Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors announces the results of the Group for the year ended 31 December ("FY") 2013. These figures have not been audited.

1(a) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement

	Group		
	FY 2013 $'000	FY 2012 $'000	+/- %
Revenue	4,550,381	4,112,138	10.7%
Cost of sales	(3,581,918)	(3,193,342)	12.2%
Gross profit	**968,463**	**918,796**	**5.4%**
Other income	45,128	(1,129)	NM
Selling and distribution expenses	(412,109)	(437,322)	-5.8%
Research and development costs	(108,725)	(93,441)	16.4%
General and administrative expenses	(194,998)	(195,714)	-0.4%
Finance costs	(66,011)	(72,016)	-8.3%
Profit from operations	**231,748**	**119,174**	**94.5%**
Share of profit of associates and jointly-controlled entities, net of tax	8,643	7,647	13.0%
Profit before income tax	**240,391**	**126,821**	**89.6%**
Income tax expense	(60,078)	(51,822)	15.9%
Profit for the year	**180,313**	**74,999**	**140.4%**
Attributable to:			
Owners of the Company	45,284	(34,910)	NM
Non-controlling interests	135,029	109,909	22.9%
	180,313	**74,999**	140.4%

* The net attributable loss for FY2012 is primarily due to impairment of assets in accordance with the requirement of Financial Reporting Standard (FRS) 36, which impairment is non-cash in nature (please refer to further commentary in Note (2) under Section 1(a)(ii) and in Section 8). Had the assets impairment been excluded, the Group would have reported a net attributable profit of $16.8 million for FY2012.

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

	Group		
Profit from operations include the following:	**FY 2013 $'000**	**FY 2012 $'000**	**+/- %**
Gain/(loss) on disposal of property, plant and equipment, land use rights and intangible assets (1)	1,889	(4,260)	NM
Impairment losses recognised on property, plant and equipment and intangible assets (2)	(15,005)	(59,950)	-75.0%
Impairment losses written back for trade and other receivables, net (3)	2,481	1,902	30.4%
Allowance written back for inventories write down, net (4)	880	209	321.1%
Depreciation and amortisation	(122,497)	(118,425)	3.4%
Foreign exchange (loss)/gain, net (5)	(382)	1,732	NM

NM: Not meaningful

(1) Gain on disposal of property, plant and equipment in FY2013 mainly related to the sale of equipment by the Group's discontinued green packaging unit ("GPac") vis-a-vis loss on disposal of property, plant and equipment in FY2012 attributed mainly by the Group's diesel engines unit ("Yuchai") as a result of the write-off of property, plant and equipment no longer in use.

(2) FY2013 impairment losses arose mainly from the impairment of patent and development costs by the Group's climate control unit ("Airwell") and impairment losses on property, plant and equipment related to jointly-controlled entities of Yuchai and the hospitality unit of the Group. FY2012 impairment losses were largely due to impairment of assets in respect of the Group's white goods unit ("Xinfei").

(3) The write back of impairment losses for trade and other receivables in FY2013 and FY2012 was attributed to a reversal of provision upon successful collection of doubtful debts by Yuchai. Xinfei made further provision for bad debts in FY2012.

(4) FY2013 allowance written-back for inventories arose from Yuchai and Xinfei in respect of old stocks which were subsequently sold while Airwell made allowance for inventories write down. In FY2012, Yuchai wrote back allowance for inventories in respect of old stocks which were subsequently sold while Xinfei made further allowance for inventories write down.

(5) Net foreign exchange (loss)/gain comprises unrealised exchange differences arising from period-end revaluation of monetary assets and liabilities and realized exchange differences. The weakening of the Malaysian ringgit ("MYR") vis-a-vis the Singapore dollar ("SGD") and the weakening of SGD vis-a-vis the United States dollar ("USD") and the Renminbi ("RMB") resulted in unrealised exchange loss in FY2013. Foreign exchange gain in FY2012 mainly arose from the revaluation of monetary assets and liabilities resulting from the strengthening of the SGD vis-à-vis the USD and the RMB.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

The Group's tax charge in 2013 included an over provision of $58,000 (2012: under provision of $7,458,000) in respect of prior years. The under provision incurred in 2012 was largely attributed to the Chinese tax authority disallowing Xinfei's application of high tech incentive status for FY2008 and FY2009.

