

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

HONG LEONG ASIA LTD.

#### Securities

HONG LEONG ASIA LTD. - SG1F76860344 - H22

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

#### Date & Time of Broadcast

25-Feb-2022 21:03:02

#### Status

New

#### Announcement Sub Title

Full Yearly Results

#### Announcement Reference

SG220225OTHRBQMJ

#### Submitted By (Co./ Ind. Name)

Ng Siew Ping, Jaslin

#### Designation

Company Secretary

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

Please refer to the attached documents:

1. Condensed Interim Consolidated Financial Statements for the Half Year and Year ended 31 December 2021;
2. News Release titled "Hong Leong Asia Group reports 28.6% YoY growth in Net Profit for Full Year ended 31 December 2021 ("FY2021")"; and
3. FY 2021 Results Presentation.

### Additional Details

#### For Financial Period Ended

31-Dec-2021

### Attachments

[1. Hong Leong Asia Ltd Condensed Interim Consolidated Financials 31 Dec 2021.pdf](#)

[2. HLA FY2021 News Release.pdf](#)

[3. HLA FY2021 Results Presentation.pdf](#)

Total size =2361K MB

Company Registration No. 196300306G

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

## Hong Leong Asia Ltd. and its subsidiaries

### Index

---

	<b>Page</b>
Condensed Interim Consolidated Balance Sheet	1
Condensed Interim Consolidated Income Statement	3
Condensed Interim Consolidated Statement of Comprehensive Income	4
Condensed Interim Consolidated Statement of Changes in Equity	5
Condensed Interim Consolidated Cash Flow Statement	8
Notes to the Condensed Interim Consolidated Financial Statements	10
Other Information Required by Listing Rule Appendix 7.2	34

**Hong Leong Asia Ltd. and its subsidiaries**

**Condensed Interim Consolidated Balance Sheet  
As at 31 December 2021**

	Note	Group		Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	5	1,012,752	993,781	216	261
Intangible assets	6	332,851	264,800	1	36
Investment in subsidiaries		-	-	229,867	219,876
Interests in associates	7	126,452	42,954	14,605	14,605
Interests in joint ventures		46,648	61,016	-	-
Investment property		1,079	1,185	-	-
Other investments		22,855	36,359	-	-
Non-current receivables		3,665	2,433	3,500	-
Capitalised contract costs		31,284	25,962	-	-
Right-of-use assets		139,749	114,376	5	10
Deferred tax assets		84,598	81,561	-	-
Long-term deposits		23,331	28,462	-	-
		<u>1,825,264</u>	<u>1,652,889</u>	<u>248,194</u>	<u>234,788</u>
<b>Current assets</b>					
Inventories		1,186,923	967,929	-	-
Development properties		3,430	3,438	-	-
Other investments		129	1,268	-	-
Trade and other receivables		1,753,896	1,861,607	379,591	289,470
Cash and short-term deposits		1,219,021	1,346,149	1,996	1,220
		<u>4,163,399</u>	<u>4,180,391</u>	<u>381,587</u>	<u>290,690</u>
Asset held for sale		2,243	-	-	-
Assets of disposal group classified as held for distribution to owners		2,232	23,620	-	-
		<u>4,167,874</u>	<u>4,204,011</u>	<u>381,587</u>	<u>290,690</u>
<b>Total assets</b>		<u>5,993,138</u>	<u>5,856,900</u>	<u>629,781</u>	<u>525,478</u>

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

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Balance Sheet  
As at 31 December 2021

	Note	Group		Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Current liabilities</b>					
Trade and other payables		2,165,535	2,163,413	4,645	4,841
Contract liabilities		121,588	176,504	-	-
Lease liabilities	8	12,572	9,063	6	6
Provisions		55,849	57,499	-	-
Loans and borrowings	8	724,460	495,390	236,696	101,239
Current tax payable		14,529	12,475	21	69
Derivatives		7	99	-	-
		<u>3,094,540</u>	<u>2,914,443</u>	<u>241,368</u>	<u>106,155</u>
Liabilities directly associated with disposal group classified as held for distribution to owners		1,413	3,121	-	-
		<u>3,095,953</u>	<u>2,917,564</u>	<u>241,368</u>	<u>106,155</u>
<b>Net current assets</b>		<u>1,071,921</u>	<u>1,286,447</u>	<u>140,219</u>	<u>184,535</u>
<b>Non-current liabilities</b>					
Loans and borrowings	8	176,373	327,915	140,000	200,000
Deferred tax liabilities		19,903	29,107	3,058	2,851
Deferred grants		87,313	105,338	-	-
Other non-current payables		40,029	38,945	-	-
Contract liabilities		14,672	13,676	-	-
Lease liabilities	8	29,887	6,019	1	8
Retirement benefit obligations		3	2	-	-
		<u>368,180</u>	<u>521,002</u>	<u>143,059</u>	<u>202,859</u>
<b>Total liabilities</b>		<u>3,464,133</u>	<u>3,438,566</u>	<u>384,427</u>	<u>309,014</u>
<b>Net assets</b>		<u>2,529,005</u>	<u>2,418,334</u>	<u>245,354</u>	<u>216,464</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	9	467,938	467,890	467,938	467,890
Reserves		488,353	411,416	(222,584)	(251,426)
Reserve attributable to disposal group classified as held for distribution to owners		614	667	-	-
		<u>956,905</u>	<u>879,973</u>	<u>245,354</u>	<u>216,464</u>
<b>Non-controlling interests</b>		<u>1,572,100</u>	<u>1,538,361</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>2,529,005</u>	<u>2,418,334</u>	<u>245,354</u>	<u>216,464</u>
<b>Total equity and liabilities</b>		<u>5,993,138</u>	<u>5,856,900</u>	<u>629,781</u>	<u>525,478</u>

