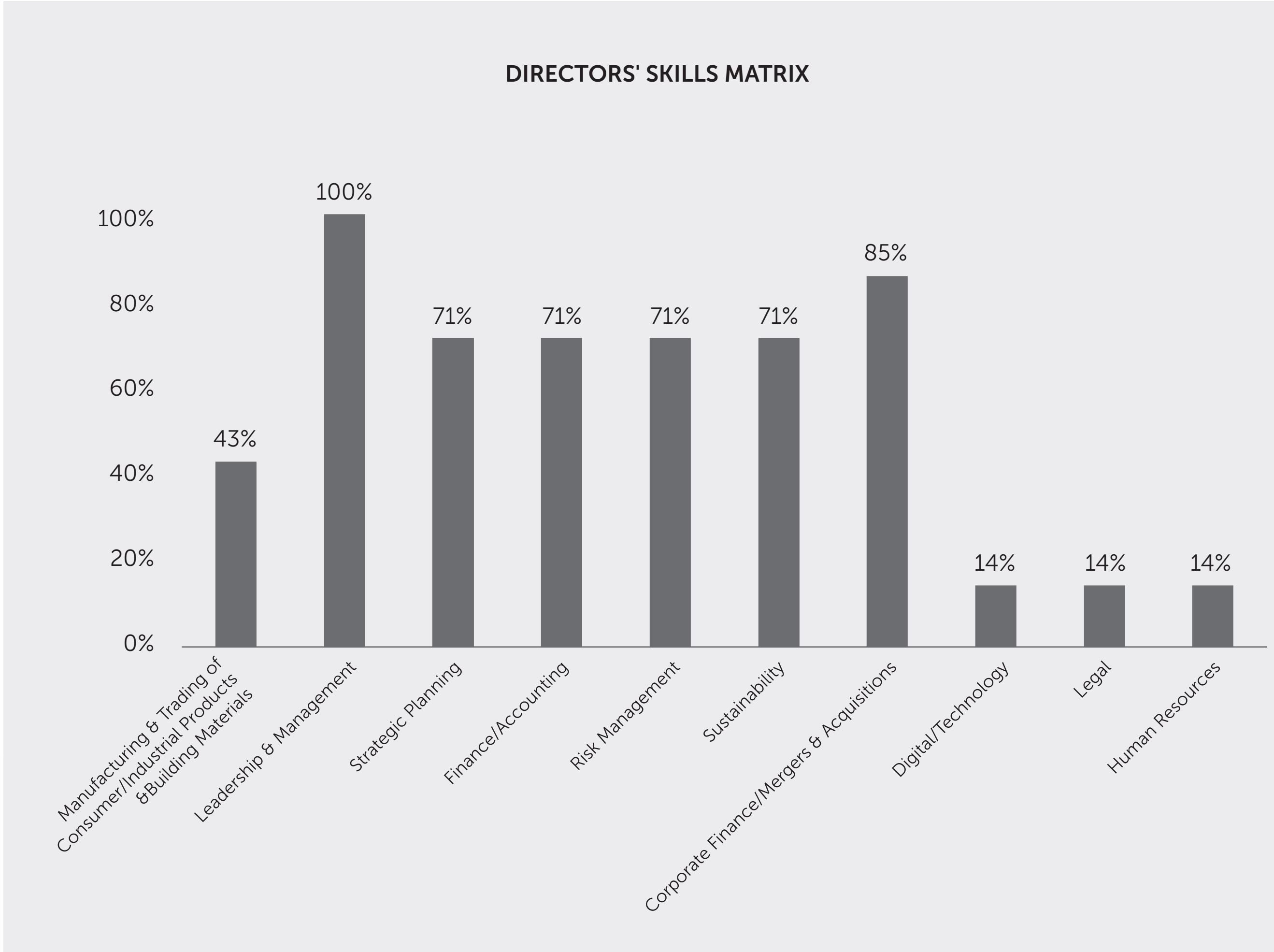
CORPORATE GOVERNANCE REPORT

Targets	Progress
Gender diversity: Maintain at least 25% female representation on the Board. 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.	The NC noted that the Council for Board Diversity ("**CBD**") for listed companies has recommended for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. With Ms Caroline Kwong and the appointments of Ms Kwek and Datuk Maimoonah Hussain as Directors, the Company has achieved a 43% female board representation, exceeding its gender diversity target and the CBD's recommendation. Ms Caroline Kwong is the NC chairman.
Board independence: Maintain majority independence on the Board.	With Datuk Maimoonah Hussain's appointment, IDs currently make up 57% of the Board.
Age diversity: Maintain age diversity with Directors with age ranging from below 50s to below 70s with majority of the Directors in the 60 to 70 age group.	The Board has continued to maintain this target for FY 2023.

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 section entitled 'Board of Directors' in this AR.

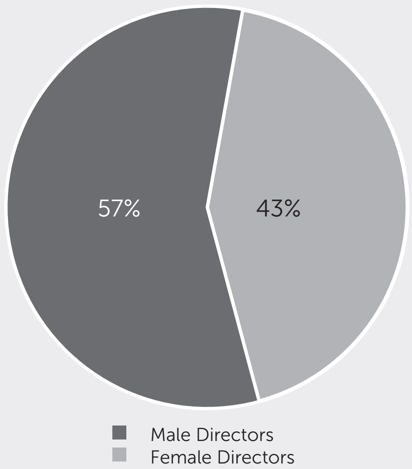
CORPORATE GOVERNANCE REPORT

Having considered the scope and nature of the operations of the Group, the Board, taking into account the recommendation of the NC, is satisfied that the current size and composition of the Board and Board Committees provide for diversity in line with the BDP (including the plans and targets reviewed and approved by the NC and the Board annually) and allow for informed and constructive discussions and effective decision-making at meetings of the Board and Board Committees. Details of the current Board composition are as follows:

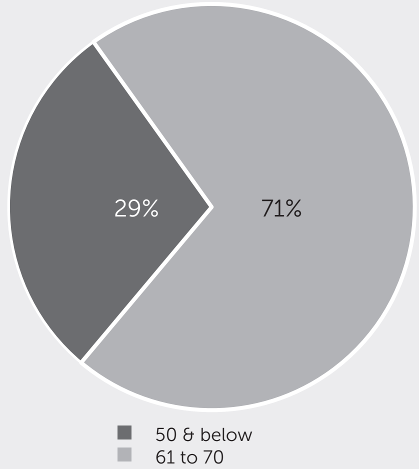


CORPORATE GOVERNANCE REPORT

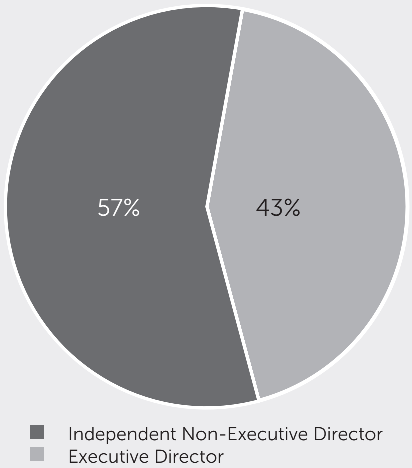
DIRECTORS' GENDER MATRIX



DIRECTORS' AGE GROUP



INDEPENDENCE



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 the Management's performance against budgets. To facilitate this, they are kept informed of the Group's businesses and performances through monthly and quarterly reports from the Management, and have unrestricted access to the Management. They also sit on various Board Committees to provide unbiased and independent views, constructive input and the independent review and monitoring of performances of the Group and the 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 2023 without the presence of the Management and the Board Chairman. The NEDs would also confer among themselves without the presence of the 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.

CORPORATE GOVERNANCE REPORT

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 ED and CEO, Mr Stephen Ho and other members of the Management which includes:

- Ms Kwek Pei Xuan, ED and Head of Sustainability and Corporate Affairs
- 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[1], General Manager (Rigid Packaging)

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.

1 Mr Raymond Lim Nguang Seng passed away on 17 February 2024. Following his demise, a senior manager of Rigid Packaging has been appointed as interim General Manager.

CORPORATE GOVERNANCE REPORT

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.

Under the chairmanship of the Lead ID, a meeting of the NEDs who are all also the IDs of the Company was convened in 2023 without the presence of the 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)
Three out of the four 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 the board diversity policy and recommend to the Board objectives for diversity (both qualitative and quantitative) and review the progress made towards achieving the Board's objectives for diversity;
- 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.

Two NC meetings were held in 2023. The Company Secretaries maintain records of all NC meetings including records of key deliberations and decisions taken.

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**").

CORPORATE GOVERNANCE REPORT

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 CG 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 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 from office at least once in every three years.

In accordance with the Company's Constitution, Mr Kwek Leng Peck, Mr Stephen Ho and Ms Caroline Kwong will be retiring by way of rotation at the 2024 AGM. The retiring Directors being eligible, have offered themselves for re-election at the 2024 AGM. The NC has considered their contribution and performance, and recommended to the Board to nominate their re-election at the 2024 AGM. Detailed information on the Directors who are proposed to be re-elected at the 2024 AGM can be found under the sections on 'Board of Directors' and 'Additional Information on Directors Seeking Re-election' 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.

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;

CORPORATE GOVERNANCE REPORT

(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 section on 'Board of Directors' in this AR for key information on the Directors, which includes the dates of their first appointment and last election/re-election to the Board (if applicable), their academic/professional qualifications, directorships held in listed companies and principal commitments for both the current and the preceding three years, and other relevant information; 'Additional Information on Directors seeking re-election'; and the 'Notice of AGM' for information on Directors proposed for re-election at the 2024 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 compositions of the Board and Board Committees, which include 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 skill set taking into account the Group's business operations. New Directors are also appointed so that the experience of longer serving Directors can be drawn upon while tapping into the new external perspectives and insights which new Directors bring to the Board's deliberation. 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, the ED and CEO, and the ED and Head of Sustainability and Corporate Affairs 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, Ms Kwek Pei Xuan and Datuk Maimoonah Hussain were appointed as additional Directors at the 2023 AGM. Ms Kwek brought with her experience in sustainability while Datuk Maimoonah Hussain has extensive experience in finance and investment banking. Their appointments have provided further diversity to the core competencies and skill set of the Board and promote gender diversity on the Board.

As recommended by the NC, the Board had approved the appointments of Mr Ng Sey Ming as an additional NC member and Datuk Maimoonah Hussain as an additional ARC member in April 2023.

As recommended by the NC and approved by the Board, the BSC had been established in May 2023 to provide specific oversight of the Group's sustainability framework, governance and reporting. Sustainability or ESG matters previously fell under the purview of the ARC are now under the purview of the BSC which assists the Board in driving sustainability and climate-related agenda. Ms Caroline Kwong was appointed as the BSC chairman together with Mr Stephen Ho and Ms Kwek Pei Xuan as members of BSC.

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/Development' 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, the BSC 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/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.

CORPORATE GOVERNANCE REPORT

Factors taken into account in the assessment of a Director's performance include his/her abilities and competencies, his/her objectivity and the level of participation at Board and, where applicable, Board Committees' meetings including his/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/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 compositions 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, the ED and the CEO, and the ED and Head of Sustainability and Corporate Affairs 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 Group 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 2023.

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 2023.

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.

CORPORATE GOVERNANCE REPORT

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/her own remuneration.

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the Group 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 fixed 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.

HLA has established the links between its ESG performance with the remuneration of the KMP. The ESG key performance indicators ("**KPIs**") include those of the health and safety of our staff and the use of recycled and alternative materials in cement and concrete, have been implemented and cascaded down to the Heads of Business Units since 2023. In 2024, the KPIs were expanded to include the participation of business and functional leaders on safety activities like safety audits, training and talks at least once a quarter. All leaders must also participate in one corporate social responsibility ("**CSR**") activity and ensure at least 30% of their staff participate in a CSR activity at least once a year. These ESG KPIs form a minimum of 20% of total performance evaluation in 2024.

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. 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 and Note 32 of the Notes to the Financial Statements in 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 include 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/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 2023 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
Board Sustainability Committee (BSC)	
– BSC Chairman	18,000
– BSC 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 and Note 32 of the Notes to the Financial Statements in this AR.

CORPORATE GOVERNANCE REPORT

Directors' Remuneration for FY 2023 (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 2023 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)	1,212,688	45.1	37.8	15.7	0	1.4	100
Stephen Ho Kiam Kong[4][5]	1,269,915	46.9	39.2	11.0	0.5	2.4	100
Kwek Pei Xuan[4][6]	214,696	48.5	24.8	26.4	0	0.3	100
Non-executive Directors							
Kwong Ka Lo @ Caroline Kwong[7]	129,540	0	0	100	0	0	100
Ng Sey Ming[8]	114,219	0	0	100	0	0	100
Tan Chian Khong	142,000	0	0	100	0	0	100
Maimoonah Binte Mohamed Hussain[9]	60,274	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 2023, which are subject to approval by shareholders as a lump sum at the 2024 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.
5. Mr Stephen Ho was appointed a member of the BSC on 12 May 2023. The BSC fee payable to him for FY 2023 is prorated accordingly.
6. Ms Kwek Pei Xuan was appointed as an ED and a member of the BSC on 26 April 2023 and 12 May 2023 respectively. The Board and BSC fees payable to her for FY 2023 are prorated accordingly.
7. Ms Caroline Kwong is the chairman of the NC and a member of the ARC, RC and SOSC. She was appointed the chairman of the BSC on 12 May 2023. The BSC fee payable to her for FY 2023 is prorated accordingly.
8. Mr Ng Sey Ming is the chairman of the RC and SOSC, and a member of the ARC. He was appointed as an additional member of the NC on 26 April 2023. The NC fee payable to him for FY 2023 is prorated accordingly.
9. Datuk Maimoonah Hussain was appointed as an ID and as an additional member of the ARC on 26 April 2023. The Board and ARC fees payable to her are prorated accordingly.

Remuneration of KMP (not being a Director or CEO) for FY 2023 (Provisions 8.1(b) and 8.3)

For FY 2023, 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 2023 (Provision 8.2)

During FY 2023, there were no 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.

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 the 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

CORPORATE GOVERNANCE REPORT

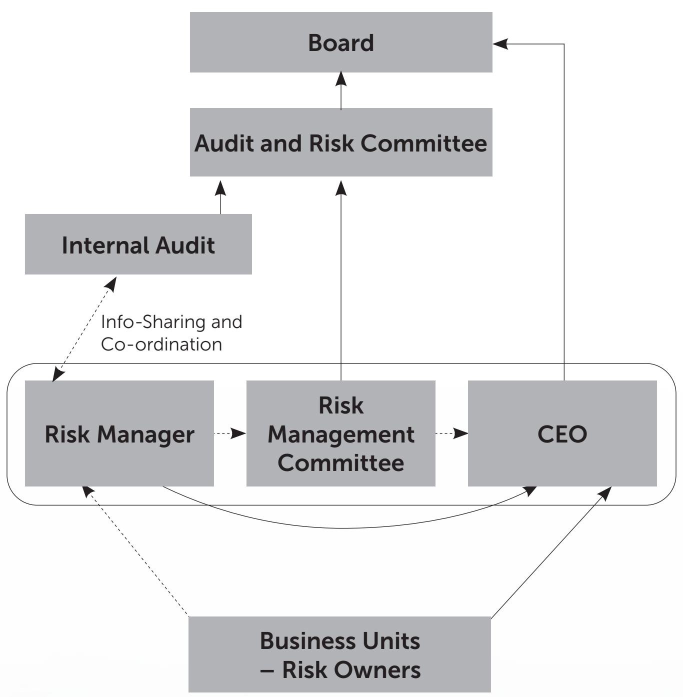
emphasis is placed on creating risk awareness, promoting accountability and setting the appropriate tone at the top. Risk management training is conducted to communicate and enhance the Group's risk culture.