1(a)(iv) Statement of Comprehensive Income

	Group		
	FY 2013	**FY 2012**	**+/-**
	$'000	**$'000**	**%**
Profit for the year	**180,313**	**74,999**	**140.4%**
Other comprehensive income			
Items that may be subsequently classify to Income statement			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	102,496	(72,574)	NM
Net fair value changes	(264)	(971)	-72.8%
Total other comprehensive income for the year, net of tax	**102,232**	**(73,545)**	**NM**
Total comprehensive income for the year	**282,545**	**1,454**	**19332.3%**
Attributable to:			
Owners of the Company	75,778	(56,087)	NM
Non-controlling interests	206,767	57,541	259.3%
Total comprehensive income for the year	**282,545**	**1,454**	**19332.3%**

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

$'000	Group 31.12.2013	Group 31.12.2012 (restated)	Company 31.12.2013	Company 31.12.2012
Non-current assets				
Property, plant and equipment	1,275,520	1,233,263	312	502
Land use rights	147,289	127,195	-	-
Intangible assets	107,987	110,200	275	320
Investment in subsidiaries	-	-	204,455	213,344
Interests in associates	61,000	56,492	13,726	13,726
Other investments	1,738	716	-	-
Deferred tax assets	104,694	94,536	11	25
Non-current receivables	8,723	10,423	-	-
	1,706,951	**1,632,825**	**218,779**	**227,917**
Current assets				
Other investments	5,923	10,900	6	4
Inventories	683,477	602,242	-	-
Development properties	8,215	10,288	-	-
Trade and other receivables	2,011,489	1,617,736	285,480	247,117
Cash and short-term deposits	1,068,246	1,000,806	2,010	10,868
Derivatives	571	-	-	-
Assets classified as held-for-sale	-	21,087	-	-
	3,777,921	**3,263,059**	**287,496**	**257,989**
Current liabilities				
Trade and other payables	2,004,853	1,725,808	41,740	39,653
Provisions	80,128	69,297	-	-
Loans and borrowings	571,478	711,330	84,698	139,078
Current tax payable	32,579	26,591	374	331
Derivatives	962	-	-	-
Liabilities classified as held-for-sale	-	3,771	-	-
	2,690,000	**2,536,797**	**126,812**	**179,062**
Net current assets	**1,087,921**	**726,262**	**160,684**	**78,927**
Non-current liabilities				
Loans and borrowings	424,789	203,201	60,000	-
Deferred tax liabilities	50,240	45,534	1,837	1,421
Deferred grants	69,042	65,891	-	-
Other non-current payables	24,408	32,561	-	-
Retirement benefits	564	200	-	-
	569,043	**347,387**	**61,837**	**1,421**
Net assets	**2,225,829**	**2,011,700**	**317,626**	**305,423**
Capital and reserves				
Share capital	266,830	266,830	266,830	266,830
Reserves	574,449	507,401	50,796	38,593
	841,279	774,231	317,626	305,423
Non-controlling interests	1,384,550	1,237,469	-	-
Total Equity	**2,225,829**	**2,011,700**	**317,626**	**305,423**

Explanatory Notes to Statement of Financial Position

Group

- The increase in non-current assets was mainly due to investment by Yuchai on property, plant and equipment. Both Yuchai and Airwell also made additional investments on land use rights.

- The increase in current-assets was mainly due to the increase in inventories by Yuchai and the increase in trade receivables by Yuchai and Xinfei.