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

## Hong Leong Asia Ltd. and its subsidiaries

### Condensed Interim Consolidated Income Statement For the Half Year and Year Ended 31 December 2021

	Note	Group			Group		
		Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000	+/- %	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000	+/- %
<b>Continuing operations</b>							
Revenue	10	2,093,847	2,359,052	-11.2%	4,932,589	4,496,207	9.7%
Cost of sales		(1,752,689)	(1,963,052)	-10.7%	(4,203,150)	(3,776,760)	11.3%
Gross profit		341,158	396,000	-13.8%	729,439	719,447	1.4%
<b>Other item of income</b>							
Other income		52,757	60,921	-13.4%	93,139	87,606	6.3%
<b>Other items of expense</b>							
Selling and distribution expenses		(135,108)	(159,023)	-15.0%	(286,966)	(266,467)	7.7%
Research and development expenses		(111,838)	(82,829)	35.0%	(176,871)	(125,029)	41.5%
General and administrative expenses		(92,728)	(87,711)	5.7%	(178,081)	(165,780)	7.4%
Finance costs		(13,055)	(20,749)	-37.1%	(30,091)	(37,526)	-19.8%
Other expenses		(602)	(4,763)	-87.4%	(1,720)	(5,429)	-68.3%
Share of results of associates and joint ventures, net of income tax		(19,532)	(12,086)	61.6%	(16,354)	(11,752)	39.2%
<b>Profit before income tax from continuing operations</b>	11	<b>21,052</b>	<b>89,760</b>	<b>-76.5%</b>	<b>132,495</b>	<b>195,070</b>	<b>-32.1%</b>
Income tax credit/(expense)	12	7,353	(16,926)	NM	(13,752)	(42,077)	-67.3%
<b>Profit from continuing operations, net of tax</b>		<b>28,405</b>	<b>72,834</b>	<b>-61.0%</b>	<b>118,743</b>	<b>152,993</b>	<b>-22.4%</b>
<b>Discontinued operation</b>							
Profit from discontinued operation, net of tax		155	4,052	-96.2%	688	2,214	-68.9%
<b>Profit for the period/year</b>		<b>28,560</b>	<b>76,886</b>	<b>-62.9%</b>	<b>119,431</b>	<b>155,207</b>	<b>-23.1%</b>
<b>Attributable to:</b>							
Owners of the Company							
- Profit from continuing operations, net of tax		19,280	24,666	-21.8%	59,660	45,262	31.8%
- Profit from discontinued operation, net of tax		104	2,714	-96.2%	461	1,483	-68.9%
		<b>19,384</b>	<b>27,380</b>	<b>-29.2%</b>	<b>60,121</b>	<b>46,745</b>	<b>28.6%</b>
Non-controlling interests							
- Profit from continuing operations, net of tax		9,125	48,168	-81.1%	59,083	107,731	-45.2%
- Profit from discontinued operation, net of tax		51	1,338	-96.2%	227	731	-68.9%
		<b>9,176</b>	<b>49,506</b>	<b>-81.5%</b>	<b>59,310</b>	<b>108,462</b>	<b>-45.3%</b>
<b>Earnings per share from continuing operations attributable to owners of the Company (cents per share)</b>							
- Basic	13	2.58	3.30		7.98	6.05	
- Diluted	13	2.58	3.30		7.98	6.05	
<b>Earnings per share (cents per share)</b>							
- Basic	13	2.59	3.66		8.04	6.25	
- Diluted	13	2.59	3.66		8.04	6.25	