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.

RISK MANAGEMENT OVERSIGHT AND REPORTING STRUCTURE

4	Board Level Oversight	Responsible for the governance of risk and the oversight of the Group's risk management structure, internal controls policies and systems
3	Line of Defence: Independence Assurance	Internal Audit provides independent assurance on the adequacy and effectiveness of the internal control systems and risk management structure
2	Line of Defence: Management Oversight (Enterprise Risk Management)	Risk Management Committee (consisting of management personnel) is responsible for providing management oversight and guidance for risk management policies and strategies. Reports major risk issues to the Audit and Risk Committee
1	Line of Defence: Business Units – Risk Owners	Business Units are responsible for identifying and managing day-to-day business unit risks, including establishing internal controls, systems and maintaining an effective risk management structure



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 plus market channels 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. Widen supplier groups and provide guidance for business units to establish raw material reserves where practical to reduce exposure to price fluctuations. • Further utilisation of alternative raw materials and alternative fuels to reduce exposure to input cost volatility.
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 (refreshing and view extending our 2025 Vision) and alignment with goals, objectives and KPIs. Periodic review of the Company'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 and evaluate non-core asset disposals. • 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.
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.	• Close monitoring of customers' credit positions and review of all overdue receivables. • Perform credit assessment for new customers. • Credit insurance to minimise bad debt exposure. • Close monitoring of market conditions and key macroeconomic indicator which may indicate potential difficulties in business outlook/collections. • Review financing and capital structures. Maintain an efficient and optimal interest cost structure. • Review and plan for short-term and long-term funding requirement to align with overall strategic direction / plans of the Group.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
4	Operational	Supply chain resilience	Supply chain constraints and challenges as a result of geopolitical tension and impact of pandemic. Geopolitical tensions could escalate and lead to further constraints in supply chains.	• Monitor and review of supply and reserve levels on a regular basis. • Identification and engagement with alternative suppliers to build supply chain resilience. • Further vertical integration and waste recycling initiatives. • Explore product / material substitution.
5	Operational	Health and Safety (including Business Continuity Planning)	Occupational Health & Safety ("**OHS**") – Workplace safety and health. Implementation of Business Continuity Planning (Ability to handle major global / country wide disruption and resume operations within the optimum timeframe and minimise losses).	• The Group is committed to upholding the highest standards of safety in its business operations, fostering a strong health and safety culture across the Group, particularly at the ground level where the risks are greatest. • Implement appropriate processes to ensure adherence to industry standards, regulations or government guidelines, including New Code of Practice issued by the Workplace Safety and Health Council in Singapore in 2022. • Promote OHS 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. • Monitor health and environmental metrics. • Business continuity, recovery plans 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).
6	Strategic	Environmental Sustainability	Increasing expectations and compliance with local or global environmental standards to improve management of environmental impact across operations (e.g., natural resource usage and pollution) and report on financial impact of climate risks (as per TCFD and ISSB frameworks) including physical risks (e.g. stranded assets, insurance premium increase, decreased labour productivity) and transition risks (e.g. carbon tax implementation, asset impairment).	• In 2021, the Group formalised its 2025 environmental targets (e.g. 50% reduction in CO_2 intensity against HLA Group Revenue vs. 2016 levels and 20% of powertrain solutions sales sold from new energy products) developed in conjunction with the powertrain solutions 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 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.
7	Operational	Human capital – Succession planning, Recruitment & retention	Human Resource continues to be a top priority for the Group. The Group minimizes the impact of loss of key employees and critical knowledge by constantly reviewing succession plans and grooming talents with needed skill sets.	• Continue to invest in human capital development of existing workforce as well as build up current and emerging capabilities through professional hires and targeted recruitment. • Roll out leadership development programmes to groom talent and establish succession planning for key positions. • Conduct annual analysis of training needs and set out structured trainings to fill new and emerging skill gaps so as to develop and retain talent.

CORPORATE GOVERNANCE REPORT

No.	Risk Category	Risk Name	Risk Description	Risk Mitigation Plans
8	Compliance	Regulatory Compliance	Failure to comply with local laws and regulations in various geographical locations could have a detrimental effect to the Group in multiple areas such as financial and operational performances or reputation.	• Close monitoring of relevant regulations and developments to keep abreast on the latest regulatory requirements and policy changes. • Assess impact of regulatory changes and review business processes/strategies where necessary. Information about regulatory changes are communicated/disseminated to staff. • The Company has adopted an Anti-fraud, Anti-bribery and Anti-corruption Policy and has zero tolerance towards fraud, bribery and corruption.
9	Operational	Cyber Security	Growing trend of cyber threats with a shift of focus on industries which are typically of lesser interest to known hackers or threat groups.	• Enhanced email security with integration to Microsoft email security solution. Ensure email senders are from qualified domain names before delivery to mailboxes. • Enhanced security checks on external hyperlinks to prevent clicking on malicious links. • Conduct vulnerability assessments, external penetration test and cyber security assessment. • Progressively step up level of defence against potential cyber-attacks starting with the strengthening of internal controls and processes, IT staff training as well as raising awareness of different forms of cyber-attacks. • Exercise continuous improvement process through regular internal reviews on new or existing security initiatives to measure their effectiveness. • Participate in external conferences to gain insights on cyber defence tools and trends.

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 respective 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.

Assurances from the KMP (Provision 9.2)

In relation to Provision 9.2 of the CG 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

CORPORATE GOVERNANCE REPORT

(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 2023.

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.

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 assurances 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 2023 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 annual filing on Form 20F for FY2022 on 27 April 2023, 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 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

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 finalisation of CYI's FY 2023 annual report filing on Form 20F in April 2024.

As part of internal audit program for FY 2023, 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 2023.

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.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 10: AUDIT AND RISK COMMITTEE

Composition of ARC (Provisions 10.2 and 10.3)
The ARC comprises four NEDs, all of whom including the chairman of the ARC are independent. Three members including the ARC chairman, namely Mr Tan Chian Khong, Ms Caroline Kwong and Datuk Maimoonah Hussain 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 EA should not act as a member of the ARC: (a) within a period of two years commencing on the date of his/her ceasing to be a partner or director of the EA; and (b) in any case, for as long as he/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 section on 'Board of Directors' in the 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, the 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;
- 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;

CORPORATE GOVERNANCE REPORT

- To review interested person transactions 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; and
- 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.

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' in 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.

ARC's Commentary on significant financial reporting matters
In the review of the financial statements for FY 2023, 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 matter impacting the financial statements was discussed with Management and the EA:

Significant Matter	How did the ARC address this matter
Capitalisation of development expenditure	The ARC reviewed the significant assumptions used by Management in the capitalisation of development expenditure. The ARC noted that about 28% of the intangible assets relates to development expenditure capitalised by CYI. From discussion with Management, the ARC noted that CYI had capitalised development expenditure when they met the criteria outlined in SFRS(I) 38 for capitalisation and begun amortisation when the technology was ready for use. The ARC obtained an understanding from its management on CYI's recognition criteria and basis for capitalisation and that CYI had recognized development expenditure in accordance with CYI's R&D capitalisation policy.

The above significant matter was also an area of focus for EA who have included this as a key audit matter in their audit report set out in this AR.

CORPORATE GOVERNANCE REPORT

External Auditors (Provisions 10.1(d) and 10.1(e))
Taking cognisance 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 2023. 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 2023 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 2023, 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 2023 are set out below:

	$'000
Audit fees	2,133
Non-audit fees	115

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2024, 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 the Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

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 2024 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 26 April 2023. 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 2024 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.

CORPORATE GOVERNANCE REPORT

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 2023 (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 2023 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**")		–	3,687,802
Kim Sik Sdn Bhd ("**KS**")		–	914,689
		Provision of corporate secretarial services by IP:	
CDL Management Services Pte. Ltd. ("**CDLMS**")		342,720	–
Total:		**342,720**	**4,602,491**

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

Material Contracts
Except as disclosed above and in the financial statements for FY 2023, 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@corp.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.

CORPORATE GOVERNANCE REPORT

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/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
The Company is committed to ensuring high standards of ethical business conduct, including zero tolerance for fraud, bribery and corruption.

The Company 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 at www.hlasia.com.sg 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 the Management. The Head of IA has unfettered access to the ARC, the Board and the 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 a periodic 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.

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 cov erage 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 2023 on the progress of the audit work under the IA plan. Copies of IA reports are extended to relevant members of the Management. IA reports are also provided to the EA. 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 the 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 the 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

CORPORATE GOVERNANCE REPORT

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 modelled 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 2023, 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. CYI has its own IA team and the other 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.

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.

2023 AGM
The 2023 AGM was held in a wholly physical mode at M Hotel Singapore on 26 April 2023. Arrangements were put in place for attendance at the 2023 AGM, the submission of questions to the Chairman of the Meeting in advance of, or at, the 2023 AGM and voting at the 2023 AGM by shareholders or their duly appointed proxy(ies) and these arrangements were disclosed to shareholders by way of an announcement released on SGXNet on 28 March 2023. Shareholders were also informed of the 2023 AGM through a notification by post.

CORPORATE GOVERNANCE REPORT

All the Directors including the Board Chairman, the CEO, chairmen of the ARC, NC, RC and SOSC and certain members of the Management together with the EA were in attendance at the 2023 AGM.

FORTHCOMING 2024 AGM

The forthcoming 2024 AGM will continue to be held in a wholly physical mode at M Hotel Singapore on 25 April 2024. Shareholders will receive, via post, the Notice of the 2024 AGM together with a copy each of the proxy form and request form for AR and Letter to Shareholders dated 27 March 2024 in relation to the proposed renewal of the (i) Share Purchase Mandate and (ii) IPT Mandate (the "**Letter to Shareholders**"), for shareholders' use. These documents will also be made available on the Company's corporate website. The AR, Letter to Shareholders, Notice of the 2024 AGM and the accompanying proxy form will also be published on the SGX website.

Further, as part of the Company's commitment towards environmental sustainability, printed AR and Letter to Shareholders will only be sent to shareholders upon receipt of duly completed request forms. Arrangements relating to attendance at the 2024 AGM, submission of questions in advance of, or at the 2024 AGM and voting at the 2024 AGM by shareholders or their duly appointed proxy(ies) or representative(s) in the case of corporate shareholder(s), are set out in the Notes of the Notice of the 2024 AGM.

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.

Electronic poll voting will be conducted at the 2024 AGM. 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 (except the 2020 to 2022 AGMs which were 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 and the checklist issued by ACRA, MAS and SGX RegCo). 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 and 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.

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, the 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 formalised 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.

CORPORATE GOVERNANCE REPORT

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 2023, 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 the 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 2023, 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.

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.

Shareholders are encouraged to attend the 2024 AGM 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

CORPORATE GOVERNANCE REPORT

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.

Into the eighth 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 2022 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 2023 Sustainability Report. A digital copy will be available on 5 April 2024 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.

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 the 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 Conduct and Ethics 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 the Company, its Directors, and officers. These guidelines prohibit the Company, all Directors and employees from dealing in the Company's securities (a) while in possession of unpublished material price-sensitive information, and (b) during the period commencing (i) 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), or (ii) 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). The internal code also prohibits all Directors and employees from dealing in the Company's securities on short-term considerations. 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 28 February 2024, the Company announced that an aggregate of $188.0 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 utilisation of the rights proceeds has been made, and other than previously announced, the remaining unutilised 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

91 Directors' Statement
100 Independent Auditor's Report
104 Balance Sheets
106 Consolidated Income Statement
107 Consolidated Statement of Comprehensive Income
108 Consolidated Statement of Changes In Equity
112 Statement Of Changes In Equity
113 Consolidated Cash Flow Statement
115 Notes To The Financial Statements

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 2023.

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 104 to 214 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 2023 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	
Kwek Pei Xuan	(appointed on 26 April 2023)
Kwong Ka Lo @ Caroline Kwong	
Ng Sey Ming	
Tan Chian Khong	
Maimoonah Binte Mohamed Hussain	(appointed on 26 April 2023)

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 of the financial year, or date of appointment if later, 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/date of appointment	At end of the year
Kwek Leng Peck		
The Company		
Hong Leong Asia Ltd. *	8,870,700	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
Kwek Pei Xuan		
The Company		
Hong Leong Asia Ltd. *	200,000	200,000

* Ordinary shares

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONT'D)

The directors' interests in the Company as at 31 December 2023 disclosed above remained unchanged as at 21 January 2024.

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.

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 shareholders 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.

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)**

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.

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 2023	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31 December 2023	Number of option holders at 31 December 2023	Exercise period
28/1/2014	$1.31	60,000	–	–	–	60,000	2	28/1/2015 to 27/1/2024
11/6/2020	$0.54	178,000	–	–	–	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		498,000	–	–	–	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
Xie Tao (appointed as member on 3 November 2023)

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;

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

By Subsidiary

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

(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.

(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 2023	Options granted	Options exercised	Options cancelled/ lapsed	Balance at 31 December 2023	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.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

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.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") comprises four 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
Maimoonah Binte Mohamed Hussain (appointed as member on 26 April 2023)

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.

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

26 March 2024

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

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 2023, 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 material accounting policy information.

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 2023 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 2023

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

Key Audit Matters (cont'd)

Capitalisation of development expenditure

As at 31 December 2023, the carrying amount of the Group's intangible assets amounted to $323.9 million, of which $89.8 million pertained to development expenditure that was capitalised by the powertrain solutions 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 2023. The Group has determined that the Development Projects met the capitalisation criteria and has capitalised $89.8 million of development expenditure. This includes $35.2 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.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

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

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

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

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

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.