- Current liabilities increased due to the increase in trade and other payables by Yuchai. It was partially offset by lower loans and borrowings (net) by Yuchai and Xinfei.

- Non-current liabilities increased due mainly to the increase in long term borrowing by Yuchai of $202.5 million.

Company

- A short term loan of $60 million was repaid and a new long term loan was taken up.

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

Amount repayable in one year or less, or on demand

As at 31.12.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
$53,780,419	$517,697,941	$71,137,546	$640,192,566

Amount repayable after one year

As at 31.12.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
$142,249,290	$282,539,454	$174,081,921	$29,118,687

Details of any collateral

The secured banking facilities of the Group, comprising term loans, are secured on the assets of certain subsidiaries with a total carrying value as at 31 December 2013 of $288,870,000 (31 December 2012: $290,217,000).

In the statement of cashflows for the Group under Section 1(c), the Group had cash and short-term deposits of $1.1 billion at the end of 2013, out of which Yuchai had $0.8 billion.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY 2013 $'000	FY 2012 $'000
Operating activities		
Profit before tax	240,391	126,821
Adjustments for:		
Share of profit of associates, net of tax	(8,643)	(7,647)
Cost of share-based payments	43	300
Depreciation and amortisation	123,566	118,934
Allowance written back for inventories write-down	(880)	(209)
Impairment loss written back for trade and other receivables	(2,481)	(1,902)
Impairment loss on property, plant and equipment and intangible assets	15,005	59,950
Property, plant and equipment written off	186	748
Intangible assets written off	15	1,313
Finance costs	66,011	72,016
Dividend income from other investments	(259)	(689)
Interest income	(23,849)	(28,163)
(Gain)/loss on disposal of:		
- subsidiaries	74	1,980
- property, plant and equipment	445	4,324
- land use rights	(2,334)	-
- intangible assets	-	(64)
- assets held-for-sale	1,471	-
- other investments	(712)	162
Fair value loss/(gain) on investments	585	(1,630)
Fair value loss on derivatives	312	-
Provision for warranties and other costs, net	93,740	76,242
Operating profit before working capital changes	502,686	422,486
Changes in working capital:		
Inventories	(42,450)	120,636
Trade and other receivables	(309,383)	115,783
Trade and other payables	166,745	(118,122)
Provisions utilised	(87,285)	(86,672)
Cash flows from operations	230,313	454,111
Income tax paid	(56,944)	(50,019)
Cash flows from operating activities	173,369	404,092
Investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(5,956)
Purchase of treasury shares in a subsidiary from non-controlling interests	-	(8,224)
Dividends received from:		
- associates	2,785	3,255
- other investments	259	689
Interest received	28,491	34,896
Purchase of:		
- property, plant and equipment	(112,191)	(210,006)
- land use rights	(18,617)	(4,588)
- intangible assets	(2,735)	(22,703)
- other investments	-	(5)
Proceeds from disposal of:		
- subsidiaries, net of cash disposed	1,940	20,438
- property, plant and equipment	8,425	14,765
- land use rights	4,039	-
- intangible assets	-	184
- assets held-for-sale	16,881	7,650
- other investments	4,317	1,161
Net cash flows used in investing activities	(66,406)	(168,444)
Financing activities		
Dividend paid to:		
- non-controlling interests of subsidiaries	(58,816)	(52,603)
- shareholders of the Company	(11,217)	(22,434)
Interest paid	(67,930)	(78,406)
Proceeds from borrowings	620,996	576,807
Proceeds from issuance of bonds	202,821	197,900
(Repayment to)/advances from related company	(2,942)	2,942
Release/(placement) of restricted deposits with banks	14,945	(47,153)
Capital contribution by non-controlling interests of subsidiaries	-	5,411
Grant received from government	11,510	7,182
Repayment in respect of borrowings	(572,221)	(554,851)
Repayment of obligation under finance leases	(1,120)	(488)
Redemption of bonds	(204,067)	(472,981)
Net cash flows used in financing activities	(68,041)	(438,674)
Net increase/(decrease) in cash and cash equivalents	38,922	(203,026)
Cash and cash equivalents at beginning of the year	953,270	1,208,271
Effect of exchange rate changes on balances held in foreign currencies	42,133	(42,870)
Cash and cash equivalents reclassified to assets held-for-sale	-	(9,105)
Cash and cash equivalents at end of the year	1,034,325	953,270
Comprising:		
Cash and short-term deposits	1,068,246	1,000,806
Less: Bank overdraft	-	(361)
Restricted deposits	(33,921)	(47,175)
	1,034,325	953,270