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

## Hong Leong Asia Ltd. and its subsidiaries

### Condensed Interim Consolidated Statement of Comprehensive Income For the Half Year and Year Ended 31 December 2021

	Group			Group		
	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000	+/- %	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000	+/- %
Profit for the period/year	28,560	76,886	-62.9%	119,431	155,207	-23.1%
<b>Other comprehensive income</b>						
<b>Items that will not be subsequently reclassified to profit or loss</b>						
Net fair value changes of equity instruments at fair value through other comprehensive income	(8,214)	9,579	NM	(13,399)	20,176	NM
<b>Items that may be subsequently reclassified to profit or loss</b>						
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	43,846	65,232	-32.8%	92,873	105,225	-11.7%
Net fair value changes of debt instruments at fair value through other comprehensive income	5,133	(10,428)	NM	13,294	(550)	NM
<b>Other comprehensive income for the period/year, net of income tax</b>	<b>40,765</b>	<b>64,383</b>	<b>-36.7%</b>	<b>92,768</b>	<b>124,851</b>	<b>-25.7%</b>
<b>Total comprehensive income for the period/year</b>	<b>69,325</b>	<b>141,269</b>	<b>-50.9%</b>	<b>212,199</b>	<b>280,058</b>	<b>-24.2%</b>
<b>Attributable to:</b>						
Owners of the Company	28,833	58,638	-50.8%	84,316	103,018	-18.2%
Non-controlling interests	40,492	82,631	-51.0%	127,883	177,040	-27.8%
<b>Total comprehensive income for the period/year</b>	<b>69,325</b>	<b>141,269</b>	<b>-50.9%</b>	<b>212,199</b>	<b>280,058</b>	<b>-24.2%</b>
<b>Attributable to:</b>						
Owners of the Company						
- Total comprehensive income from continuing operations, net of tax	28,729	55,924	-48.6%	83,855	101,535	-17.4%
- Total comprehensive income from discontinued operation, net of tax	104	2,714	-96.2%	461	1,483	-68.9%
	<b>28,833</b>	<b>58,638</b>	<b>-50.8%</b>	<b>84,316</b>	<b>103,018</b>	<b>-18.2%</b>

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

Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2021

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

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



Hong Leong Asia Ltd. and its subsidiaries

Condensed Interim Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2021

	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 2020	467,890	4,351	15,801	8,378	5,267	(40,812)	43,035	-	260,914	764,824	1,488,340	2,253,164
Profit for the year	-	-	-	-	-	-	-	-	46,745	46,745	108,462	155,207
<i>Other comprehensive income</i>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	36,426	-	-	-	36,426	68,799	105,225
Net fair value changes of equity instruments at fair value through other comprehensive income	-	-	-	20,277	-	-	-	-	-	20,277	(101)	20,176
Net fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	(430)	-	-	-	-	-	(430)	(120)	(550)
Other comprehensive income for the year, net of tax	-	-	-	19,847	-	36,426	-	-	-	56,273	68,578	124,851
Total comprehensive income for the year	-	-	-	19,847	-	36,426	-	-	46,745	103,018	177,040	280,058
<b>Transactions with owners, recorded directly in equity</b>												
<i>Contributions by and distributions to owners</i>												
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(7,478)	(7,478)	-	(7,478)
Dividends paid/payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(69,459)	(69,459)
Cost of share-based compensation	-	-	-	-	47	-	-	-	-	47	-	47
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	11,149	11,149
<i>Changes in ownership interests in subsidiaries</i>												
Acquisition of non-controlling interests	-	-	-	-	-	-	19,562	-	-	19,562	(68,709)	(49,147)
<i>Others</i>												
Transfer to statutory reserve	-	-	570	-	-	-	-	-	(570)	-	-	-
Reserve attributable to disposal group classified as held for distribution to owners	-	-	-	-	-	(667)	-	667	-	-	-	-
At 31 December 2020	467,890	4,351	16,371	28,225	5,314	(5,053)	62,597	667	299,611	879,973	1,538,361	2,418,334

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

## Hong Leong Asia Ltd. and its subsidiaries

### Condensed Interim Statement of Changes in Equity For the Year Ended 31 December 2021

Company	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Accumulated (losses)/profits \$'000	Total equity \$'000
At 1 January 2021	467,890	9,199	2,538	(263,163)	216,464
Total comprehensive income for the year	-	-	-	36,274	36,274
<b>Transactions with owners, recorded directly in equity</b>					
<i>Contributions by and distributions to owners</i>					
Share issued during the year	48	-	-	-	48
Dividends paid to shareholders	-	-	-	(7,478)	(7,478)
Cost of share-based compensation	-	-	46	-	46
At 31 December 2021	<u>467,938</u>	<u>9,199</u>	<u>2,584</u>	<u>(234,367)</u>	<u>245,354</u>
At 1 January 2020	467,890	9,199	2,491	(264,769)	214,811
Total comprehensive income for the year	-	-	-	9,084	9,084
<b>Transactions with owners, recorded directly in equity</b>					
<i>Contributions by and distributions to owners</i>					
Dividends paid to shareholders	-	-	-	(7,478)	(7,478)
Cost of share-based compensation	-	-	47	-	47
At 31 December 2020	<u>467,890</u>	<u>9,199</u>	<u>2,538</u>	<u>(263,163)</u>	<u>216,464</u>