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
26 March 2024

BALANCE SHEETS

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current assets					
Property, plant and equipment	3	779,625	887,895	1,120	1,567
Intangible assets	4	323,923	323,541	–	–
Investment in subsidiaries	6	–	–	229,867	229,867
Interests in associates	7	134,941	126,166	14,605	14,605
Interests in joint ventures	8	53,767	44,058	–	–
Investment property	9	761	916	–	–
Other investments	10	6,040	11,056	–	–
Non-current receivables	11	52,281	4,560	–	–
Capitalised contract costs	25	25,074	38,095	–	–
Right-of-use assets	21	119,045	126,381	234	34
Deferred tax assets	12	80,183	92,255	–	–
Long-term deposits	16	–	3,854	–	–
		1,575,640	1,658,777	245,826	246,073
Current assets					
Inventories	13	937,315	1,028,903	–	–
Development properties	14	3,104	3,221	–	–
Trade and other receivables	15	1,744,786	1,609,808	384,966	381,257
Cash and short-term deposits	16	1,233,720	1,013,614	15,916	9,481
		3,918,925	3,655,546	400,882	390,738
Assets of disposal group classified as held for distribution to owners	6(d)	1,415	1,736	–	–
		3,920,340	3,657,282	400,882	390,738
Total assets		5,495,980	5,316,059	646,708	636,811

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

BALANCE SHEETS

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Current liabilities					
Trade and other payables	22	1,845,195	1,678,954	7,668	5,555
Contract liabilities	25	118,574	119,038	–	–
Lease liabilities	21	11,150	12,260	51	7
Provisions	24	51,285	45,592	–	–
Loans and borrowings	20	509,986	671,528	133,080	217,713
Current tax payable		19,233	22,737	–	–
Derivatives		30	142	–	–
		2,555,453	2,550,251	140,799	223,275
Liabilities directly associated with disposal group classified as held for distribution to owners	6(d)	782	1,122	–	–
		2,556,235	2,551,373	140,799	223,275
Net current assets		1,364,105	1,105,909	260,083	167,463
Non-current liabilities					
Loans and borrowings	20	377,995	203,075	250,000	160,000
Deferred tax liabilities	12	23,366	22,617	3,549	2,463
Deferred grants	23	83,826	91,799	–	–
Other liabilities	22	46,042	45,345	–	–
Contract liabilities	25	9,686	14,903	–	–
Lease liabilities	21	31,366	28,332	182	27
Retirement benefit obligations		4	2	–	–
		572,285	406,073	253,731	162,490
Total liabilities		3,128,520	2,957,446	394,530	385,765
Net assets		2,367,460	2,358,613	252,178	251,046
Equity attributable to owners of the Company					
Share capital	18	467,977	467,977	467,977	467,977
Reserves	19	453,205	433,782	(215,799)	(216,931)
Reserve attributable to disposal group classified as held for distribution to owners	6(d)	825	793	–	–
		922,007	902,552	252,178	251,046
Non-controlling interests		1,445,453	1,456,061	–	–
Total equity		2,367,460	2,358,613	252,178	251,046
Total equity and liabilities		5,495,980	5,316,059	646,708	636,811

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 2023

	Note	Group 2023 $'000	Group 2022 $'000
Continuing operations			
Revenue	25	4,081,454	3,881,141
Cost of sales		(3,326,668)	(3,199,547)
Gross profit		754,786	681,594
Other item of income			
Other income		96,887	84,878
Other items of expense			
Selling and distribution expenses		(300,086)	(279,432)
Research and development expenses		(165,607)	(170,619)
General and administrative expenses		(194,888)	(162,371)
Finance costs	27	(39,862)	(31,167)
Other expenses		(10,555)	(2,734)
Share of results of associates and joint ventures, net of income tax		25,765	3,503
Profit before income tax from continuing operations	26	166,440	123,652
Income tax expense	29	(46,350)	(20,735)
Profit from continuing operations, net of tax		120,090	102,917
Discontinued operation			
Loss from discontinued operation, net of tax	6(d)	(167)	(325)
Profit for the year		119,923	102,592
Attributable to:			
Owners of the Company			
– Profit from continuing operations, net of tax		64,991	54,756
– Loss from discontinued operation, net of tax		(112)	(218)
		64,879	54,538
Non-controlling interests			
– Profit from continuing operations, net of tax		55,099	48,161
– Loss from discontinued operation, net of tax		(55)	(107)
		55,044	48,054
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
– Basic	30	8.69	7.32
– Diluted	30	8.69	7.32
Earnings per share (cents per share)			
– Basic	30	8.67	7.29
– Diluted	30	8.67	7.29

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 2023

	Group 2023 $'000	Group 2022 $'000
Profit for the year	119,923	102,592
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	2,694	(11,477)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	(86,584)	(214,888)
Net fair value changes of debt instruments at fair value through other comprehensive income ("FVOCI")	2,012	89
Realisation of reserves upon disposal and liquidation of subsidiaries	568	–
Other comprehensive income for the year, net of income tax	(81,310)	(226,276)
Total comprehensive income for the year	38,613	(123,684)
Attributable to:		
Owners of the Company	35,311	(36,694)
Non-controlling interests	3,302	(86,990)
Total comprehensive income for the year	38,613	(123,684)
Attributable to:		
Owners of the Company		
– Total comprehensive income from continuing operations, net of tax	35,423	(36,476)
– Total comprehensive income from discontinued operation, net of tax	(112)	(218)
	35,311	(36,694)

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 2023

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 2023		467,977	1,167	22,207	7,797	5,394	(51,812)	63,007	793	386,022	902,552	1,456,061	2,358,613
Profit for the year		–	–	–	–	–	–	–	–	64,879	64,879	55,044	119,923
Other comprehensive income													
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures		–	–	–	–	–	(34,559)	–	–	–	(34,559)	(52,025)	(86,584)
Realisation of reserve upon disposal of instruments at FVOCI		–	–	–	(1,366)	–	–	–	–	1,366	–	–	–
Net fair value changes of equity instruments at FVOCI		–	–	–	2,574	–	–	–	–	–	2,574	120	2,694
Net fair value changes of debt instruments at FVOCI		–	–	–	688	–	–	–	–	–	688	1,324	2,012
Realisation of reserves upon disposal and liquidation of subsidiaries		–	–	(166)	–	–	1,895	–	–	–	1,729	(1,161)	568
Other comprehensive income for the year, net of tax		–	–	(166)	1,896	–	(32,664)	–	–	1,366	(29,568)	(51,742)	(81,310)
Total comprehensive income for the year		–	–	(166)	1,896	–	(32,664)	–	–	66,245	35,311	3,302	38,613
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Dividends paid to shareholders	31	–	–	–	–	–	–	–	–	(14,960)	(14,960)	–	(14,960)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	–	–	(15,125)	(15,125)
Cost of share-based compensation	28	–	–	–	–	11	–	–	–	–	11	–	11
Contribution by non-controlling interests		–	–	–	–	–	–	–	–	–	–	3,779	3,779
Changes in ownership interests in subsidiaries													
Dilution of interest in subsidiary		–	–	–	–	–	–	279	–	–	279	(279)	–
Others													
Transfer to statutory reserve		–	–	8,689	–	–	–	–	–	(8,689)	–	–	–
Reserve attributable to disposal group classified as held for distribution to owners		–	–	–	–	–	(32)	–	32	–	–	–	–
Issuance of put option to non-controlling interests of subsidiary		–	(1,186)	–	–	–	–	–	–	–	(1,186)	(2,285)	(3,471)
At 31 December 2023		467,977	(19)	30,730	9,693	5,405	(84,508)	63,286	825	428,618	922,007	1,445,453	2,367,460

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

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
<u>Other comprehensive income</u>													
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures		–	–	–	–	–	(79,738)	–	–	–	(79,738)	(135,150)	(214,888)
Net fair value changes of equity instruments at 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	28	–	–	–	–	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		–	–	–	–	–	(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.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Company	Note	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Accumulated (losses)/profits $'000	Total equity $'000
At 1 January 2023		467,977	9,199	2,618	(228,748)	251,046
Total comprehensive income for the year		–	–	–	16,081	16,081
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends paid to shareholders	31	–	–	–	(14,960)	(14,960)
Cost of share-based compensation	28	–	–	11	–	11
At 31 December 2023		467,977	9,199	2,629	(227,627)	252,178
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	28	–	–	34	–	34
At 31 December 2022		467,977	9,199	2,618	(228,748)	251,046

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 2023

	Note	Group 2023 $'000	Group 2022 $'000
Operating activities			
Profit before income tax from continuing operations		166,440	123,652
Loss before income tax from discontinued operation		(167)	(325)
Adjustments for:			
Share of results of associates and joint ventures, net of income tax		(25,765)	(3,503)
Cost of share-based payments	28	11	34
Depreciation and amortisation		151,306	153,191
Allowance for inventory obsolescence, net	26	10,439	11,447
Impairment losses recognised/(written back) for trade and other receivables	26	4,685	(1,190)
Impairment losses on property, plant and equipment and intangible assets		8,439	3,843
Impairment losses on interests in joint ventures	26	–	202
Property, plant and equipment written off	26	464	880
Finance costs	27	39,862	31,167
Dividend income from other investments	26	(153)	(79)
Interest income		(32,716)	(28,296)
Gain on disposal of:			
– subsidiary	26	(19,593)	–
– associate	26	–	(271)
– property, plant and equipment	26	(395)	(1,374)
– right-of-use assets	26	(1,442)	(801)
– assets classified as held-for-sale	26	–	(10,489)
– other investments	26	–	(59)
Gain on liquidation of a subsidiary	26	(129)	–
Provisions for warranties and other costs, net	26	78,891	65,003
Operating cash flows before changes in working capital		380,177	343,032
Changes in working capital:			
Inventories and development properties		40,046	37,470
Trade and other receivables, and capitalised contract costs		(233,427)	(90,067)
Trade and other payables, and contract liabilities		229,429	(211,896)
Grant received from government		48,670	39,652
Provisions utilised	24	(71,053)	(70,667)
Cash flows from operations		393,842	47,524
Income taxes paid		(31,803)	(9,875)
Net cash flows generated from operating activities		362,039	37,649

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 2023

	Note	Group 2023 $'000	Group 2022 $'000
Investing activities			
Additional investment in associates and joint ventures		(1,228)	(1,072)
Dividends received from:			
– associates and joint ventures		9,857	8,663
– other investments		153	66
Interest received		32,618	28,221
Net (placement)/release of deposits with banks		(18,243)	29,386
Purchase of:			
– property, plant and equipment		(68,310)	(115,880)
– intangible assets		(32,161)	(34,100)
Net cash (outflow)/inflow from disposal of:			
– subsidiary, net of cash disposed	6(e)	(6,056)	–
– subsidiary, net of cash liquidated		1,862	–
– associate		189	204
– property, plant and equipment		1,681	2,097
– right-of-use assets		–	1,466
– assets classified as held-for-sale		–	11,476
– other investments		7,228	110
Net cash flows used in investing activities		(72,410)	(69,363)
Financing activities			
Contribution by non-controlling interests		3,779	10,913
Dividends paid to non-controlling interests of subsidiaries		(15,125)	(33,419)
Dividends paid to shareholders of the Company	31	(14,960)	(14,958)
Interest paid		(41,344)	(32,296)
Net proceeds from share issuance	18	–	39
Proceeds from borrowings		606,743	408,673
Repayments of borrowings		(575,603)	(389,608)
Repayment of obligations under lease liabilities		(12,867)	(12,905)
Net cash flows used in financing activities		(49,377)	(63,561)
Net increase/(decrease) in cash and cash equivalents		240,252	(95,275)
Cash and cash equivalents at the beginning of the financial year	16	942,268	1,129,344
Effect of exchange rate changes on balances held in foreign currencies		(39,360)	(91,801)
Cash and cash equivalents at the end of the financial year	16	1,143,160	942,268

Note:

Cash and cash equivalents totalling $920,599,000 (2022: $721,349,000) 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 2023

1. CORPORATE INFORMATION

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

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

The principal activities of the subsidiaries are those relating to the manufacturing and distribution of powertrain solutions and related products, building materials, rigid packaging products, air-conditioning systems (discontinued operation – 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 MATERIAL 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 of the 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 2023. Except for the amendments to SFRS(I) 1-12 described below, 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 2023

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

2.2 Changes in accounting policies (cont'd)

Amendments to SFRS(I) 1-12: *International Tax Reform—Pillar Two Model Rules*

The Group has adopted Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules* upon their release on 23 May 2023. The amendments provide a temporary exception from deferred tax accounting for the top-up tax that may arise from the jurisdiction adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OCED), and require new disclosures about the Pillar Two exposure. The mandatory exception is effective immediately and applies retrospectively.

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: *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) 1-7 and SFRS(I) 7: *Disclosures: Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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.

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*

Goodwill arising from business combinations generally represents the 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.6 Subsidiaries

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

2.7 Associates and joint ventures

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.

There is no loss of significant influence of material associates or joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.8 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.

2.9 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 costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.9 Property, plant and equipment (cont'd)

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 4 to a maximum of 50 years
Leasehold improvements	:	9 to 50 years
Plant and machinery	:	2 to 30 years
Office furniture, fittings and equipment	:	2 to 20 years
Motor and transport vehicles	:	4 to 11 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.

2.10 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.

The Group's government grants were mainly to support and fund production facilities and research and development activities for product innovations and developments of engines.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.11 Intangible assets (cont'd)

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.

(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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.11 Intangible assets (cont'd)

(iii) Technology know-how

Technology know-how is amortised on a straight-line basis over its finite useful life of 6 – 10 years.

(iv) Goodwill

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

(v) Club membership

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

(vi) 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

The Group's debt instruments at fair value through OCI includes certain bill receivable that are not held to maturity.

(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.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group has made an irrevocable elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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.

2.13 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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.15 Impairment of financial assets (cont'd)

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, 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.

The information about the ECLs on the Company's trade receivables is disclosed in Note 15 and 35(a).

2.16 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 generally cover 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.16 Impairment of non-financial assets (cont'd)

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.

2.17 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 certain 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.

2.18 Provisions

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 2023

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

2.18 Provisions (cont'd)

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 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.

2.19 Revenue from contracts with customers

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).

– 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.19 Revenue from contracts with customers (cont'd)

(a) Sale of engines (cont'd)

– 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".

(b) Sale of building materials

Revenue from the sale of building materials is recognised at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

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 building materials, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.19 Revenue from contracts with customers (cont'd)

(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, usually upon delivery of the goods.

(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) 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.

(f) Dividend income

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

(g) 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 2.12 for details.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.19 Revenue from contracts with customers (cont'd)

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.

2.20 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 2.16.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.20 Leases (cont'd)

(a) As lessee (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.21 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.

(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 2023

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

2.21 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 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.

(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.

(d) Global minimum top-up tax

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of SFRS(I) 1-12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and short-term deposits at banks are placed with financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

2.23 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.

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

2.24 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.

2.25 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 2023

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 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 and 1 January 2023	56,461	506,967	2,597	1,108,454	44,097	33,505	82,212	1,834,293
Translation differences	(906)	(22,981)	–	(57,088)	(1,893)	(1,043)	(2,368)	(86,279)
Additions	–	996	994	5,546	1,983	3,239	44,446	57,204
Transfers	–	18,849	–	54,864	2,202	–	(75,915)	–
Disposals	–	(90)	–	(3,932)	(197)	(8,694)	(1)	(12,914)
Disposal of a subsidiary	–	(15,225)	–	(4,614)	(1,052)	–	–	(20,891)
Write-off	–	(546)	(122)	(4,990)	(891)	(414)	–	(6,963)
At 31 December 2023	55,555	487,970	3,469	1,098,240	44,249	26,593	48,374	1,764,450
Accumulated depreciation and impairment losses								
At 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 and 1 January 2023	1,548	214,219	1,618	657,410	37,968	30,926	2,709	946,398
Translation differences	(6)	(11,866)	–	(40,737)	(1,835)	(709)	(103)	(55,256)
Charge for the year	–	20,290	387	86,070	5,539	3,071	–	115,357*
Impairment losses made	–	1,731	–	6,510	83	9	106	8,439
Disposals	–	–	–	(2,435)	(182)	(7,873)	–	(10,490)
Disposal of a subsidiary	–	(8,364)	–	(3,782)	(978)	–	–	(13,124)
Write-off	–	(391)	(122)	(4,861)	(865)	(260)	–	(6,499)
At 31 December 2023	1,542	215,619	1,883	698,175	39,730	25,164	2,712	984,825
Net book value								
At 31 December 2022	54,913	292,748	979	451,044	6,129	2,579	79,503	887,895
At 31 December 2023	54,013	272,351	1,586	400,065	4,519	1,429	45,662	779,625

* An amount of $3,142,000 (2022: $3,039,000) and $416,000 (2022: $544,000) were capitalised as intangible assets and capitalised contract costs respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2022	67	1,210	217	1,494
Additions	791	718	–	1,509
Write-off	–	(502)	–	(502)
At 31 December 2022 and 1 January 2023	858	1,426	217	2,501
Additions	–	24	–	24
At 31 December 2023	858	1,450	217	2,525
Accumulated depreciation				
At 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 and 1 January 2023	133	697	104	934
Charge for the year	264	164	43	471
At 31 December 2023	397	861	147	1,405
Net book value				
At 31 December 2022	725	729	113	1,567
At 31 December 2023	461	589	70	1,120

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 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 and 1 January 2023	347,327	36,344	313	11,569	395,553
Additions	35,303	–	–	–	35,303
Write-off	(333)	–	–	–	(333)
Translation differences	(13,444)	(1,295)	–	–	(14,739)
At 31 December 2023	368,853	35,049	313	11,569	415,784
Accumulated amortisation and impairment losses					
At 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 and 1 January 2023	57,411	3,621	313	10,667	72,012
Amortisation charge for the year	22,659	–	–	–	22,659
Write-off	(333)	–	–	–	(333)
Translation differences	(2,405)	(72)	–	–	(2,477)
At 31 December 2023	77,332	3,549	313	10,667	91,861
Net carrying amount					
At 31 December 2022	289,916	32,723	–	902	323,541
At 31 December 2023	291,521	31,500	–	902	323,923

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. INTANGIBLE ASSETS (CONT'D)

Development expenditure

Development expenditure relates to costs incurred for the following:
- design, construction and testing of new powertrain solutions 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 (2022: 1 to 3 years). Development expenditure for the design, construction and testing of new powertrain solutions and new energy products amounting to $89,760,000 (2022: $202,742,000) 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 powertrain solutions and certain engine platform relating to National VI engines, and has remaining amortisation period of 5 to 9 years (2022: 7 years).