The attributable net assets of subsidiaries acquired/disposed during the year are as follows:

	FY 2013 $'000	FY 2012 $'000
Acquisitions		
Non-current assets	-	27,670
Net current liabilities	-	(10,858)
Non-current liabilities	-	(750)
Non-controlling interests	-	(6,048)
Goodwill	-	54
Total consideration	-	10,068
Less: Cash and cash equivalents of subsidiaries acquired	-	(4,112)
Acquisition of subsidiaries, net of cash acquired	-	5,956
Disposals		
Non-current assets	-	21,739
Net current assets	3,237	12,798
Non-controlling interests	-	(12,854)
Realisation of reserves	-	2,047
(Loss)/gain on disposal/liquidation of subsidiaries	(74)	(1,980)
Currency translation differences	-	181
Total cash consideration	3,163	21,931
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	(1,223)	(1,493)
Disposal/liquidation of subsidiaries, net of cash disposed	1,940	20,438

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	Equity compen-sation reserve $'000	Translation reserve $'000	Discount/ (Premium paid) on acquisition of non-controlling interests $'000	Reserve of disposal group classified as held-for-sale $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
The Group												
At 1 January 2012	266,830	(2,437)	33,802	46,760	2,047	(27,714)	11,146	-	523,783	854,217	1,242,235	2,096,452
Total comprehensive income for the year	-	-	-	(971)	-	(20,206)	-	-	(34,910)	(56,087)	57,541	1,454
Transactions with owners, recorded directly in equity												
Contributions by and distributions to												
Cost of share-based payments	-	-	-	-	300	-	-	-	-	300	-	300
Transfer to statutory reserve	-	-	432	-	-	-	-	-	(432)	-	-	-
Shares issued to non-controlling interests of subsidiaries	-	(33)	-	-	-	-	-	-		(33)	5,411	5,378
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,224)	(8,224)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	6,048	6,048
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(22,434)	(22,434)	-	(22,434)
Dividends paid to non-controllling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(52,603)	(52,603)
Reserve attributable to disposal group classified as held-for-sale	-	-	-	-	-	2,813	-	(2,813)		-	-	-
Realisation of reserves upon disposal of assets classified as held-for-sale	-	866	-	-	-	(4,605)	-	-	-	(3,739)	-	(3,739)
Realisation of reserves upon disposal of subsidiaries	-	-	(17)	-	-	-	2,027	-	(3)	2,007	-	2,007
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,939)	(12,939)
At 31 December 2012	266,830	(1,604)	34,217	45,789	2,347	(49,712)	13,173	(2,813)	466,004	774,231	1,237,469	2,011,700
At 1 January 2013	266,830	(1,604)	34,217	45,789	2,347	(49,712)	13,173	(2,813)	466,004	774,231	1,237,469	2,011,700
Total comprehensive income for the year	-	-	-	(264)	-	30,758	-	-	45,284	75,778	206,767	282,545
Transactions with owners, recorded directly in equity												
Contributions by and distributions to												
Cost of share-based payments	-	-	-	-	43	-	-	-	-	43	-	43
Transfer to statutory reserve	-	-	724	-	-	-	-	-	(724)	-	-	-
Relisation of reserves on liquidation of subsidiary	-	-	(45)	-	-	-	-	-		(45)	-	(45)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Dividends paid to non-controllling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(58,816)	(58,816)
Reserve attributable to disposal group classified as held-for-sale	-	-	-	-	-	(359)	-	359		-	-	-
Realisation of reserve upon disposal of assets classified as held-for-sale	-	-	-	-	-	-	-	2,454	-	2,454	-	2,454
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	35	-	-	-	-	-	-	-	35	(870)	(835)
At 31 December 2013	266,830	(1,569)	34,896	45,525	2,390	(19,313)	13,173	-	499,347	841,279	1,384,550	2,225,829