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

## Hong Leong Asia Ltd. and its subsidiaries

### Condensed Interim Consolidated Cash Flow Statement For the Year Ended 31 December 2021

	Group	
	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
<b>Operating activities</b>		
Profit before income tax from continuing operations	132,495	195,070
Profit before income tax from discontinued operation	688	2,220
Adjustments for:		
Share of results of associates and joint ventures, net of income tax	16,354	11,752
Cost of share-based payments	46	47
Depreciation and amortisation	145,498	122,477
Allowance (written back)/recognised for inventories obsolescence	(1,694)	3,285
Inventories written off	2,101	-
Impairment losses written back for trade and other receivables	(8,091)	(3,079)
Impairment losses recognised for property, plant and equipment and intangible assets	1,507	1,159
Property, plant and equipment written off	410	1,587
Finance costs	30,094	38,101
Dividend income from other investments	(670)	(86)
Interest income	(28,354)	(34,441)
(Gain)/loss on disposal of:		
- property, plant and equipment	(561)	2,695
- right-of-use assets	(3,066)	(5,344)
- other investments	(419)	(384)
Gain on debt assignment	(9,990)	-
Fair value (gain)/loss on investments	(29)	239
Fair value gain on derivatives	-	(199)
Provision for warranties and other costs, net	58,471	69,678
<b>Operating cash flows before changes in working capital</b>	<b>334,790</b>	<b>404,777</b>
Changes in working capital:		
Inventories and development properties	(178,140)	(344,257)
Trade and other receivables and capitalised contract costs	184,874	(100,644)
Trade and other payables and contract liabilities	(125,202)	425,396
Grant received from government	13,969	28,971
Provisions utilised	(62,416)	(59,585)
<b>Cash flows from operations</b>	<b>167,875</b>	<b>354,658</b>
Income tax paid	(37,209)	(48,586)
<b>Net cash flows from operating activities</b>	<b>130,666</b>	<b>306,072</b>

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

**Hong Leong Asia Ltd. and its subsidiaries**

**Condensed Interim Consolidated Cash Flow Statement  
For the Year Ended 31 December 2021**

	Group	
	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
<b>Investing activities</b>		
Additional investment in associates and joint ventures	(71,822)	-
Dividends received from:		
- associates and joint ventures	868	1,037
- other investments	663	86
Interest received	26,955	35,404
Net release of deposits with banks	5,999	14,344
Purchase of:		
- property, plant and equipment	(135,989)	(137,310)
- right-of-use assets	(4,699)	-
- intangible assets	(59,984)	(105,105)
- other investments	(12,651)	-
Net cash inflow on disposal of:		
- property, plant and equipment	2,144	10,896
- right of use assets	8,594	11,667
- other investments	1,350	270
<b>Net cash flows used in investing activities</b>	<b>(238,572)</b>	<b>(168,711)</b>
<b>Financing activities</b>		
Acquisition of non-controlling interests	-	(49,147)
Contribution by non-controlling interests	-	11,149
Dividends paid to non-controlling interests of subsidiaries	(94,144)	(69,459)
Dividends paid to shareholders of the Company	(7,478)	(7,478)
Interest paid	(30,606)	(38,001)
Net proceeds from shares issue	48	-
Proceeds from borrowings	468,359	486,283
Repayment in respect of borrowings	(410,052)	(446,362)
Repayment of obligation under lease liabilities	(11,426)	(13,454)
<b>Net cash flows used in financing activities</b>	<b>(85,299)</b>	<b>(126,469)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(193,205)</b>	<b>10,892</b>
Cash and cash equivalents at beginning of the financial year	1,274,451	1,204,236
Effect of exchange rate changes on balances held in foreign currencies	48,098	59,323
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,129,344</b>	<b>1,274,451</b>
Comprising:		
Cash and short-term deposits	1,219,021	1,346,149
Less: Short-term deposits and restricted deposits	(91,908)	(87,864)
Add: Cash at bank attributable to discontinued operation	2,231	16,166
	<b>1,129,344</b>	<b>1,274,451</b>

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

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

---

#### 1. Corporate information

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

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

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

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

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

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

#### 2. Summary of significant accounting policies

##### 2.1 *Basis of preparation*

The condensed interim consolidated financial statements for the half year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim consolidated financial statements for the half year ended 30 June 2021.

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

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

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

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

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

**2.3 Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

**3. Seasonal operations**

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

**4. Segment information**

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

***Reportable segments***

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

Other operations include hospitality and property development. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2021 or 2020.

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

4. Segment information (cont'd)

Reportable segments (cont'd)

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
<b>Half year ended 31 December 2021</b>							
Total external revenue	1,827,859	248,243	15,916	1,829	-	-	2,093,847
Interest income <sup>A</sup>	12,737	291	108	1,779	7	(1,633)	13,289
Interest expense	(9,673)	(426)	(235)	(3,853)	-	1,621	(12,566)
Depreciation and amortisation	(61,631)	(12,733)	(592)	(626)	-	-	(75,582)
Reportable segment profit/(loss) before income tax <sup>A</sup>	2,635	18,517	(119)	19	155	(155)	21,052
Share of results of associates and joint ventures, net of income tax	(22,626)	3,021	-	73	-	-	(19,532)
Reportable segment profit/(loss) after income tax <sup>A</sup>	11,282	17,508	(591)	206	155	(155)	28,405
<b>Half year ended 31 December 2020</b>							
Total external revenue <sup>A</sup>	2,131,015	210,693	14,068	3,276	5,845	(5,845)	2,359,052
Interest income <sup>A</sup>	15,926	334	26	3,106	28	(2,888)	16,532
Interest expense <sup>A</sup>	(17,175)	(385)	(272)	(5,341)	(465)	3,417	(20,221)
Depreciation and amortisation <sup>A</sup>	(50,717)	(11,057)	(676)	(583)	(165)	165	(63,033)
Reportable segment profit/(loss) before income tax <sup>A</sup>	83,296	15,620	(221)	(8,935)	4,051	(4,051)	89,760
Share of results of associates and joint ventures, net of income tax	(12,935)	781	-	68	-	-	(12,086)
Reportable segment profit/(loss) after income tax <sup>A</sup>	69,168	13,271	(372)	(9,233)	4,052	(4,052)	72,834

\* Others include hospitality and property development.