Trademarks

Trademarks belonging to the Group's powertrain solutions 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 is 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.

Company	Computer software and related costs $'000	Club membership $'000	Total $'000
Cost			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,502	313	1,815
Accumulated amortisation and impairment losses			
At 1 January 2022	1,501	313	1,814
Amortisation charge for the year	1	–	1
At 31 December 2022, 1 January 2023 and 31 December 2023	1,502	313	1,815
Net carrying amount			
At 31 December 2022 and 2023	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Powertrain solutions segment

Technology know-how

The Group has an intangible asset being technology development costs relating to the production of 4Y20 engines. As at 31 December 2023, the carrying amount was $927,000 (2022: $1,136,000) (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 2022 and 2023. Also, having considered that there was no significant change to the market and economic environment that had a favorable effect to the recoverable amount of the intangible asset, management had concluded that no reversal of impairment was necessary in 2022 and 2023.

In addition, the development of certain engine platform relating to National VI and Tier 4 engines was completed in 2023 and the related development expenditure amounting to $142,526,000 (2022: $23,360,000) (net of exchange difference) was transferred from development expenditure to technology know-how.

Development expenditure

As at 31 December 2023, the Group has capitalised technology development costs of $89,760,000 (2022: $202,742,000) (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 2022 and 2023.

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

The 2023 cash flow forecast with 6-10 years' projection period (2022: 7 years' projection period) was based on the updated financial budgets approved by the management with no terminal value.

The assumptions used in the assessment for the development expenditure in 2023 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 in the range of 10% to 25% year-on-year from 2024 to 2029 in view of the implementation of new emissions standards for powertrain solutions on-road and off-road engine business. Management expects an accelerated growth for new energy products given the government's emphasis on new energy and low carbon emission in domestic and international markets (2022: The revenue growth rate was estimated in the range of 15% to 20% year-on-year from 2023 to 2027, and management assumed no revenue growth from 2028 to 2029).

- Discount rate of 15.1% (2022: 14.3%), which reflects management's estimate of the risks specific to the cash-generating unit ("CGU"), was estimated based on weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Powertrain solutions segment (cont'd)

Development expenditure (cont'd)

A decrease in demand can lead to a decline in profit from operation. If the demand decreases by 6.6% (2022: 4.9%) from management's estimate, it would result in impairment of the development expenditure. If the pre-tax discount rate increases to 16.0% (2022: 19.2%), 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.

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 licence agreement for a one-time usage fee of $32,791,000 (net of exchange difference). As at 31 December 2023, the carrying amount was $31,500,000 (2022: $32,723,000) (net of exchange difference).

Management has assessed the right to use of the trademark licence according to the terms and conditions in the agreement and is of the view that the Group has the right to use the trademark licence for an 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 2022 and 2023.

The recoverable amount was determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a 5-year period (2022: 10-year period).

The assumptions used in the assessment for the trademark in 2023 were:

– Profit from operation was based on management's estimate with reference to historical performance and future business outlook.

– Discount rate of 15.1% (2022: 14.3%), which reflects management's estimate of the risks specific to the CGU, was based on weighted average cost of capital.

– Cash flows beyond the 5-year period are extrapolated using a 1.0% growth rate (2022: 5.0%), after taking into consideration industry outlook.

A decrease in demand can lead to a decline in profit from operation. If the demand decreases by 12.9% (2022: 26.7%) from management's estimate, it would result in impairment of the trademark. If the pre-tax discount rate increases to 20.9% (2022: 18.0%), 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Powertrain solutions segment (cont'd)

Property, plant and equipment

Separately, the Group recognised impairment losses of $8,439,000 (2022: $3,524,000) in the income statement under the line items "Cost of sales" and "Other expenses" in respect of specific plant and equipment which were no longer in use.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 $'000	2022 $'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

Assets pledged as security

As at 31 December 2023, the Group's investment in a subsidiary with a carrying amount of $79,211,000 (2022: $83,957,000) 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:

Name of subsidiaries	Country of incorporation	Effective equity interest Group 2023 %	2022 %
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 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

The Group has the following significant investment in subsidiaries (cont'd):

Name of subsidiaries	Country of incorporation	Effective equity interest Group 2023 %	2022 %
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 Foundry Company Limited (formerly known as 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	29.97	31.06

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 announcements on 30 September 2020, 16 November 2020, 12 August 2021 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 "loss 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

(3) The directors consider CYI as a subsidiary of the Company as the Group owns 18,270,965 (2022: 18,270,965) or 44.72% (2022: 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% (2022: 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 2023.

(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.

(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 2023:					
Guangxi Yuchai Machinery Company Limited	The People's Republic of China	65.83%	53,690	1,419,077	6,623
31 December 2022:					
Guangxi Yuchai Machinery Company Limited	The People's Republic of China	65.83%	47,689	1,412,851	19,886

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interests ("NCI") (cont'd)

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 $915,371,000 (2022: $714,154,000) 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.

(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	
	2023 $'000	2022 $'000
Current		
Assets	3,350,236	3,096,783
Liabilities	(2,231,471)	(2,159,090)
Net current assets	1,118,765	937,693
Non-current		
Assets	1,169,738	1,298,242
Liabilities	(270,335)	(195,884)
Net non-current assets	899,403	1,102,358
Net assets	2,018,168	2,040,051

Summarised income statement and statement of comprehensive income

	Guangxi Yuchai Machinery Company Limited	
	2023 $'000	2022 $'000
Revenue	3,403,537	3,263,272
Profit before income tax	106,312	82,143
Income tax expense	(24,753)	(9,700)
Profit after tax	81,559	72,443
Other comprehensive income	2,072	(207,279)
Total comprehensive income	83,631	(134,836)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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	
	2023 $'000	2022 $'000
Net cash flows generated from operations	287,032	22,419
Net cash flows used in investing activities	(44,233)	(84,342)
Net cash flows used in financing activities	(12,770)	(36,936)
Acquisition of significant property, plant and equipment	(33,398)	(71,919)

(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 "loss from discontinued operation, net of tax".

The sale of assets was completed in the financial year ended 31 December 2021. Airwell is in the process of liquidation.

The results of Airwell for the years ended 31 December are as follows:

	Group	
	2023 $'000	2022 $'000
Expenses	(175)	(337)
Other income	8	12
Loss before tax from discontinued operation	(167)	(325)
Income tax expense	–	–
Loss after tax from discontinued operation	(167)	(325)
Attributable to:		
Owners of the Company	(112)	(218)
Non-controlling interests	(55)	(107)
	(167)	(325)
Loss per share from discontinued operation attributable to owners of the Company (cent per share)		
– Basic	(0.02)	(0.03)
– Diluted	(0.02)	(0.03)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal group held for distribution to owners and discontinued operation (cont'd)

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:

	2023 $'000	2022 $'000
Assets		
Cash and cash equivalents	1,415	1,736
Assets of disposal group classified as held for distribution to owners	1,415	1,736
Liabilities		
Trade and other payables	782	1,122
Liabilities directly associated with disposal group classified as held for distribution to owners	782	1,122
Net assets directly associated with disposal group	633	614
Equity		
Translation reserve	825	793
Reserve attributable to disposal group classified as held for distribution to owners	825	793

The net cash flows incurred by the disposal group are as follows:

	2023 $'000	2022 $'000
Operating	(329)	(324)
Investing	8	11
Net cash outflow	(321)	(313)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Disposal of subsidiary

In December 2023, the Group's subsidiary, Guangxi Yuchai Machinery Company Limited disposed of its entire shareholding interest in its wholly owned subsidiary, Yuchai Remanufacturing Services (Suzhou) Co., Ltd., to a third party for a cash consideration of $45,670,000.

The value of assets and liabilities of the disposal recorded in the consolidated financial statements and the cash flow effect, and the effects of the disposal were:

	2023 $'000
Property, plant and equipment	7,767
Right-of-use assets	4,304
Trade and other receivables	8,992
Cash and cash equivalents	6,056
	27,119
Trade and other payables	(3,799)
Provisions	(405)
Contract liabilities	(20)
Carrying value of net assets	22,895
Consideration less cost of disposal	44,251
Add: Transaction cost unpaid	1,419
Less: Sales proceed to be received	(44,725)
Less: Sales proceed received but restricted in use	(945)
Less: Cash and cash equivalents of a subsidiary	(6,056)
Net cash outflow on disposal of a subsidiary	(6,056)
Gain on disposal:	
Consideration less cost of disposal	44,251
Net assets derecognised	(22,895)
Realisation of translation differences	(1,763)
Gain on disposal of a subsidiary	19,593

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. INTERESTS IN ASSOCIATES

The Group's and Company's material investments in associates are summarised below:

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Singapore Cement Manufacturing Company (Private) Limited	18,988	18,315	14,605	14,605
Cement Industries (Sabah) Sdn. Bhd.	14,393	13,276	–	–
BRC Asia Limited ("BRC")	100,428	93,313	–	–
Other associates	1,132	1,262	–	–
	134,941	126,166	14,605	14,605
Fair value of investment in an associate for which there is a published price quotation	98,952	100,058	–	–

BRC Asia Limited

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. Including the shares purchased in prior years, the Group held 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 2023 %	Effective equity interest 2022 %
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	20.15

(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% (2022: 30%) as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023 $'000	Singapore Cement Manufacturing Company (Private) Limited 2022 $'000	Cement Industries (Sabah) Sdn. Bhd. 2023 $'000	Cement Industries (Sabah) Sdn. Bhd. 2022 $'000	BRC Asia Limited 2023 $'000	BRC Asia Limited 2022 $'000	Total 2023 $'000	Total 2022 $'000
Current assets	35,043	27,886	26,091	32,832	856,428	740,267		
Non-current assets	17,881	19,813	31,794	36,527	130,838	153,677		
Total assets	52,924	47,699	57,885	69,359	987,266	893,944		
Current liabilities	(11,777)	(8,015)	(9,908)	(23,295)	(515,377)	(433,904)		
Non-current liabilities	(3,172)	(3,054)	–	(1,811)	(27,224)	(52,511)		
Total liabilities	(14,949)	(11,069)	(9,908)	(25,106)	(542,601)	(486,415)		
Net assets	37,975	36,630	47,977	44,253	444,665	407,529		
Proportion of the Group's ownership	50%	50%	30%	30%	20.15%	20.15%		
Group's share of net assets	18,988	18,315	14,393	13,276	89,600	82,117		
Goodwill on acquisition	–	–	–	–	7,151	7,151		
Assets revaluation reserves	–	–	–	–	3,677	4,045		
Carrying amount of significant associates	18,988	18,315	14,393	13,276	100,428	93,313	133,809	124,904
Carrying amount of other associates							1,132	1,262
Carrying amount of the investment in associates							134,941	126,166

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue	82,805	83,278	125,191	133,230	1,684,952	1,683,111		
Profit after tax	1,345	(6,382)	6,381	(14,609)	81,192	88,584		
Group's share of results	673	(3,191)	1,914	(4,383)	16,360	17,798		
Other adjustments	–	–	–	–	(368)	(368)		
Group's share of results of significant associates	673	(3,191)	1,914	(4,383)	15,992	17,430	18,579	9,856
Group's share of results of other associates							(57)	(381)
Group's share of results of associates for the year							18,522	9,475
Other comprehensive income of significant associates	–	–	–	–	521	(488)	521	(488)
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							19,043	8,987

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. INTERESTS IN JOINT VENTURES

	Group	
	2023 $'000	2022 $'000
Y&C Engine Co., Ltd.	2,407	94
MTU Yuchai Power Company Limited	37,686	24,693
Guangxi Purem Yuchai Automotive Technology Co., Ltd.	2,943	3,927
HL-Sunway JV Pte. Ltd.	9,761	14,247
Other joint ventures	1,154	1,299
Allowance for impairment loss	(184)	(202)
	53,767	44,058

Particulars of the significant joint venture entities are as follows:

Name of significant joint venture entity	Country of incorporation	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Held by the Group				
HL-Sunway JV Pte. Ltd. [1]	Singapore	Manufacturing and sale of precast concrete components	51	51
Joint venture entities of China Yuchai International Limited ("CYI")				
MTU Yuchai Power Company Limited [2] [3]	The People's Republic of China	Manufacturing of off-road powertrain solutions engines	17.09	17.09
Y&C Engine Co., Ltd. [2] [4]	The People's Republic of China	Manufacturing and sale of heavy duty powertrain solutions engines, spare parts and after-sales services	15.38	15.38
Guangxi Purem Yuchai Automotive Technology Co., Ltd. [2] [5]	The People's Republic of China	Application development, production, sales and service on engine exhaust control system	16.74	16.74

(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 MTU Yuchai Power Company Limited is 50% (2022: 50%) as at 31 December 2023.

(4) Proportion of ownership interest held by the Group in Y&C Engine Co., Ltd. is 45% (2022: 45%) as at 31 December 2023.

(5) Proportion of ownership interest held by the Group in Guangxi Purem Yuchai Automotive Technology Co., Ltd. is 49% (2022: 49%) as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 was recognised on its interest in a joint venture.

As at 31 December 2023, the Group's share of joint ventures' capital commitment that are contracted but not paid for was $1,062,000 (2022: $3,514,000).

As at 31 December 2023, the Group's share of outstanding bill receivables discounted with banks for which a joint venture retained a recourse obligation was $2,181,000 (2022: $1,135,000).

As at 31 December 2023, the Group's share of outstanding bill receivables endorsed to suppliers for which a joint venture retained a recourse obligation was $1,641,000 (2022: $7,642,000).