1(d)(i) Statement of changes in equity for the year ended 31 December (cont'd)

Statement of Changes In Equity	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Equity compensation reserve $'000	Accumulated profits $'000	Total equity $'000
The Company						
At 1 January 2012	266,830	9,199	-	1,994	33,673	311,696
Total comprehensive income for the year	-	-	-	-	15,861	15,861
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Cost of share-based payments	-	-	-	300	-	300
Dividends paid to shareholders	-	-	-	-	(22,434)	(22,434)
At 31 December 2012	266,830	9,199	-	2,294	27,100	305,423
At 1 January 2013	266,830	9,199	-	2,294	27,100	305,423
Total comprehensive income for the year	-	-	2	-	23,375	23,377
Transactions with owners, recorded directly in equity						
owners						
Cost of share-based payments	-	-	-	43	-	43
Dividends paid to shareholders	-	-	-	-	(11,217)	(11,217)
At 31 December 2013	266,830	9,199	2	2,337	39,258	317,626

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(ii)(A) Movements in issued and paid-up capital

There was no change in the Company's issued share capital during the year ended 31 December 2013.

1(d)(ii)(B) Share Options

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") for the year ended 31 December 2013.

As at 31 December 2013, there were a total of 930,000 (31 December 2012: 1,180,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2008	$2.36	470,000
2011	$3.17	460,000
Total		930,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company did not hold any treasury shares as at 31 December 2013 and 31 December 2012.

The total number of issued ordinary shares as at 31 December 2013 and 31 December 2012 was 373,908,559.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2013.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the year ended 31 December 2012 except for adoptions of new accounting standard that are effective from 1 January 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following revised accounting standards that are effective for annual periods beginning on or after 1 January 2013. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2013 as 2013 is the first annual period for the Group subsequent to 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
FRS 113 Fair Value Measurement	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013

Except for the Amendments to FRS 1, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 is described below

<u>Amendments to FRS 1 Presentation of Items of Other Comprehensive Income</u>

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

<u>Revised FRS 19 Employee Benefits</u>

The revised FRS 19 amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits.

This change in accounting policy has been applied retrospectively. Accordingly, long-term employee benefits increased by $22,267,000 (2012: $17,868,000) whilst short-term employee benefits decreased by $22,267,000 (2012: $17,868,000).

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

<u>FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures</u>
FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects that the change to equity accounting for these joint ventures will result in a decrease in total assets and total liabilities.

<u>FRS 112 Disclosure of Interests in Other Entities</u>

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
Earnings per ordinary share based on net profit/(loss) attributable to shareholders	**2013**	**2012**
(i) Based on the weighted average number of ordinary shares in issue (cts)	12.11	(9.34)
(ii) On a fully diluted basis (cts)	12.11	(9.34)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 31 December 2013 and as at 31 December 2012 (cts)	225.00	207.06	84.95	81.68

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>2013 versus 2012</u>

The revenue for the year increased from $4.1 billion in FY2012 to $4.6 billion in FY2013, an increase of 10.7%. The increase in revenue was mainly due to higher revenue from the diesel engines unit ("Yuchai") but offset by lower revenue from the consumer products unit ("Xinfei"). Profit attributable to the owners of the Company ("PATMI") for the year was $45.3 million as compared to a loss of $34.9 million in FY2012. The improved performance was mainly due to higher profit attributable to Yuchai, lower operating loss incurred by Xinfei and the absence of an impairment of fixed assets incurred by Xinfei in FY2012.