<sup>A</sup> 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, "profit from discontinued operation, net of tax".

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

4. Segment information (cont'd)

Reportable segments (cont'd)

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
<b>Year ended 31 December 2021</b>							
Total external revenue	4,428,830	471,130	30,171	2,458	-	-	4,932,589
Interest income <sup>A</sup>	27,239	612	152	3,329	33	(3,044)	28,321
Interest expense	(23,295)	(622)	(458)	(7,564)	-	3,035	(28,904)
Depreciation and amortisation	(118,435)	(24,650)	(1,220)	(1,193)	-	-	(145,498)
Reportable segment profit/(loss) before income tax <sup>A</sup>	94,766	32,430	(804)	6,103	688	(688)	132,495
Share of results of associates and joint ventures, net of income tax	(20,141)	3,628	-	159	-	-	(16,354)
Reportable segment profit/(loss) after income tax <sup>A</sup>	85,687	28,179	(974)	5,851	688	(688)	118,743
<b>Year ended 31 December 2020</b>							
Total external revenue <sup>A</sup>	4,102,795	362,988	25,732	4,692	10,206	(10,206)	4,496,207
Interest income <sup>A</sup>	32,617	923	44	3,815	37	(3,032)	34,404
Interest expense <sup>A</sup>	(29,396)	(833)	(632)	(8,833)	(570)	3,657	(36,607)
Depreciation and amortisation <sup>A</sup>	(97,677)	(21,894)	(1,301)	(1,173)	(432)	432	(122,045)
Reportable segment profit/(loss) before income tax <sup>A</sup>	193,923	15,921	(396)	(14,378)	2,220	(2,220)	195,070
Share of results of associates and joint ventures, net of income tax	(11,870)	17	-	101	-	-	(11,752)
Reportable segment profit/(loss) after income tax <sup>A</sup>	155,537	12,748	(560)	(14,732)	2,214	(2,214)	152,993

\* Others include hospitality and property development.

<sup>A</sup> 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, "profit from discontinued operation, net of tax".



Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

4. Segment information (cont'd)

*Reportable segments (cont'd)*

	Diesel engines \$'000	Building materials \$'000	Rigid packaging \$'000	Corporate and Others* \$'000	Air-conditioning systems (Discontinued operation) \$'000	Adjustments \$'000	Total \$'000
<b>31 December 2021</b>							
<i>Assets and liabilities</i>							
Reportable segment assets	5,242,582	449,109	52,904	1,321,113	2,232	(1,074,802)	5,993,138
Reportable segment liabilities	2,858,046	163,351	118,305	1,255,403	1,413	(932,385)	3,464,133
<b>31 December 2020</b>							
<i>Assets and liabilities</i>							
Reportable segment assets	5,263,616	392,105	41,545	1,139,488	23,620	(1,003,474)	5,856,900
Reportable segment liabilities	2,937,237	128,838	106,536	1,127,865	3,121	(865,031)	3,438,566

\* Others include hospitality and property development.

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

#### 5. Property, plant and equipment

During the half year ended 31 December 2021, the Group acquired assets with a cost of \$116,581,000 (31 December 2021: \$85,038,000).

#### Capital commitments

As at 31 December 2021, the Group had capital expenditure contracted for but not recognised in the financial statements amounting to \$110,119,000 (31 December 2020: \$95,645,000).

#### 6. Intangible assets

Group	Patents and development expenditure, technology know-how and computer software with finite useful lives \$'000	Trade-marks with indefinite useful lives \$'000	Club membership \$'000	Goodwill \$'000	Total \$'000
<b>At 30 June 2021</b>					
Cost	305,967	39,002	313	11,569	356,851
Accumulated amortisation and impairment losses	(46,844)	(3,681)	(297)	(10,667)	(61,489)
Net carrying amount	<u>259,123</u>	<u>35,321</u>	<u>16</u>	<u>902</u>	<u>295,362</u>
<b>Half year ended 31 December 2021</b>					
Opening net carrying amount	259,123	35,321	16	902	295,362
Additions	37,678	-	-	-	37,678
Amortisation charge for the period	(6,179)	-	(16)	-	(6,195)
Translation differences	5,310	696	-	-	6,006
Closing net carrying amount	<u>295,932</u>	<u>36,017</u>	<u>-</u>	<u>902</u>	<u>332,851</u>
<b>At 31 December 2021</b>					
Cost	349,538	39,661	313	11,569	401,081
Accumulated amortisation and impairment losses	(53,606)	(3,644)	(313)	(10,667)	(68,230)
Net carrying amount	<u>295,932</u>	<u>36,017</u>	<u>-</u>	<u>902</u>	<u>332,851</u>

Additions during the half year ended 31 December 2021 were mainly capitalised technology development costs for new engines that comply with National VI and Tier 4 emission standards.