Significant restrictions

As at 31 December 2023, 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 $51,661,000 (2022: $31,350,000) 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 $4,141,000 (2022: $7,812,000) was used as collateral by the banks for the issuance of bills to suppliers. The Group's share of bill receivables of $419,000 (2022: $434,000) 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 2023

8. INTERESTS IN JOINT VENTURES (CONT'D)

Summarised financial information, in respect of Y&C Engine Co., Ltd., MTU Yuchai Power Company Limited, Guangxi Purem Yuchai Automotive Technology Co., Ltd. and HL-Sunway JV Pte. 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.		HL–Sunway JV Pte. Ltd.		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash and short-term deposits	11,919	18,835	97,176	56,231	3,000	5,154	377	160		
Other current assets	79,042	96,769	42,086	40,408	8,349	6,072	2,001	2,256		
Total current assets	90,961	115,604	139,262	96,639	11,349	11,226	2,378	2,416		
Non-current assets	127,148	118,734	13,874	17,218	9,623	11,647	141,426	146,127		
Total assets	218,109	234,338	153,136	113,857	20,972	22,873	143,804	148,543		
Other current liabilities	(175,548)	(190,318)	(76,870)	(64,471)	(14,965)	(14,859)	(124,665)	(120,608)		
Non-current liabilities	(27,123)	(28,022)	(895)	–	–	–	–	–		
Total liabilities	(202,671)	(218,340)	(77,765)	(64,471)	(14,965)	(14,859)	(124,665)	(120,608)		
Net assets	15,438	15,998	75,371	49,386	6,007	8,014	19,139	27,935		
Proportion of the Group's ownership	45%	45%	50%	50%	49%	49%	51%	51%		
Group's share of net assets	6,947	7,199	37,686	24,693	2,943	3,927	9,761	14,247		
Unrealised profit on transactions with joint venture	(4,540)	(7,105)	–	–	–	–	–	–		
Carrying amount of significant joint ventures	2,407	94	37,686	24,693	2,943	3,927	9,761	14,247	52,797	42,961
Carrying amount of other joint ventures									1,154	1,299
Allowance for impairment loss									(184)	(202)
Carrying amount of the investment in joint ventures									53,767	44,058

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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.		HL–Sunway JV Pte. Ltd.		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue	295,135	256,196	133,840	121,206	14,947	14,152	4,412	–		
Depreciation and amortisation	(12,025)	(6,041)	(1,640)	(1,985)	(1,428)	(1,576)	(7,567)	–		
Interest income	120	380	2,253	853	7	–	–	–		
Interest expense	(4,372)	(6,611)	(976)	(757)	–	(96)	–	–		
(Loss)/profit after tax	(1)	(13,455)	28,345	13,478	(1,738)	(4,695)	(8,797)	(693)		
Group's share of results	–	(6,055)	14,172	6,739	(852)	(2,300)	(4,486)	(353)		
Unrealised (profit)/loss on transactions with joint venture	(759)	(4,984)	(54)	1,477	–	–	–	–		
Group's share of results of significant joint ventures	(759)	(11,039)	14,118	8,216	(852)	(2,300)	(4,486)	(353)	8,021	(5,476)
Group's share of results of other joint ventures									(778)	(496)
Group's share of results of joint ventures for the year									7,243	(5,972)
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									7,243	(5,972)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. INVESTMENT PROPERTY

	Group	
	2023 $'000	2022 $'000
Cost		
At 1 January	6,242	6,648
Translation differences	(353)	(406)
At 31 December	5,889	6,242
Accumulated depreciation		
At 1 January	5,326	5,569
Charge for the year	67	71
Translation differences	(265)	(314)
At 31 December	5,128	5,326
Net carrying amount	761	916
Fair value	2,124	2,257
Income statement:		
Rental income	29	36
Direct operating expenses (including repairs, maintenance and depreciation expense) arising from the rental generating property	(203)	(95)

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.

Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful life of 30 years.

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
2023	Market comparison and cost method	Comparable price: $35 to $85 per square foot	The estimated fair value increases with higher comparable price
2022	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 2023

10. OTHER INVESTMENTS

Financial instruments as at 31 December

	Group	
	2023 $'000	2022 $'000
Non-current		
At fair value through other comprehensive income		
Quoted equity securities		
– related corporations (quoted in Singapore)	1,392	1,519
– other companies (quoted in Singapore, Malaysia and United States of America)	4,648	9,537
	6,040	11,056

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.

During the financial year ended 31 December 2023, the Group disposed of certain quoted equity securities. The fair value of these securities at the date of disposal amounted to $7,228,000. The cumulative gain arising from the disposal amounting to $1,366,000 was transferred from fair value reserve to accumulated profits.

11. NON-CURRENT RECEIVABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amounts due from subsidiaries	–	–	281,752	281,752
Amounts due from joint venture	47,258	–	–	–
Retention sums	5,023	4,560	–	–
Less: Allowance for expected credit losses	–	–	(281,752)	(281,752)
	52,281	4,560	–	–

Group

Retention sums relate to retention sums on projects and are non-interest bearing and not expected to be repaid within the next 12 months.

The amounts due from joint venture are non-trade in nature, unsecured, non-interest bearing and not expected to be repaid within the next 12 months.

Company

As at 31 December 2023 and 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

12. DEFERRED TAX

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January 2023 $'000	Recognised in income statement $'000	Withholding taxes paid on remittance of dividends $'000	Translation differences $'000	At 31 December 2023 $'000
Deferred tax liabilities					
Property, plant and equipment	(28,632)	6,291	–	395	(21,946)
Unremitted income	(4,372)	(891)	–	–	(5,263)
Withholding tax on dividend income	(11,915)	(2,731)	2,185	495	(11,966)
	(44,919)	2,669	2,185	890	(39,175)
Deferred tax assets					
Property, plant and equipment	12,942	(12,629)	–	(253)	60
Inventories	5,741	1,436	–	(238)	6,939
Intangible assets	2,774	47	–	(105)	2,716
Trade and other receivables	1,584	156	–	(52)	1,688
Provisions	42,243	3,131	–	(1,620)	43,754
Deferred grants	5,245	4,412	–	(276)	9,381
Other items	44,028	(11,271)	–	(1,303)	31,454
	114,557	(14,718)	–	(3,847)	95,992
Total	69,638	(12,049)	2,185	(2,957)	56,817

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 2023

12. DEFERRED TAX (CONT'D)

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 2023 $'000	Group 2022 $'000
Deferred tax assets	80,183	92,255
Deferred tax liabilities	(23,366)	(22,617)
	56,817	69,638

Deferred tax assets and liabilities of the Company (prior to offsetting of balances) are attributable to the following:

	Company 2023 $'000	Company 2022 $'000
Deferred tax liabilities		
Property, plant and equipment	(178)	(225)
Unremitted income	(4,406)	(3,585)
	(4,584)	(3,810)
Deferred tax assets		
Provisions	12	14
Investment allowances	1,023	1,333
	1,035	1,347

The amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Company 2023 $'000	Company 2022 $'000
Deferred tax assets	1,035	1,347
Deferred tax liabilities	(4,584)	(3,810)
	(3,549)	(2,463)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

12. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2023 $'000	Group 2022 $'000
Unutilised tax losses	136,043	123,850
Unutilised capital allowances and investment allowances	26,754	29,789
Other unrecognised temporary differences relating to provisions and deferred grants	29,595	28,068
	192,392	181,707

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 (2022: $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 2023 $'000	Group 2022 $'000
Raw materials and consumables	453,925	498,746
Manufacturing work-in-progress	15,889	20,180
Finished goods	460,818	506,817
Right of return assets	6,683	3,160
Total inventories at the lower of cost and net realisable value	937,315	1,028,903

	2023 $'000	2022 $'000
Inventories recognised as an expense in cost of sales (Note 26)	2,771,591	2,694,829
Inclusive of the following charge/(credit):		
– Inventory obsolescence	17,302	21,617
– Reversal of inventory obsolescence	(6,863)	(10,170)

The reversal of inventory obsolescence was made when the related inventories were sold above their carrying value or consumed for production.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. DEVELOPMENT PROPERTIES

	Group	
	2023 $'000	2022 $'000
Freehold land	2,549	2,709
Development costs	9,768	10,303
Allowance for anticipated losses	(9,213)	(9,791)
	3,104	3,221

Movements in the carrying amounts of development properties are as follows:

	Group	
	2023 $'000	2022 $'000
At 1 January	3,221	3,430
Translation adjustments	(170)	(214)
Capitalisation of costs during the year	53	5
At 31 December	3,104	3,221

No borrowing cost has been capitalised in 2023 and 2022.

The change in allowance for anticipated losses in respect of development properties during the year is as follows:

	Group	
	2023 $'000	2022 $'000
At 1 January	9,791	10,401
Translation adjustments	(578)	(610)
At 31 December	9,213	9,791

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15. TRADE AND OTHER RECEIVABLES

	Group	
	2023 $'000	2022 $'000
Trade receivables	357,257	423,852
Bill receivables	1,172,324	957,930
Less: Allowance for expected credit losses	(7,098)	(3,230)
Net trade receivables	1,522,483	1,378,552
Amounts receivable from:		
– ultimate holding company (non-trade)	8	8
– immediate holding company (non-trade)	16	3
– associates and joint ventures (trade)	34,864	24,182
– associates and joint ventures (non-trade)	19,237	58,269
– other related corporations (trade)	39,457	35,032
– other related corporations (non-trade)	730	930
Advances paid to suppliers	13,846	15,226
Prepaid expenses	2,805	3,288
Refundable deposits	3,396	2,900
Tax recoverable	20,204	56,969
Other receivables	156,166	102,383
Less: Allowance for expected credit losses	(68,426)	(67,934)
Net other receivables	222,303	231,256
Total trade and other receivables	1,744,786	1,609,808

	Company	
	2023 $'000	2022 $'000
Amounts receivable from:		
– ultimate holding company (non-trade)	8	8
– immediate holding company (non-trade)	10	8
– subsidiaries (non-trade)	395,585	391,452
– other related corporations (non-trade)	13	409
Prepaid expenses	51	63
Refundable deposits	1	1
Other receivables	–	38
Less: Allowance for expected credit losses	(10,702)	(10,722)
Total trade and other receivables	384,966	381,257

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

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.

The maximum exposure to credit risk for trade and bill receivables at the reporting date is as follows:

	Group	
	2023 $'000	2022 $'000
Powertrain solutions	1,375,033	1,250,064
Building materials	143,654	124,109
Rigid packaging	3,796	4,379
	1,522,483	1,378,552

Company

The non-trade balances due from subsidiaries include loans and advances of $259,784,000 (2022: $283,458,000) which bear interest at rates ranging from 4.94% to 6.67% (2022: 1.27% to 5.70%) per annum. The weighted average effective interest rate at the balance sheet date in respect of the interest-bearing balances is 3.49% (2022: 2.71%) 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, no additional allowance for expected credit losses (2022: $1,900,000) was made on amounts receivable from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 $'000	Expected credit loss $'000
2023			
Current	–	161,582	–
Past due 0 to 30 days	0.1	72,923	31
Past due 31 to 120 days	0.1	81,304	36
Past due 121 days to one year	1.9	26,509	511
Past due more than one year	43.6	14,939	6,520
Total	2.0	357,257	7,098
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

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At 1 January	71,164	72,680	292,474	290,944
Allowances made/(written back), net	4,685	(1,190)	–	1,535
Amounts written off	(56)	(13)	–	–
Translation differences	(269)	(313)	(20)	(5)
At 31 December	75,524	71,164	292,454	292,474

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 $11,139,000 (2022: $11,910,000) for certain trade receivables. These guarantees included cash collateral held from certain customers of $5,913,000 (2022: $6,267,000). The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

As at 31 December 2023, outstanding bill receivables discounted with banks for which the Group retained a recourse obligation were $307,824,000 (2022: $180,531,000). All bill receivables discounted have contractual maturities of less than 12 months at the time of discounting.

As at 31 December 2023, outstanding bill receivables endorsed to suppliers with recourse obligation were $302,333,000 (2022: $198,885,000).

Receivables subject to offsetting arrangements

The Company had certain counterparties with receivables and payables that are offset as follows:

	Gross carrying amounts $'000	Gross amounts offset in the balance sheet $'000	Net amounts in the balance sheet $'000
Company			
31 December 2023			
Current			
Amounts due from subsidiaries	4,255	(197)	4,058
Amounts due to subsidiaries	(211)	197	(14)
31 December 2022			
Current			
Amounts due from subsidiaries	14,188	(153)	14,035
Amounts due to subsidiaries	(153)	153	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023			
Trade and other receivables	28,051	(5,202)	22,849
Trade and other payables	(24,030)	5,202	(18,828)
31 December 2022			
Trade and other receivables	23,836	(4,905)	18,931
Trade and other payables	(23,377)	4,905	(18,472)

16. CASH, SHORT-TERM DEPOSITS AND LONG-TERM DEPOSITS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Short-term fixed deposits	273,671	266,065	14,780	8,063
Cash at banks and in hand	960,049	747,549	1,136	1,418
	1,233,720	1,013,614	15,916	9,481
Long-term deposits	–	3,854	–	–
	1,233,720	1,017,468	15,916	9,481
Long-term deposits	–	(3,854)		
Short-term deposits*	(86,781)	(67,747)		
Restricted deposits	(5,194)	(5,335)		
Cash at bank attributable to discontinued operation	1,415	1,736		
Cash and cash equivalents in the cash flow statement	1,143,160	942,268		

* 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 2023

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	
	2023 %	2022 %	2023 %	2022 %
Fixed deposits	4.49	3.81	5.10	4.10

Interest rates will be repriced within 12 months.

17. ASSETS HELD FOR SALE

During the financial year ended 31 December 2022, the Company's indirect wholly-owned subsidiary, Rex Plastics (Malaysia) Sdn. Bhd. ("Rex Plastics Malaysia") had completed the sale of its property and a gain on disposal of $10,489,000 was recognised under "Other income" (Note 26).