Revenue of Yuchai in FY2013 increased by 22.5% compared to FY2012. The increase was primarily attributed to the pre-buy impact before implementation of National IV emission standards and increase in sales of truck, bus and agricultural engines despite the lower sales of industrial, marine and other engines. Unit sales of Yuchai in FY2013 increased by 16.1% as compared to FY2012. The industry unit sales growth for year 2013 as published by the China Association of Automobile Manufacturers was 10.8%.

Revenue of Xinfei for FY2013 declined by 18.5% compared to FY2012. The decline was attributed to keen competition, lack of new models in the first three quarters of 2013 and the cessation of the rural subsidy incentive programs in January 2013.

Revenue of the building materials unit ("BMU") for FY2013 declined marginally by 0.7% compared to FY2012. The decline was mainly due to lower sales from the "Precast" division which was affected by delays in projects as a result of shortage of foreign labor. However, it was mitigated by higher sales from the ready-mixed concrete and trading divisions. The revenue of Tasek Corporation Berhad ("Tasek") for FY2013 was in line with FY2012 despite the intense price competition in the Malaysian market which resulted in lower pricing for cement sales in the first half of 2013. It has stabilized since the third quarter of 2013.

Revenue of the industrial packaging unit ("Rex") for FY2013 declined by 10.8% compared to FY2012 with a key customer engaging alternative sources of suppliers. The sales recovery plan has been established but it would take time for Rex to fully recover the lost sales.

Revenue of the climate control unit ("Airwell") for FY2013 increased by $10.4 million compared to FY2012 due to higher export sales.

The Group's gross profit margin for FY2013 was 21.3% as compared to 22.3% for FY2012. Overall raw material costs as a percentage of sales for the Group increased by 1.3% as compared to FY2012. However, the overhead costs as a percentage of sales decreased from 13.4% to 13.2% in FY2013 as a result of higher sales. The gross profit margin of Yuchai decreased by 1.6% mainly due to higher material costs, but it was offset by an improvement in Xinfei's margin by 1.1%. Gross margin of Rex and Airwell deteriorated while the gross profit margin of BMU improved marginally.

Other income increased by $46.3 million as compared to FY2012 mainly due to the absence of assets impairment of $57.4 million incurred by Xinfei in FY2012, lower exchange gain of $2.1 million, lower interest income of $4.4 million and impairment of patent and development costs of $5.7 million incurred by Airwell in FY2013.

Selling and distribution expenses for FY2013 decreased by $25.2 million, or 5.8% compared to FY2012. This was mainly due to lower sales incentives incurred by Xinfei despite higher expenses from BMU. Research and development expenses for FY2013 increased by $15.3 million or 16.4% compared to FY2012 due mainly to the increase in consultancy fees and testing expenses incurred by Yuchai but partially offset by lower expense incurred by Xinfei.

General and administrative expenses for FY2013 decreased marginally by $0.7 million or 0.4% compared to FY2012.

Finance costs for FY2013 decreased by $6.0 million or 8.3% as compared to FY2012. This was due mainly to interest cost savings from issuance of short term bonds and lower discounting of bills by Yuchai which were partially offset by higher finance cost incurred by Xinfei arising from higher bank loans in FY2013.

Share of profit from associates increased by $1.0 million or 13.0% compared to FY2012 due to higher income from associates of BMU.

The higher income tax expense for FY2013 compared to FY2012 was due mainly to higher tax charge in Yuchai but offset by lower tax charge in Xinfei, BMU and Rex.

Working Capital and Cash Flow

The Group had cash and short-term deposits of $1.1 billion at the end of FY2013 compared with $1.0 billion as at the end of year 2012, an increase of $0.1 billion. A substantial portion of approximately $0.8 billion of the cash and short-term deposits are held by Yuchai.