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

---

#### 6. Intangible assets (cont'd)

##### *Diesel engines segment*

##### Development expenditure

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

Annually, the Group performs an impairment test on the development costs that are not available for use. No impairment was identified in 2020 and 2021.

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

##### Trademark

In 2019, the Group entered into a trademark licence agreement under which the Group was granted an exclusive and perpetual use of the trademarks listed in the trademark license agreement for a one-time usage fee of \$32,791,000 (net of exchange difference). As at 31 December 2021, the carrying amount was \$36,017,000 (2020: \$34,523,000) (net of accumulated impairment losses, accumulated amortisation and exchange difference).

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

Annually, the Group performs an impairment test on the trademark, which has been identified as a separate CGU for impairment testing purposes. No impairment was identified in 2020 and 2021.

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

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

#### 6. Intangible assets (cont'd)

Company	Computer software and related costs \$'000	Club membership \$'000	Total \$'000
<b>At 30 June 2021</b>			
Cost	1,502	313	1,815
Accumulated amortisation and impairment losses	(1,500)	(297)	(1,797)
Net carrying amount	2	16	18
<b>Half year ended 31 December 2021</b>			
Opening net carrying amount	2	16	18
Amortisation charge for the period	(1)	(16)	(17)
Closing net carrying amount	1	-	1
<b>At 31 December 2021</b>			
Cost	1,502	313	1,815
Accumulated amortisation and impairment losses	(1,501)	(313)	(1,814)
Net carrying amount	1	-	1

#### 7. Interests in associates

As reported in the Company's announcement on 28 August 2021, Hong Leong Asia Investments Pte. Ltd. (the "Subscriber"), a wholly-owned subsidiary of the Company, entered into a subscription agreement (the "Subscription Agreement") with BRC Asia Limited ("BRC"), pursuant to which BRC agreed to issue, and the Subscriber agreed to subscribe for, 31,015,000 new ordinary shares (the "Subscription Shares") in the capital of BRC at an issue price of S\$1.48 (the "Issue Price") for each Subscription Share, amounting to an aggregate cash consideration of S\$45,902,200, upon the terms and subject to the conditions of the Subscription Agreement (the "Proposed Subscription"). The Subscriber also entered into a sale and purchase agreement ("SPA") with Xinsteel Singapore Pte. Ltd., Nuocheng International Trading & Investment Pte. Ltd., Toe Teow Heng, Wu Ai Ping and Shi Yong (collectively, the "Vendors") for the acquisition of an aggregate of 15,000,000 issued ordinary shares (the "Sale Shares") in the capital of BRC at a purchase price of S\$1.48 per Sale Share, amounting to an aggregate cash consideration of S\$22,200,000 upon the terms and subject to the conditions of the SPA (the "Proposed Acquisition").

The Proposed Subscription and the Proposed Acquisition were completed on 14 October 2021.

Immediately prior to completion of the Proposed Subscription and the Proposed Acquisition, the Group held 8,860,000 shares representing approximately 3.64% of the total number of issued shares of BRC (excluding 1,626,600 Shares which are held as treasury shares (the "Treasury Shares")) classified as "Other Investments". Following the completion of the Proposed Subscription and the Proposed Acquisition, the Group holds an aggregate of 54,875,000 shares representing approximately 20.00% of the enlarged number of issued shares of 274,350,089 in the capital of BRC (excluding the Treasury Shares) and BRC has become an associate of the Group.

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

8. Loans and borrowings

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<b>Amount repayable in one year or less, or on demand</b>				
Unsecured bank loans	712,007	484,921	236,696	101,239
Secured bank loans	12,453	10,469	-	-
	<u>724,460</u>	<u>495,390</u>	<u>236,696</u>	<u>101,239</u>
Unsecured lease liabilities	12,533	9,029	6	6
Secured lease liabilities	39	34	-	-
	<u>12,572</u>	<u>9,063</u>	<u>6</u>	<u>6</u>
<b>Amount repayable after one year</b>				
Unsecured bank loans	161,210	301,650	140,000	200,000
Secured bank loans	15,163	26,265	-	-
	<u>176,373</u>	<u>327,915</u>	<u>140,000</u>	<u>200,000</u>
Unsecured lease liabilities	29,887	5,980	1	8
Secured lease liabilities	-	39	-	-
	<u>29,887</u>	<u>6,019</u>	<u>1</u>	<u>8</u>

The secured banking facilities of the Group are secured on the assets of certain subsidiaries with a total carrying value as at 31 December 2021 of \$108,884,000 (31 December 2020: \$108,179,000).

**Hong Leong Asia Ltd. and its subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021**

**9. Share capital**

	<b>Group and Company</b>			
	<b>2021</b>		<b>2020</b>	
	<b>No. of shares '000</b>	<b>Amount \$'000</b>	<b>No. of shares '000</b>	<b>Amount \$'000</b>
<b>Issued and fully paid ordinary shares, with no par value</b>				
At 1 January	747,817	467,890	747,817	467,890
Shares issued under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	89	48	–	–
At 31 December	747,906	467,938	747,817	467,890

The total number of issued shares as at 31 December 2021 was 747,905,718 (31 December 2020: 747,817,118). There were no shares held as treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares/subsidiary holdings during the year ended 31 December 2021.