18. SHARE CAPITAL

	Group and Company			
	2023		2022	
	No. of shares '000	Amount $'000	No. of shares '000	Amount $'000
Issued and fully paid ordinary shares, with no par value				
At 1 January	747,979	467,977	747,906	467,938
Shares issued under the Hong Leong Asia Share Option Scheme 2000	–	–	73	39
At 31 December	747,979	467,977	747,979	467,977

During the year, there was no option (2022: 72,600) exercised to acquire shares (2022: $0.54) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. RESERVES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Capital reserve	(19)	1,167	9,199	9,199
Statutory reserve	30,730	22,207	–	–
Fair value reserve	9,693	7,797	–	–
Share option reserve	5,405	5,394	2,629	2,618
Translation reserve	(84,508)	(51,812)	–	–
Surplus on changes of non-controlling interests	63,286	63,007	–	–
Accumulated profits/(losses)	428,618	386,022	(227,627)	(228,748)
	453,205	433,782	(215,799)	(216,931)

(a) Capital reserve comprises:

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'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	(4,370)	(3,184)	–	–
Others	12,293	12,293	–	–
	(19)	1,167	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% (2022: 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 2023

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current liabilities				
Unsecured bank loans	501,997	654,120	133,080	217,713
Secured bank loans	7,989	17,408	–	–
	509,986	671,528	133,080	217,713
Non-current liabilities				
Unsecured bank loans	377,995	198,540	250,000	160,000
Secured bank loans	–	4,535	–	–
	377,995	203,075	250,000	160,000
Total loans and borrowings	887,981	874,603	383,080	377,713

The secured bank loans are secured on assets with the following carrying values:

	Group	
	2023 $'000	2022 $'000
Investment in a subsidiary (Note 6)	79,211	83,957
Bill receivables	2,319	2,421
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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. LOANS AND BORROWINGS (CONT'D)

Terms and conditions of outstanding loans and borrowings are as follows:

	2023		
	Weighted average interest rate %	Year of maturity	Carrying amount $'000
Group			
Secured bank loans:			
– MYR floating rate loans	4.9	2024	4,279
– RMB fixed rate loans	1.3	2024	3,710
			7,989
Unsecured bank loans:			
– SGD floating rate loans	4.4	2024	158,267
– SGD floating rate loans	4.5	2025	160,000
– SGD floating rate loans	4.7	2026	50,000
– SGD floating rate loans	5.0	2028	40,000
– HKD floating rate loans	6.6	2024	68
– RMB fixed rate loans	2.0	2024	339,520
– RMB fixed rate loans	3.0	2025	37,100
– RMB fixed rate loans	2.7	2026	90,895
– MYR fixed rate loans	3.8	2024	4,142
			879,992
			887,981
Company			
Unsecured bank loans:			
– SGD floating rate loans	4.2	2024	133,080
– SGD floating rate loans	4.5	2025	160,000
– SGD floating rate loans	4.7	2026	50,000
– SGD floating rate loans	5.0	2028	40,000
			383,080

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. LOANS AND BORROWINGS (CONT'D)

	2022		
	Weighted average interest rate %	Year of maturity	Carrying amount $'000
Group			
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 2023

20. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	2022 $'000	Cash flows $'000	Foreign exchange movement $'000	New leases $'000	Termination of leases $'000	Other $'000	2023 $'000
Loans							
– current	671,528	(146,898)	(14,644)	–	–	–	509,986
– non-current	203,075	178,038	(3,118)	–	–	–	377,995
Lease liabilities							
– current	12,260	(12,867)	(319)	9,461	(261)	2,876	11,150
– non-current	28,332	–	(154)	6,064	–	(2,876)	31,366
	915,195	18,273	(18,235)	15,525	(261)	–	930,497

			Non-cash changes				
	2021 $'000	Cash flows $'000	Foreign exchange movement $'000	New leases $'000	Termination of leases $'000	Other $'000	2022 $'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

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 2023

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 2023					
Floating interest rate loans	412,614	447,451	181,243	266,208	–
Fixed interest rate loans	475,367	484,934	353,086	131,848	–
Trade and other liabilities	1,845,195	1,845,195	1,845,195	–	–
Non-current liabilities	46,042	48,697	–	48,697	–
Lease liabilities	42,516	65,963	15,124	28,203	22,636
	2,821,734	2,892,240	2,394,648	474,956	22,636
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

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 2023					
Floating interest rate loans	383,080	416,545	150,337	266,208	–
Trade and other payables	7,668	7,668	7,668	–	–
Lease liabilities	233	256	60	196	–
	390,981	424,469	158,065	266,404	–
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	–

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	Office furniture, fittings and equipment $'000	Motor and transport vehicles $'000	Total $'000
At 1 January 2022	131,082	8,651	16	–	139,749
Additions	3,625	10,081	38	64	13,808
Disposal	(664)	–	(8)	–	(672)
Write-off	(433)	(1,258)	–	–	(1,691)
Depreciation expense	(11,061)	(6,338)	(7)	(4)	(17,410)
Translation differences	(6,505)	(895)	–	(3)	(7,403)
At 31 December 2022 and 1 January 2023	116,044	10,241	39	57	126,381
Additions	12,335	5,876	230	189	18,630
Disposal	(1,052)	–	–	–	(1,052)
Disposal of subsidiary	(4,304)	–	–	–	(4,304)
Write-off	(688)	(262)	–	–	(950)
Depreciation expense	(10,310)	(6,419)	(31)	(21)	(16,781)
Translation differences	(2,515)	(359)	–	(5)	(2,879)
At 31 December 2023	109,510	9,077	238	220	119,045

Company	Office furniture, fittings and equipment $'000
At 1 January 2022	5
Additions	38
Disposals	(4)
Depreciation expense	(5)
At 31 December 2022 and 1 January 2023	34
Additions	230
Depreciation expense	(30)
At 31 December 2023	234

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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 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 and 1 January 2023	40,592	34
Additions	15,525	230
Accretion of interest	1,066	8
Payments	(13,933)	(39)
Termination of leases	(261)	–
Translation differences	(473)	–
At 31 December 2023	42,516	233
Current	11,150	51
Non-current	31,366	182
At 31 December 2023	42,516	233
Current	12,260	7
Non-current	28,332	27
At 31 December 2022	40,592	34

2023	Interest rate %	Year of maturity	Carrying amount $'000
Group			
Lease liabilities	1.3 – 6.7	2024 – 2043	42,516
Company			
Lease liabilities	2.4 – 4.6	2027 – 2028	233

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

21. LEASES (CONT'D)

As a lessee (cont'd)

2022	Interest rate %	Year of maturity	Carrying amount $'000
Group			
Lease liabilities	1.3 – 6.4	2023 – 2028	40,592
Company			
Lease liabilities	2.4	2027	34

The following are the amounts recognised in the income statement:

	Group 2023 $'000	Group 2022 $'000
Depreciation expense of right-of-use assets	16,781	17,410
Interest expenses on lease liabilities	1,066	1,047
Expenses relating to short-term leases	3,453	5,104
Expenses relating to leases of low-value assets	49	49
Total amount recognised in profit or loss	21,349	23,610

The Group had total cash outflows for leases of $17,435,000 (2022: $19,105,000) in 2023. The Group also had non-cash additions to right-of-use assets and lease liabilities of $15,525,000 (2022: $13,372,000) in 2023.

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 2023 $'000	Group 2022 $'000
Within 1 year	2,521	1,881
After 1 year but within 5 years	7,855	4,952
After 5 years	7,796	6,986
	18,172	13,819

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables	1,379,868	1,292,743	–	–
Accrued expenses	275,945	222,380	5,900	3,895
Other payables	30,190	25,936	178	76
Refund liabilities	60,132	42,494	–	–
Deferred grants (Note 23)	1,496	2,583	–	–
Amounts due to:				
– immediate holding company (non-trade)	215	205	115	113
– subsidiaries (trade)	–	–	1,475	1,471
– associates and joint ventures (trade)	39,192	34,132	–	–
– associates and joint ventures (non-trade)	1	4	–	–
– other related corporations (trade)	56,279	57,081	–	–
– other related corporations and party (non-trade)	1,877	1,396	–	–
Total trade and other payables (current)	1,845,195	1,678,954	7,668	5,555

	Group	
	2023 $'000	2022 $'000
Other liabilities (non-current)		
Provision for bonus	33,604	36,490
Other financial liability (Note 19(a))	12,438	8,855
	46,042	45,345

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.

Amounts due to related corporations and party

The balances with the immediate holding company, subsidiaries, associates, joint ventures and other related corporations and party 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 2023

23. DEFERRED GRANTS

	Group	
	2023 $'000	2022 $'000
At 1 January	94,382	89,960
Received and receivable during the year	27,456	38,143
Grant disbursed to partner of joint project	(3,103)	(2,701)
Released to consolidated income statement	(11,301)	(22,051)
Reclassification to other payables	(18,688)	–
Translation differences	(3,424)	(8,969)
At 31 December	85,322	94,382
Current (Note 22)	1,496	2,583
Non-current	83,826	91,799
	85,322	94,382

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 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 and 1 January 2023	3,169	42,423	–	45,592
Provision made	1,345	78,219	–	79,564
Provision utilised	(34)	(71,019)	–	(71,053)
Provision reversed	(666)	(7)	–	(673)
Disposal of subsidiary	–	(405)	–	(405)
Translation differences	(32)	(1,708)	–	(1,740)
At 31 December 2023	3,782	47,503	–	51,285

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 2023

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:

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

[(1)] Included sales of power generator sets, new energy products and others.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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):

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

Segments	Powertrain solutions $'000	Building materials $'000	2022 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, new energy products and others.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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):

Segments	Powertrain solutions $'000	Building materials $'000	2022 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

Contract balances

	Group 2023 $'000	Group 2022 $'000
Trade receivables (Note 15)	350,159	420,622
Capitalised contract costs	25,074	38,095
Contract liabilities	128,260	133,941

The Group has recognised impairment losses made on receivables arising from contracts with customers amounting to $4,089,000 (2022: impairment losses written back of $722,000).

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms.

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 2023 $'000	Group 2022 $'000
Capitalised contract costs relating to service fee charges on development of technology know-how		
At 1 January	38,095	31,284
Addition	5,134	10,239
Released to income statement	(16,945)	–
Translation differences	(1,210)	(3,428)
At 31 December	25,074	38,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. REVENUE (CONT'D)

Contract balances (cont'd)

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 2023 $'000	Group 2022 $'000
Contract liabilities		
Unfulfilled maintenance services	28,788	37,624
Advance from customer	99,472	96,317
At 31 December	128,260	133,941
Current	118,574	119,038
Non-current	9,686	14,903
At 31 December	128,260	133,941

Set out below are the amounts of revenue recognised from:

	Group 2023 $'000	Group 2022 $'000
Amounts included in contract liabilities at the beginning of the year	121,075	111,068

Performance obligations

The transaction price allocated to the remaining performance obligation as at the end of the year are as follows:

	Group 2023 $'000	Group 2022 $'000
Within 1 year	19,102	22,721
More than 1 year	9,686	14,903

The remaining performance obligations expected to be recognised in more than one year relate to the unfulfilled maintenance service that is to be satisfied within 2 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax from continuing operations includes the following:

	Note	Group 2023 $'000	Group 2022 $'000
Impairment losses recognised/(written back) for trade and other receivables		4,685	(1,190)
Inventories recognised as an expense in cost of sales	13	2,771,591	2,694,829
Amortisation of intangible assets		22,659	14,780
Depreciation of property, plant and equipment		111,799	120,930
Depreciation of investment property		67	71
Depreciation of right-of-use assets		16,781	17,410
Property, plant and equipment written off		464	880
Audit fees paid/payable:			
– auditors of the Company		2,133	1,183
– other auditors		253	1,654
Non-audit fees paid/payable to:			
– auditors of the Company		115	20
– other auditors		310	299
Exchange loss, net		3,448	3,339
Gain on disposal of associate		–	(271)
Gain on disposal of subsidiary	6(e)	(19,593)	–
Gain on disposal of property, plant and equipment		(395)	(1,374)
Gain on disposal of right-of-use assets		(1,442)	(801)
Gain on disposal of other investments		–	(59)
Gain on disposal of assets classified as held-for-sale	17	–	(10,489)
Gain on liquidation of a subsidiary		(129)	–
Provisions made, net		78,891	65,003
Allowance made for inventory obsolescence, net		10,439	11,447
Impairment losses on property, plant and equipment		8,439	3,524
Impairment losses on intangible assets		–	319
Impairment losses on interests in joint ventures		–	202
Dividend income from other investments		(153)	(79)
Interest income:			
– cash and short-term deposits		(32,257)	(28,182)
– other related corporations		(451)	(103)
Sale of scrap		(1,453)	(1,663)
Government grants [1]		(32,510)	(36,202)

[1] Government grants were mainly to support and fund production facilities and research and development activities for product innovations and developments of engines.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. FINANCE COSTS

	Group 2023 $'000	Group 2022 $'000
Bank term loans	30,786	23,748
Lease liabilities	1,066	1,047
Bills and other discounting	6,655	4,933
Bank charges	985	1,049
Facilities fees	370	390
	39,862	31,167

28. EMPLOYEE BENEFITS

	Group 2023 $'000	Group 2022 $'000
Wages and salaries	312,526	270,372
Cost of share-based payments	11	34
Contributions to defined contribution plans	67,565	77,058
	380,102	347,464

29. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group 2023 $'000	Group 2022 $'000
Consolidated income statement:		
Current tax charge		
– Current year	29,066	24,313
– Under provision in respect of prior years	5,235	5,419
	34,301	29,732

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

29. INCOME TAX EXPENSE (CONT'D)

Major components of income tax expense (cont'd)

	Group 2023 $'000	2022 $'000
Deferred tax expense		
– Movements in temporary differences	(941)	(11,524)
– Under provision in respect of prior years	10,259	189
	9,318	(11,335)
Withholding tax expense	2,731	2,338
Income tax expense recognised in profit or loss	46,350	20,735

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 2023 and 2022 are as follows:

	Group 2023 $'000	2022 $'000
Profit before income tax from continuing operations	166,440	123,652
Income tax using the PRC tax rate of 25% (2022: 25%)	41,610	30,913
Adjustments:		
Effect of different tax rates in other countries	(2,207)	(4,647)
Effect of tax concessions	(7,057)	(6,585)
Non-deductible expenses	6,571	3,812
Tax-exempt income	(1,890)	(845)
Utilisation of deferred tax benefits previously not recognised	(1,173)	(672)
Deferred tax benefits not recognised	8,027	6,597
Tax credits for research and development expense	(16,129)	(15,673)
Under provision in respect of prior years:		
– current	5,235	5,419
– deferred	10,259	189
Withholding tax expense	2,731	2,338
Others	373	(111)
	46,350	20,735

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% (2022: 25%). This concession is available subject to certain conditions including these entities remain engaged in advanced and new technology.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

29. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit (cont'd)

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 2023, the amount of deferred tax liability recognised in respect of withholding tax payable was $11,966,000 (2022: $11,915,000). The amount of unrecognised deferred tax liability relating to undistributed earnings of the PRC enterprises is estimated to be $37,974,000 (2022: $36,746,000).

Global minimum top-up tax

The Group operates in Malaysia, which had substantially enacted new legislation to implement the global minimum top-up tax. However, since the newly enacted legislation in Malaysia is only effective from 1 January 2025, there is no current tax impact for the year ended 31 December 2023.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred.

The Group is in the progress of assessing the exposure to the Pillar Two income taxes arising from the legislation. Due to the complex nature of the legislation and the calculations including the determination of the adjustments required under the Pillar Two legislation, the Group assessed that the quantitative impact of the potential top-up tax arising from the enacted/substantively enacted legislation is not yet reasonably estimable. The Group continues to assess the impact of the Pillar Two legislation on its financials and has engaged tax consultants to assist the Group in the impact assessment.

30. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on:

	Group 2023 $'000	2022 $'000
Net profit attributable to owners of the Company	64,879	54,538
Add: Loss from discontinued operation, net of tax attributable to owners of the Company	112	218
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	64,991	54,756

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

320,000 (2022: 120,000) 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	
	2023 $'000	2022 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
First and final tax exempt dividend paid of 2 cents per share in respect of year 2022 (2022: 2 cents per share in respect of year 2021)	14,960	14,958
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
First and final tax exempt (one-tier) dividend for 2023: 2 cents (2022: 2 cents) per share	14,960	14,960

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 shareholders 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 2023

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 2023	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Number of options outstanding at 31 December 2023	Number of options exercisable at 1 January 2023	Number of options exercisable at 31 December 2023	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	60,000	–	–	–	60,000	60,000	60,000	–	–	28/1/2015 to 27/1/2024
11/6/2020	$0.54	178,000	–	–	–	178,000	100,820	178,000	–	–	11/6/2021 to 10/6/2030
3/3/2021	$0.72	200,000	–	–	–	200,000	66,000	132,000	–	–	3/3/2022 to 2/3/2031
18/8/2021	$0.87	60,000	–	–	–	60,000	19,800	39,600	–	–	18/8/2022 to 17/8/2031
Total		498,000	–	–	–	498,000	246,620	409,600	–		

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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 (2022: $0.54 to $1.31). The weighted average remaining contractual life for these options is 6.12 years (2022: 7.12 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
Xie Tao (appointed as member on 3 November 2023)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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 2023

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 2023	Options granted	Options exercised	Options cancelled/ lapsed	Balance at 31 December 2023	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 2023 $'000	Group 2022 $'000
Capital commitments in respect of property, plant and equipment	37,472	71,531

Operating lease commitments as lessee

As at 31 December 2023, the Group has various lease contracts that have not yet commenced. The future lease payments for these non-cancellable lease contracts are $18,000 within one year and $37,000 within five years.