The Group generated cash from operating activities of $173.4 million. The cash generated was derived from operating profit. It was used to increase inventories, trade and other receivables but it was partially offset by trade and other payables.

In 2013, the Group invested $112.2 million for the purchase of property, plant and equipment and $18.6 million on land use rights.

For financing activities, the Group had loans as at the end of year 2013 of $996.3 million as compared with $914.5 million as at the end of year 2012, an increase of $81.8 million.

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

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global 2013 economic growth of 3.0% was marginally higher than the forecast issued in October 2013 by International Monetary Fund of 2.9%. China's GDP rose 7.7% in 2013 after supporting measures implemented by its government to boost output, retail sales and investments, and exceeded the previous growth target of 7.5%. Singapore's economy grew 4.1% in FY2013, exceeding the top end of the official forecast of between 3.5% and 4.0%.

The projection for global economic growth is 3.7% for year 2014, as issued in January 2014 by International Monetary Fund. The projected growth for 2014 in the United States of America and Emerging Markets are 2.8% and 5.1% respectively. In China, where the Group has the most exposure, the growth is projected to slow down to 7.5% in 2014.

The demand for diesel engines is likely to grow moderately in year 2014 following the tapering off in sales from the pre-buy impact arising from the implementation of The National IV emission standards for diesel engines in China on 1 July, 2013.

The white goods industry relating to consumer appliances is expected to remain challenging and continues to be highly competitive with over capacity and lower consumers demand. These challenges had impacted Xinfei's performance for the year 2013. New refrigerator models (under the Libra range) had been launched in November 2013. With new marketing plans and media advertising, the fall in sales of Xinfei for the fourth quarter ("4Q") of 2013 had reduced as compared with the same period last year.

In Singapore, the demand for building materials has weakened in line with the slowdown in the construction industry as a whole. The average selling price of ready-mixed concrete has fallen due to over capacity and competitors reducing prices to gain market share. The Indonesian government banned a wide range of minerals including granite aggregate from being exported globally on 12 January 2014. Despite the Singapore government releasing the national stockpile to ease the temporary disruption in supply, the price of granite has continued to increase. However, the Group owns and operates a granite quarry in Johor which will continue to supply granite products to its Singapore operations.

In Malaysia, the construction sector recorded slower growth of 9.7% for 4Q 2013, a decline from a year ago of 17.6% in 4Q 2012. Despite signs of slowing down, mega projects such as MY Rapid Transit ("MRT") and Light Rail Transit ("LRT") extensions are expected to keep the construction activities' momentum going for the next few quarters.

The air-conditioning industry within which Airwell operates in China is huge but very competitive. Airwell will focus on the domestic market to boost its sales.

Overall, the Group expects Yuchai and BMU to continue to perform well while the other business units will continue to face challenging business conditions.

Barring any unforeseen circumstances including any change in policies of the Chinese government and any adverse change in the business climate, the Group expects to report a profit in the first quarter and in FY 2014. The Group continues to be exposed to currency fluctuation risk as the bulk of its businesses are located outside of Singapore.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim (Paid)	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1 cent per odinary share	3 cents per odinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim (Paid)	Final (Paid)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1 cent per odinary share	2 cents per odinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(c) Date payable

21 May 2014

(d) Books closure date

5.00 p.m. on 9 May 2014

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested persons transactions

No interested person transactions ("IPT") were concluded under the Company's IPT Mandate for FY2013. In the Company's unaudited first quarter 2013 results announcement issued on 15 May 2013, the Company had reported that the Group had entered into an IPT for the purchase of raw materials from an interested person of the Company which amounted to $122,584 ("1Q-2013 IPT"). The 1Q-2013 IPT was wrongly classified as an interested person transaction ("IPT") conducted under the IPT Mandate, where it should have been classified as an IPT conducted outside of the IPT Mandate.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

14 (a)(i). Business Segments

The Group determines and presents operating segments based on the information provided internally to the Group's chief operating decision maker (CODM).