Share options

During the year ended 31 December 2021, options to acquire 88,600 shares granted in 2020 were exercised at \$0.54 per share pursuant to the terms of the Scheme.

During the year ended 31 December 2021, options to acquire a total of 430,000 shares granted in 2011 and 2019 under the Scheme had been cancelled due to the lapse of its exercise period and cessation of employment.

As at 31 December 2021, there were a total of 758,400 (31 December 2020: 1,017,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

<b>Year of Grant</b>	<b>Exercise Price</b>	<b>Number of Outstanding Options</b>
2014	\$1.31	190,000
2020	\$0.54	308,400
2021	\$0.72	200,000
2021	\$0.87	60,000
Total		758,400

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue

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

Segments	Half year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Major product or service lines</b>					
Sale of heavy-duty engines	737,293	-	-	-	737,293
Sale of medium-duty engines	667,294	-	-	-	667,294
Sale of light-duty engines	26,624	-	-	-	26,624
Sale of precast concrete products	-	30,862	-	-	30,862
Sale of ready-mix concrete	-	127,554	-	-	127,554
Sale of cement	-	71,591	-	-	71,591
Sale of other goods	-	18,236	-	-	18,236
Sale of rigid packaging products	-	-	15,916	-	15,916
Hospitality operations	4,774	-	-	1,817	6,591
Others <sup>(1)</sup>	391,874	-	-	12	391,886
	<u>1,827,859</u>	<u>248,243</u>	<u>15,916</u>	<u>1,829</u>	<u>2,093,847</u>

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

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



Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

Segments	Half year ended 31 December 2020				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Major product or service lines</b>					
Sale of heavy-duty engines	670,226	-	-	-	670,226
Sale of medium-duty engines	704,946	-	-	-	704,946
Sale of light-duty engines	269,070	-	-	-	269,070
Sale of precast concrete products	-	26,566	-	-	26,566
Sale of ready-mix concrete	-	84,156	-	-	84,156
Sale of cement	-	95,909	-	-	95,909
Sale of other goods	-	4,062	-	-	4,062
Sale of rigid packaging products	-	-	14,068	-	14,068
Hospitality operations	4,517	-	-	3,276	7,793
Others <sup>(1)</sup>	482,256	-	-	-	482,256
	<u>2,131,015</u>	<u>210,693</u>	<u>14,068</u>	<u>3,276</u>	<u>2,359,052</u>

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

Segments	Half year ended 31 December 2020				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Geographical markets</b>					
The PRC	2,124,137	-	13,501	-	2,137,638
Singapore	-	114,812	567	-	115,379
Malaysia	-	95,881	-	3,276	99,157
Others	6,878	-	-	-	6,878
	<u>2,131,015</u>	<u>210,693</u>	<u>14,068</u>	<u>3,276</u>	<u>2,359,052</u>
<b>Timing of revenue recognition</b>					
Goods and services transferred at a point in time	2,126,498	210,693	14,068	-	2,351,259
Services transferred over time	4,517	-	-	3,276	7,793
	<u>2,131,015</u>	<u>210,693</u>	<u>14,068</u>	<u>3,276</u>	<u>2,359,052</u>

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

Segments	Year ended 31 December 2021				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Major product or service lines</b>					
Sale of heavy-duty engines	1,740,716	-	-	-	1,740,716
Sale of medium-duty engines	1,472,287	-	-	-	1,472,287
Sale of light-duty engines	308,784	-	-	-	308,784
Sale of precast concrete products	-	66,344	-	-	66,344
Sale of ready-mix concrete	-	238,633	-	-	238,633
Sale of cement	-	142,050	-	-	142,050
Sale of other goods	-	24,103	-	-	24,103
Sale of rigid packaging products	-	-	30,171	-	30,171
Hospitality operations	9,047	-	-	2,442	11,489
Others <sup>(1)</sup>	897,996	-	-	16	898,012
	<u>4,428,830</u>	<u>471,130</u>	<u>30,171</u>	<u>2,458</u>	<u>4,932,589</u>

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

Segments	Year ended 31 December 2020				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Major product or service lines</b>					
Sale of heavy-duty engines	1,342,204	-	-	-	1,342,204
Sale of medium-duty engines	1,322,510	-	-	-	1,322,510
Sale of light-duty engines	470,232	-	-	-	470,232
Sale of precast concrete products	-	44,361	-	-	44,361
Sale of ready-mix concrete	-	150,029	-	-	150,029
Sale of cement	-	158,623	-	-	158,623
Sale of other goods	-	9,975	-	-	9,975
Sale of rigid packaging products	-	-	25,732	-	25,732
Hospitality operations	7,909	-	-	4,692	12,601
Others <sup>(1)</sup>	959,940	-	-	-	959,940
	<b>4,102,795</b>	<b>362,988</b>	<b>25,732</b>	<b>4,692</b>	<b>4,496,207</b>