As at 31 December 2022, the Group has no lease contract that has not yet commenced.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

34. RELATED PARTY TRANSACTIONS

(a) *Compensation of key management personnel*

	Group 2023 $'000	Group 2022 $'000
Short-term employee benefits	8,449	8,239
Defined contribution plans	140	135
Equity compensation benefits	7	21
	8,596	8,395

Directors' remuneration included in key management personnel compensation amounted to $3,143,000 (2022: $2,835,000).

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 (2022: nil) option was 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 (2022: 249,000) options granted to key management personnel were outstanding, of which 200,000 (2022: 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 2023 and 2022, 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 (2022: 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 $57,464 (2022: $133,085). At the balance sheet date, $324 was outstanding (2022: $18,369).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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	
	2023 $'000	2022 $'000
Sale of engines and materials		
– associates and joint ventures	178,575	102,190
– related corporations	384,331	461,473
Purchase of materials, supplies and engines		
– associates and joint ventures	393,986	379,159
– related corporations	339,516	214,918
Management services income		
– an associate	444	444
Management services paid and payable		
– related corporations	333	459
Rental paid and payable (include general expenses)		
– immediate holding company	637	679
General and administrative expenses		
– joint ventures	660	26
– related corporations	17,180	17,023
Delivery, storage, distribution and handling expenses		
– related corporations	40,159	41,137
Hospitality, restaurant, consultancy and other service income		
– Joint ventures	22,986	1,039
– related corporations	3,405	2,121
Rental income		
– associates and joint ventures	724	986
– related corporations	2,310	118
Purchase of vehicles and machineries		
– related corporations	–	513

(c) Outstanding balances with a related party

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

(d) Commitments with related parties

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 with counterparties which they have assessed to have low risk of default based on both quantitative and qualitative information that is reasonable and supportable.

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 unable to pay its contractual obligations to the Group when they fall due which are derived based on the Group's historical information.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- 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.

Regardless of the analysis above, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence includes observable data about the following indicators:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

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 powertrain solutions segment. As at 31 December 2023, the carrying amount of the trade receivables from the top five customer groups of the powertrain solutions segment was $110,865,000 (2022: $191,365,000). This accounted for approximately 25.7% (2022: 39.6%) of the Group's trade receivables (including trade amounts due from related corporation but excluding bill receivables). These customers are located in the PRC.

(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, 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 2023		
Floating rate instruments	(1,389)	1,389
31 December 2022		
Floating rate instruments	(1,507)	1,507

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Interest rate risk (cont'd)*

	Profit before income tax	
	100 bp Increase $'000	100 bp Decrease $'000
Company		
31 December 2023		
Floating rate instruments	(3,683)	3,683
31 December 2022		
Floating rate instruments	(3,697)	3,697

(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 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 2023

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	2023 United States Dollar $'000	Ringgit Malaysia $'000	Euro $'000
Trade and other receivables	317	1,766	57,320	5,024	2,746
Cash and bank balances	29,370	359	20,143	2,823	992
Loans and borrowings	(292)	–	–	–	–
Trade and other payables	(61,240)	(676)	(87,331)	(9,372)	(7,220)
	(31,845)	1,449	(9,868)	(1,525)	(3,482)
Add: Loan payables forming part of net investment in foreign entities	54,516	–	–	–	–
	22,671	1,449	(9,868)	(1,525)	(3,482)

Group	Singapore Dollar $'000	Chinese Renminbi $'000	2022 United States Dollar $'000	Ringgit Malaysia $'000	Euro $'000
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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Foreign currency risk (cont'd)*

Company	2023 Chinese Renminbi $'000	2023 United States Dollar $'000	2022 Chinese Renminbi $'000	2022 United States Dollar $'000
Trade and other receivables	835	55,962	868	59,131
Cash and bank balances	69	14,816	71	8,106
Trade and other payables	–	–	(1)	(3)
	904	70,778	938	67,234

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 2023 $'000	Profit before income tax 2022 $'000
Group		
Singapore Dollar	2,267	2,752
Chinese Renminbi	145	176
United States Dollar	(987)	(1,461)
Ringgit Malaysia	(153)	(633)
Euro	(348)	(330)
Company		
Chinese Renminbi	90	94
United States Dollar	7,078	6,723

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 2023

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 2023	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	6,040	–	6,040
Bill receivables	–	710,424	710,424
At 31 December 2023	6,040	710,424	716,464
Financial liabilities			
Derivatives	–	30	30
At 31 December 2023	–	30	30

	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	–	621,900	621,900
At 31 December 2022	11,056	621,900	632,956
Financial liabilities			
Derivatives	–	142	142
At 31 December 2022	–	142	142

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Level 2 fair value measurements*

The Group's derivatives at the end of the reporting period consist of the following:

i. 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.

ii. In 2023, the Group entered into forward currency contracts which were used for certain purchases denominated in USD for which firm commitments existed at the reporting date, extending to 2024. 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

Group	Financial assets at amortised cost $'000	Fair value through OCI $'000	Financial liabilities at amortised cost $'000	Total $'000
31 December 2023				
Assets				
Other investments	–	6,040	–	6,040
Non-current receivables	52,281	–	–	52,281
Trade receivables	350,159	–	–	350,159
Bill receivables	461,900	710,424	–	1,172,324
Due from related corporations	94,312	–	–	94,312
Refundable deposits	3,396	–	–	3,396
Other receivables	87,740	–	–	87,740
Cash and bank balances	1,233,720	–	–	1,233,720
	2,283,508	716,464	–	2,999,972
Liabilities				
Trade payables	–	–	1,379,868	1,379,868
Accrued expenses	–	–	277,095	277,095
Other payables	–	–	30,190	30,190
Refund liabilities	–	–	60,132	60,132
Due to related corporations and party	–	–	96,414	96,414
Loans and borrowings	–	–	887,981	887,981
Other non-current liabilities	–	–	46,042	46,042
	–	–	2,777,722	2,777,722

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 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	336,030	621,900	–	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
	1,934,453	632,956	–	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 and party	–	–	92,818	92,818
Loans and borrowings	–	–	874,603	874,603
Other non-current liabilities	–	–	45,345	45,345
	–	–	2,596,319	2,596,319

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2023			
Assets			
Due from related corporations	384,914	–	384,914
Refundable deposits	1	–	1
Cash and short-term deposits	15,916	–	15,916
	400,831	–	400,831
Liabilities			
Accrued expenses	–	5,900	5,900
Other payables	–	178	178
Due to related corporations	–	1,590	1,590
Loans and borrowings	–	383,080	383,080
	–	390,748	390,748
31 December 2022			
Assets			
Due from related corporations	381,155	–	381,155
Refundable deposits	1	–	1
Other receivables	38	–	38
Cash and short-term deposits	9,481	–	9,481
	390,675	–	390,675
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
	–	383,268	383,268

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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

37. CAPITAL MANAGEMENT (CONT'D)

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 2023 and 2022.

There were no changes in the Group's approach to capital management during the year.

	Group 2023 $'000	Group 2022 $'000
Loans and borrowings (current and non-current)	887,981	874,603
Trade and other liabilities (current and non-current)	1,891,237	1,724,299
Less: Cash and deposits	(1,233,720)	(1,017,468)
Net debt	1,545,498	1,581,434
Equity attributable to the owners of the Company	922,007	902,552
Less: Fair value reserve	(9,693)	(7,797)
Statutory reserve	(30,730)	(22,207)
Total capital	881,584	872,548
Capital and net debt	2,427,082	2,453,982

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

(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 2023 or 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

38. SEGMENT INFORMATION (CONT'D)

Reportable segments (cont'd)

2023	Powertrain solutions $'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	3,403,538	650,596	21,451	5,869	–	–	4,081,454
Interest income ^	27,368	1,264	473	16,324	8	(12,729)	32,708
Interest expense	(18,059)	(1,051)	(1,370)	(31,112)	–	12,715	(38,877)
Depreciation and amortisation	(124,716)	(24,375)	(780)	(1,435)	–	–	(151,306)
Reportable segment profit/(loss) before income tax ^	104,411	93,384	(2,083)	(29,272)	(167)	167	166,440
Share of results of associates and joint ventures, net of income tax	11,721	14,037	–	7	–	–	25,765
Reportable segment profit/(loss) after income tax ^	76,454	76,276	(2,181)	(30,459)	(167)	167	120,090
Other material non-cash items:							
– Impairment losses recognised on property, plant and equipment and intangible assets	8,439	–	–	–	–	–	8,439
– Claims and restoration costs, net	–	679	–	–	–	–	679
– Warranties	78,219	–	–	–	–	–	78,219
Assets and liabilities							
Reportable segment assets**	4,658,874	478,527	43,798	1,111,074	1,415	(986,416)	5,307,272
Interests in associates and joint ventures	43,696	144,656	–	356	–	–	188,708
Capital expenditure @	68,594	23,307	200	–	406	–	92,507
Reportable segment liabilities	2,517,378	184,396	105,413	1,240,056	782	(919,505)	3,128,520

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

38. SEGMENT INFORMATION (CONT'D)

Reportable segments (cont'd)

2022	Powertrain solutions $'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
Interests 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

* 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 from discontinued operation, net of tax".

@ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

** Exclude interests in associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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
2023					
Total revenue from external customers	3,396,691	430,886	230,834	23,043	4,081,454
Non-current assets #^^	1,018,427	83,402	121,188	337	1,223,354
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

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

Revenues from two customer groups of the Group's powertrain solutions segment in the PRC amounted to approximately $459,701,000 (2022: $478,719,000) and $384,331,000 (2022: $461,473,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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. Management assesses the credit rating of banks that issued these bills based on the credit rating given by the China regulators. For designated commercial banks with high credit rating and where Management believes that the contractual right to receive the cash from the Group has ceased, and has been transferred to the banks and suppliers, these bills are derecognised. The discount equal to the difference between the carrying value of the bill receivable and cash received from the banks 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 2.11. 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 2023

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 non-financial assets

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 intangible assets are disclosed in Note 5 to the financial statements.

40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of Hong Leong Asia Ltd. for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors passed on 26 March 2024.

ANALYSIS OF SHAREHOLDINGS

As at 8 March 2024

Class of Shares	:	Ordinary shares ("**Shares**")
Number of Shares in issue	:	747,978,318
Number of Ordinary Shareholders	:	5,260
Voting Rights	:	1 vote for 1 share

As at 8 March 2024, 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	0.27	166	0.00
100 – 1,000	616	11.71	577,267	0.08
1,001 – 10,000	2,873	54.62	15,951,630	2.13
10,001 – 1,000,000	1,736	33.00	81,978,519	10.96
1,000,001 and above	21	0.40	649,470,736	86.83
	5,260	100.00	747,978,318	100.00

Based on information available to the Company as at 8 March 2024, 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 2024

No.	Name of Shareholder	No. of Shares Held	%*
1	Hong Leong Corporation Holdings Pte Ltd	549,001,657	73.40
2	CGS-CIMB Securities (Singapore) Pte Ltd	21,474,100	2.87
3	Citibank Nominees Singapore Pte Ltd	14,870,042	1.99
4	DBS Nominees Pte Ltd	12,675,200	1.70
5	Taiheiyo Singapore Pte Ltd	9,079,659	1.21
6	Raffles Nominees (Pte) Limited	5,743,450	0.77
7	HSBC (Singapore) Nominees Pte Ltd	4,992,423	0.67
8	Morph Investments Ltd	4,815,000	0.64
9	Phillip Securities Pte Ltd	4,693,683	0.63
10	Lim Thiam Yew Paul or Tan Soon Tze Mrs Lim Soon Tze	3,218,000	0.43
11	United Overseas Bank Nominees Pte Ltd	3,076,500	0.41
12	UOB Kay Hian Pte Ltd	2,097,600	0.28
13	OCBC Securities Private Ltd	2,083,100	0.28
14	DBS Vickers Securities (S) Pte Ltd	1,859,300	0.25
15	DBSN Services Pte Ltd	1,676,222	0.22
16	OCBC Nominees Singapore Pte Ltd	1,616,800	0.22
17	Ang Jwee Herng	1,600,000	0.21
18	Soon Lee Heng Trading & Transportation Pte Ltd	1,373,900	0.18
19	Maybank Securities Pte. Ltd.	1,346,200	0.18
20	Cheng Yong Liang	1,143,600	0.15
		648,436,436	86.69

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 8 March 2024.

ANALYSIS OF SHAREHOLDINGS

As at 8 March 2024

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 8 March 2024)

	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 2024.

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

	2023	2022	2021	2020	2019
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ($'000)					
Revenue	4,081,454	3,881,141	4,932,589	4,496,207	4,094,448
Net profit from continuing operations	120,090	102,917	118,743	152,993	162,837
Net profit	119,923	102,592	119,431	155,207	145,770
Net profit attributable to owners of the Company	64,879	54,538	60,121	46,745	34,443
AS AT 31 DECEMBER ($'000)					
Property, plant and equipment	779,625	887,895	1,012,752	993,781	951,772
Intangible assets	323,923	323,541	332,851	264,800	145,609
Interests in associates and joint ventures	188,708	170,224	173,100	103,970	111,660
Inventories	937,315	1,028,903	1,186,923	967,929	594,208
Cash and deposits	1,233,720	1,017,468	1,242,352	1,374,611	1,328,638
Other assets	2,032,689	1,888,028	2,003,721	2,141,139	1,983,318
Total assets	5,495,980	5,316,059	5,951,699	5,846,230	5,115,205
Shareholders' funds	922,007	902,552	956,905	879,973	764,824
Non-controlling interests	1,445,453	1,456,061	1,572,100	1,538,361	1,488,340
Loans and borrowings	887,981	874,603	900,833	823,305	761,299
Other liabilities	2,240,539	2,082,843	2,521,861	2,604,591	2,100,742
Total liabilities and equity	5,495,980	5,316,059	5,951,699	5,846,230	5,115,205
FINANCIAL RATIOS					
Return on equity [1]	7.1%	5.9%	6.5%	5.7%	4.6%
Net debt [2] / equity ratio	(0.39)	(0.16)	(0.37)	(0.66)	(0.77)
SHAREHOLDERS' RETURN					
Earnings per share (cents) [3]	8.67	7.29	8.04	6.25	4.61
Net asset value per share (cents) [4]	123.27	120.67	127.94	117.67	102.27
Dividends per share (cents)	2.00	2.00	2.00	1.00	1.00

1 Based on net profit 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 $345,739,000 as at 31 December 2023

3 Based on net profit 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-Third Annual General Meeting (the "**Meeting**") of HONG LEONG ASIA LTD. (the "**Company**") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 25 April 2024 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**") 2023 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 2 cents per ordinary share for FY 2023 ("**First and Final Dividend**"). **Resolution 2**

3. To approve Directors' Fees of $627,666 for FY 2023 (FY 2022: $498,000). **Resolution 3**

4. To re-elect the following Directors of the Company ("**Directors**") who would be retiring in accordance with the Company's Constitution and who, being eligible, offer themselves for re-election as Directors:

   (a) Mr Kwek Leng Peck **Resolution 4(a)**
   (b) Mr Stephen Ho Kiam Kong **Resolution 4(b)**
   (c) Ms Kwong Ka Lo @ Caroline Kwong **Resolution 4(c)**

   Key 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 at the 63rd Annual General Meeting" of the Company's Annual Report 2023.

5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

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:

6. That authority be and is hereby given to the Directors to: **Resolution 6**

(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 Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**"), 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.