$' 000	Diesel engines	Consumer products	Building materials	Industrial packaging	Climate control	Others (1)	Total
2013							
External revenue	3,262,278	619,895	531,539	82,142	36,401	18,226	4,550,481
Interest revenue	15,823	633	5,758	523	38	426	23,201
Interest expense	(33,669)	(10,625)	(544)	(732)	(2,849)	(2,668)	(51,087)
Depreciation and amortisation	(82,035)	(9,112)	(22,501)	(3,388)	(2,146)	(3,092)	(122,274)
Reportable segment (loss)/profit before income tax	244,426	(37,630)	82,251	(1,242)	(22,778)	(10,248)	254,779
Share of profit/(loss) of associates, net of tax	29	-	8,615	-	-	(1)	8,643
Reportable segment (loss)/profit after income tax	199,183	(40,066)	66,754	(1,617)	(22,270)	(10,846)	191,138
2012							
External revenue	2,663,819	760,462	535,534	92,061	25,970	34,363	4,112,209
Interest revenue	19,973	296	6,541	360	27	426	27,623
Interest expense	(42,262)	(8,490)	(286)	(864)	(862)	(3,275)	(56,039)
Depreciation and amortisation	(70,330)	(14,528)	(22,743)	(2,560)	(951)	(6,766)	(117,878)
Reportable segment profit/(loss) before income tax	190,464	(117,635)	83,803	(1,066)	(10,113)	(1,531)	143,922
Share of profit/(loss) of associates, net of tax	73	-	7,177	-	-	397	7,647
Reportable segment profit/(loss) after income tax	162,118	(125,836)	67,836	(2,166)	(9,994)	(2,566)	89,392

(1) Others relate to hospitality and property development.

14 (a)(i). Business Segments (Cont'd)

Reconciliation of reportable segment revenue and profit before income tax

	2013 $'000	2012 $'000
Revenue		
Total revenue for reportable segments	4,495,854	4,051,876
Other revenue	54,627	60,333
Elimination of revenue	(100)	(71)
Consolidated revenue	4,550,381	4,112,138
Profit or loss		
Total profit before income tax for reportable segments	287,805	155,566
Other loss	(33,026)	(11,644)
	254,779	143,922
Elimination of inter-segment profits		
Unallocated amounts:		
- Other corporate (loss)/profit	(14,388)	(17,101)
Consolidated profit before income tax	240,391	126,821

14 (a)(ii). Geographical Segments

$'000	China (including Hong Kong)	Singapore	Malaysia	Others	Consolidated
2013 Total revenue from external customers	3,959,911	313,880	235,086	41,504	4,550,381
2012 Total revenue from external customers	3,523,973	296,095	261,973	30,097	4,112,138

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8 above.

16. A breakdown of sales.

	Group		
	2013 $'000	2012 $'000	Increase/ (Decrease)
Sales reported for first half	2,297,413	2,186,331	5.1%
Operating profit after tax before deducting non-controlling interests reported for first half year	92,704	75,646	22.5%
Sales reported for second half	2,252,968	1,925,807	17.0%
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	87,609	(647)	NM

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

	Latest Full Year (S$'000)	Previous Full Year (S$'000)
Ordinary	14,956	11,217
Preference	0	0
Total:	14,956	11,217

The figure under the latest full year comprises:

(i) the net interim dividend for FY2013 that was paid on 3 September 2013; and
(ii) the proposed final dividend for FY2013 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 373,908,559 issued shares in the capital of the Company as at 28 February 2014.

The figure under the previous full year comprises net interim and final dividends paid in respect of FY2012.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Peck	57	Cousin of Mr Kwek Leng Beng, Chairman of Hong Leong Asia Ltd. ("**HLA**").	Executive Director of HLA since April 1998. - Responsible for strategic decision making and control of significant activities within the Group.	Nil

BY ORDER OF THE BOARD

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

28 February 2014