NOTICE OF ANNUAL GENERAL MEETING

7. 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 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. **Resolution 7**

8. That: **Resolution 8**

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire 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 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;

NOTICE OF ANNUAL GENERAL MEETING

(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;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares (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 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.

NOTICE OF ANNUAL GENERAL MEETING

9. That: **Resolution 9**

    (a) 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 27 March 2024 (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 a general meeting, continue in force until the next AGM of the Company; and

    (b) the Directors and/or 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, 27 March 2024

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Ordinary Business

1. With reference to Resolution 2, the Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 6 May 2024 up to (and including) 7 May 2024. Registrable transfers received up to 5.00 p.m. on 6 May 2024 will be registered to determine shareholders' entitlement to the First and Final Dividend. If approved at the Meeting, it will be paid on 15 May 2024.

2. With reference to Resolution 3, the Directors' Fees of $627,666 for FY 2023 will be payable upon approval of the shareholders at the Meeting. The structure of fees payable to Directors for FY 2023 can be found under the section on the 'Corporate Governance Report' in the Company's Annual Report 2023.

3. With reference to Resolution 4(a), Mr Kwek Leng Peck will, upon re-election as a Director, remain as the Chairman of the Board and a member of the Nominating Committee ("**NC**") and SOS Committee.

4. With reference to Resolution 4(b), Mr Stephen Ho Kiam Kong will, upon re-election as a Director, remain as a member of the Board Sustainability Committee ("**BSC**").

5. With reference to Resolution 4(c), Ms Kwong Ka Lo @ Caroline Kwong will, upon re-election as a Director, remain as the Chairman of the BSC and the NC, and a member of the Audit and Risk Committee, Remuneration Committee, and SOS Committee. Ms Kwong is considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.

Special Business

6. Resolution 6, if passed, will empower the Directors 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.

7. Resolution 7, 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)*.

    <u>Voting restrictions pursuant to Rule 859 of the Listing Manual of SGX-ST</u>
    *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 Resolution 7 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 resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.*

NOTICE OF ANNUAL GENERAL MEETING

8. Resolution 8, 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.

9. Resolution 9, 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 Resolution 9 in relation to the proposed renewal of the IPT Mandate.

Meeting Notes:

Format of Meeting

1. The Meeting will be held in a wholly physical format and **there will be no option for shareholders to participate virtually**. Shareholders, including CPF and SRS investors who hold the Company's Shares through CPF Agent Banks or SRS Operators, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote by attending the Meeting.

   Attendees are required to bring along their NRIC/passport so as to enable the Company to verify their identities.

   Printed copies of this Notice and the accompanying proxy form are sent by post to members. These documents will also be published on the Company's website at the URL https://www.hlasia.com.sg/agm-documents and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. 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.

Access to Documents

3. The Annual Report 2023 and the Letter to Shareholders are available on the Company's website at the URL https://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.

   Shareholders may request for printed copies of the Annual Report 2023 and the Letter to Shareholders in the following manner:

   (a) by completing and returning the Request Form which is sent to them by post; or

   (b) by completing and submitting the Request Form via email to the Company's Registrar at main@zicoholdings.com,

   in either case, by 5.00 p.m. on 11 April 2024.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions

4. Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Meeting, in advance of the Meeting, in the following manner:

   (a) via email to investor_relations@hlasia.com.sg; or

   (b) by post to the Company, Investor Relations at 16 Raffles Quay, #26-00 Hong Leong Building, Singapore 048581.

   When submitting questions, shareholders should provide the following details: (a) full name as it appears in the CDP/CPF/SRS records; (b) address; (c) number of Shares held in the Company; and (d) the manner in which the Shares are held in the Company (e.g., via CDP, CPF and/or SRS), for verification purposes. All questions submitted in advance must be received by 5.00 p.m. on 11 April 2024.

5. The Company will address substantial and relevant questions (which are related to the Company's Annual Report 2023 and other agenda items set out in this Notice) received from shareholders by 5.00 p.m. on 11 April 2024 by publishing its responses to such questions on the Company's website at the URL https://www.hlasia.com.sg/agm-documents and the SGX website at the URL https://www.sgx.com/securities/company-announcements at least 48 hours prior to the closing date and time for the lodgement/receipt of instruments appointing a proxy(ies).

Appointment of Proxy(ies)

6. (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 one proxy, 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.

7. A proxy need not be a member of the Company.

8. 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 the form of proxy to the Meeting.

9. 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.

NOTICE OF ANNUAL GENERAL MEETING

10. The form 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, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

    (b) if submitted electronically, via email to the Company's Share Registrar at main@zicoholdings.com,

    in either case, by 3.00 p.m. on 22 April 2024, being not less than 72 hours before the time for holding the Meeting.

11. A member who wishes to submit an instrument of proxy by post or via email can either use the printed copy of the proxy form, which is sent to him/her/it by post, or download a copy of the proxy form from the Company's website or the SGX-ST website, and 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.

CPF/SRS Investors

12. 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 16 April 2024.

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 proxy(ies) and representative(s) 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 laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities (collectively, the "**Purposes**"); and

(b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) 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 AT THE 63RD ANNUAL GENERAL MEETING

Name of Director	Kwek Leng Peck	Stephen Ho Kiam Kong	Kwong Ka Lo @ Caroline Kwong
Age	67	64	65
Date of appointment	1 September 1982	3 August 2020	22 February 2016
Job Title	Executive Chairman A member of the Nominating Committee ("**NC**") and Hong Leong Asia Share Option Scheme 2000 Committee ("**SOSC**")	Executive Director and Chief Executive Officer Member of the Board Sustainability Committee ("**BSC**")	Non-Executive and Independent Director Chairman of BSC and NC, and a member of the Audit and Risk Committee, Remuneration Committee and SOSC
Date of last re-election as Director (if applicable)	27 April 2022	28 April 2021	27 April 2022
Country of principal residence	Singapore	Singapore	Singapore
Board's comments on the re-election (including rationale, selection criteria, and the search and nomination process)	The Board reviewed the recommendation of the NC on the re-election of Mr Kwek Leng Peck, Mr Stephen Ho Kiam Kong and Ms Kwong Ka Lo @ Caroline Kwong and took into account, *inter alia,* • their skill sets, experiences and contribution to the effectiveness of the Board (which included their participation at Board, Board committees and independent Directors' meetings, where applicable); and • their time commitment especially for Directors with multiple board representations and/or other principal commitments; and also reviewed the independence of Ms Kwong. The Board recommends the re-election of Mr Kwek Leng Peck, Mr Stephen Ho Kiam Kong, and Ms Kwong Ka Lo @ Caroline Kwong 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 of the Corporate Governance Report.		
Whether appointment is executive, and if so, the area of responsibility	Yes Executive Chairman	Yes Chief Executive Officer	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 63RD ANNUAL GENERAL MEETING

Name of Director	Kwek Leng Peck	Stephen Ho Kiam Kong	Kwong Ka Lo @ Caroline Kwong
Professional qualification and working experience and occupation(s) during the past 10 years	Executive Director on several Hong Leong Group companies and 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. April 2017 to Present Executive Chairman of Hong Leong Asia Ltd. (the "**Company**") April 1998 to April 2017 Executive Director of the Company December 1982 to Present Executive Director of Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**") October 2001 to Present Executive Director of Hong Leong Corporation Holdings Pte Ltd ("**HLCH**") January 1989 to Present Executive Director of Hong Realty (Private) Limited ("**HR**")	Extensive experience in finance, treasury, risk management as well as corporate banking, global markets trading, marketing and sales. August 2020 to Present Chief Executive Officer of the Company November 2011 to May 2020 Chief Financial Officer ("**CFO**") of Wilmar International Limited ("**Wilmar**") Holds a Bachelor of Commerce and Administration degree from the Victoria University of Wellington, New Zealand and attended the Advanced Management Program at the Harvard Business School, Boston, US.	Extensive experience in investment, fundraising, corporate finance, capital markets and debt restructuring. Also 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. October 2016 to Present Managing Director of The Global Value Investment Portfolio Management Pte Ltd October 2014 to September 2016 Limited Partner of Laurel Capital Kingsway LLP, London, United Kingdom Holds a Bachelor of Science in Business Administration with a 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.
Shareholding interest in the Company and its subsidiaries	Please refer to the Directors' Statement in the Annual Report 2023.	Please refer to the Directors' Statement in the Annual Report 2023.	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 63RD ANNUAL GENERAL MEETING

Name of Director	Kwek Leng Peck	Stephen Ho Kiam Kong	Kwong Ka Lo @ Caroline Kwong
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	Father of Ms Kwek Pei Xuan, Executive Director and Head of Sustainability and Corporate Affairs of the Company. Director of HLCH, Hong Leong Enterprises Pte. Ltd. and HLIH. Also, a shareholder of HLIH. These companies are substantial shareholders and related corporations of the Company. Please refer to the Directors' Statement on his shareholding interest in HLIH.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	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".
Directorships: • Past (for the last 5 years):	• 1 subsidiary of the Company • City Developments Limited* • 3 subsidiaries of HLIH • Millennium & Copthorne Hotels plc* *(delisted and privatised in 2019, and now known as Millennium & Copthorne Hotels Limited)* and 12 of its subsidiaries	• Contour Pte. Ltd. • Shree Renuka Sugars Limited* • 84 subsidiaries and associated companies of Wilmar*	• Ceribell, Inc

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 63RD ANNUAL GENERAL MEETING

Name of Director	Kwek Leng Peck	Stephen Ho Kiam Kong	Kwong Ka Lo @ Caroline Kwong
• Present:	• The Company* and 23 of its subsidiaries and associated company • China Yuchai International Limited* and 1 of its subsidiaries • Hong Leong Company (Malaysia) Berhad • HLCH and 7 of its subsidiaries • Hong Leong Holdings Limited and 2 of its subsidiaries • Hong Leong Finance Limited* and its 2 subsidiaries • HLIH and 3 of its subsidiaries • HR and 2 of its subsidiaries • Tasek Corporation Berhad and 2 of its subsidiaries • Hong Leong Foundation • Hong Leong Nominees (Private) Limited • Kwek Hong Leong Investment Pte. Ltd.	• The Company* and 30 of its subsidiaries and associated company • BRC Asia Limited* • China Yuchai International Limited* and 9 of its subsidiaries • Tasek Corporation Berhad and 8 of its subsidiaries and associated companies	• The Company* • Freshape Pte. Ltd. • Freshape SA • GVIP Ventures SPC • KEV Capital Limited • Singapore Association for Mental Health • The Global Value Investment Portfolio Management Pte Ltd • U Light Pte. Ltd. • u.life Special Investments Pte Ltd
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 28 April 2017).	Responses to questions (a) to (k) are negative (same as previously announced on 22 July 2020).	Responses to questions (a) to (k) are negative (same as previously announced on 22 February 2016).

* listed company

Information as at 15 March 2024

HONG LEONG ASIA LTD.
Co. Reg. No. 196300306G
(Incorporated in the Republic of Singapore)

PROXY FORM

for 63rd Annual General Meeting

IMPORTANT:

1. The Meeting will be held in a wholly physical format and **there will be no option for shareholders to participate virtually**. Printed copies of this Notice and the accompanying proxy form are sent by post to members. These documents will also be published on the Company's website at the URL https://www.hlasia.com.sg/agm-documents and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
3. 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 Meeting.
4. 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

5. 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 Meeting dated 27 March 2024.

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-Third Annual General Meeting of the Company (the "**Meeting**") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Thursday, 25 April 2024 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' Statements, Audited Financial Statements and 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 Kwek Leng Peck			
		(b) Mr Stephen Ho Kiam Kong			
		(c) Ms Kwong Ka Lo @ Caroline Kwong			
5.	Re-appointment of Ernst & Young LLP as Auditor				
B.	**SPECIAL BUSINESS:**				
6.	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				
7.	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				
8.	Renewal of Share Purchase Mandate				
9.	Renewal of IPT Mandate for Interested Person Transactions				

Dated this ______________ day of ______________ 2024

Total No. of Shares Held

____
Signature(s) or Common Seal of Member(s)

NOTES: SEE OVERLEAF

Notes:

1. 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.
2. (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 one proxy, 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.
3. A proxy need not be a member of the Company.
4. 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 16 April 2024.

1st fold here

63rd AGM
PROXY FORM

Affix
Postage
Stamp

HONG LEONG ASIA LTD.
c/o The Share Registrar
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

2nd fold here

5. The form 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, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 ; or

   (b) if submitted electronically, via email to the Company's Share Registrar at main@zicoholdings.com,

   in either case, by 3.00 p.m. on 22 April 2024, being not less than 72 hours before the time for holding the Meeting.

   The proxy must bring along his/her NRIC/passport as to enable the Company to verify his/her identity.
6. The form of proxy must be signed by the appointor or his/her 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.
7. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent the member from attending, speaking and voting at the Meeting if the member so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any proxy(ies) appointed under the relevant instrument appointing a proxy(ies) to the Meeting.
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/her 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.

OPERATING NETWORK

CORPORATE OFFICE

Hong Leong Asia Ltd.
16 Raffles Quay #26-00
Hong Leong Building
Singapore 048581
T : (65) 6220 8411
F : (65) 6222 0087 / 6226 0502

Hong Leong Asia (Shanghai) Co., Ltd.
Room 506, 1090 Defu Road
Jia Ding District
Shanghai 201800
People's Republic of China
T : (86) 21 6226 2996
F : (86) 21 6226 2996

POWERTRAIN SOLUTIONS

China Yuchai International Limited
Executive Office
16 Raffles Quay #39-01A
Hong Leong Building
Singapore 048581
T : (65) 6220 8411
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 2
81400 Senai
Johor Darul Ta'zim
Malaysia
T : (607) 598 6828
F : (607) 598 6822

Cement Division

Singapore Cement Manufacturing Company (Private) Limited
10 Punggol Barat Lane #03-02
Singapore 797359
T : (65) 6488 5777
F : (65) 6368 0312

Tasek Corporation Berhad
Lot 5, Persiaran Tasek,
Tasek Industrial Estate,
31400 Ipoh, Perak
Malaysia
T : (605) 290 9000
F : (605) 291 9932

Trading and Granite Division

HL Building Materials Pte. Ltd.
10 Punggol Barat Lane #03-02
Singapore 797359
T : (65) 6488 5777
F : (65) 6368 0312

HL Granite Resources Pte. Ltd.
10 Punggol Barat Lane #03-02
Singapore 797359
T : (65) 6488 5777
F : (65) 6368 0312

Hayford Holdings Sdn. Bhd.
Lot 2595 and Lot 2596
Jalan Perindustrian 3
Kawasan Perindustrian Senai Fasa 2
81400 Senai
Johor Darul Ta'zim
Malaysia
T : (607) 598 6828
F : (607) 598 6822

OTHERS

Rigid Packaging

Dongguan Rex Packaging Co., Ltd.
Su Keng, Chang Ping, Dongguan
Guangdong Province 523577
People's Republic of China
T : (86) 769 8900 9055
F : (86) 769 8391 0879

Tianjin Rex Packaging Co., Ltd.*

Hospitality & Property Development

HL Global Enterprises Limited
10 Anson Road
#19-08 International Plaza
Singapore 079903
T : (65) 6324 9500
F : (65) 6221 4861

* Ceased operations in February 2024.

HONG LEONG ASIA LTD.
CO. Reg. No. 196300306G

16 Raffles Quay,
#26-00 Hong Leong Building,
Singapore 048581

www.hlasia.com.sg