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

10. Revenue (cont'd)

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

Segments	Year ended 31 December 2020				Consolidated total \$'000
	Diesel Engines \$'000	Building materials \$'000	Rigid packaging \$'000	Others \$'000	
<b>Geographical markets</b>					
The PRC	4,092,143	-	24,378	-	4,116,521
Singapore	-	204,034	1,354	-	205,388
Malaysia	-	158,954	-	4,692	163,646
Others	10,652	-	-	-	10,652
	<u>4,102,795</u>	<u>362,988</u>	<u>25,732</u>	<u>4,692</u>	<u>4,496,207</u>
<b>Timing of revenue recognition</b>					
Goods and services transferred at a point in time	4,094,886	362,988	25,732	-	4,483,606
Services transferred over time	7,909	-	-	4,692	12,601
	<u>4,102,795</u>	<u>362,988</u>	<u>25,732</u>	<u>4,692</u>	<u>4,496,207</u>

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

#### 10. Revenue (cont'd)

A breakdown of sales:

	2021 \$'000	Group 2020 \$'000	Increase/ (Decrease)
Sales reported for first half	2,838,742	2,137,155	32.8%
Operating profit after tax before deducting non-controlling interests reported for first half year	90,338	80,159	12.7%
Sales reported for second half	2,093,847	2,359,052	-11.2%
Operating profit after tax before deducting non-controlling interests reported for second half year	28,405	72,834	-61.0%

#### 11. Profit before income tax from continuing operations

Profit before income tax from continuing operations includes the following:

	Group					
	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000	+/- %	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000	+/- %
	Gain/(loss) on disposal of property, plant and equipment, net	67	(790)	NM	561	(770)
Gain on disposal of right-of-use assets, net	1,004	1	NM	3,066	514	496.5%
Impairment losses on property, plant and equipment and intangible assets	(1,507)	(1,159)	30.0%	(1,507)	(1,159)	30.0%
Impairment losses written back for trade and other receivables, net	6,517	1,928	238.0%	7,762	2,468	214.5%
Allowance recognised/(written back) for inventories obsolescence	1,573	(5,694)	NM	1,650	(5,694)	NM
Inventories written off	(24)	-	NM	(2,101)	-	NM
Depreciation and amortisation	(75,582)	(63,033)	19.9%	(145,498)	(122,045)	19.2%
Foreign exchange (loss)/gain, net	(431)	(2,480)	-82.6%	933	(1,206)	NM
Fair value gain/(loss) on derivatives, net	12	(236)	NM	-	199	NM
Interest expense	(12,566)	(20,221)	-37.9%	(28,904)	(36,607)	-21.0%
Interest income	13,289	16,532	-19.6%	28,321	34,404	-17.7%
Write-off of property, plant & equipment	(344)	(557)	-38.2%	(410)	(1,587)	-74.2%
Gain on debt assignment	-	-	NM	9,990	-	NM

#### 12. Taxation

For the year ended 31 December 2021, the Group's tax charge included reversal of provision of \$5,417,000 for prior years (31 December 2020: reversal of provision of \$194,000 for prior years).

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

---

#### 13. Earnings per share

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

	Group	
	Year ended 31 December 2021	Year ended 31 December 2020
	No. of shares	No. of shares
Weighted average number of shares issued, used in the calculation of basic earnings per share	747,866,637	747,817,118
Dilutive effect of share options	185,072	16,651
Weighted average number of ordinary shares (diluted)	748,051,709	747,833,769

190,000 (31 December 2020: 570,000) share options granted to Group Employees (as defined in the Scheme) under the Scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive as the options are out-of-the-money.



## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

#### 14. Related party transactions

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

During the year ended 31 December 2021, the Group made payments to firms, in which a director has an interest, in respect of professional services rendered. This amounted to \$106,389 (31 December 2020: \$332,063). No balance was outstanding at the balance sheet date (31 December 2020: Nil).

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

	Group			
	Half year ended 31 December 2021 \$'000	Half year ended 31 December 2020 \$'000	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Sale of engines and materials				
- associates and joint ventures	22,968	97,927	81,983	250,720
- related corporations	193,045	289,266	671,756	526,448
Purchase of materials, supplies and engines				
- associates and joint ventures	175,615	289,154	491,090	601,178
- related corporations	123,898	117,662	272,375	248,477
Management services income				
- an associate	222	222	444	444
Management services paid and payable				
- related corporations	85	62	806	166
Rental paid and payable (include general expenses)				
- immediate holding company	256	322	491	491
General and administrative expenses				
- joint ventures	954	1,397	1,068	1,454
- related corporations	7,215	7,391	11,950	11,158
Delivery, storage, distribution and handling expenses				
- related corporations	32,269	38,520	62,658	62,445
Hospitality, restaurant and consultancy service income				
- a joint venture	366	666	448	782
- related corporations	820	798	1,377	1,350
Rental income				
- joint ventures	769	758	961	833
- related corporations	1	427	57	911
Purchase of vehicles and machineries				
- related corporations	721	267	721	566

##### (b) *Outstanding balances with a related party*

As at 31 December 2021, fixed deposits held with a related party amounted to \$29,958,000 (31 December 2020: \$27,304,000).

## Hong Leong Asia Ltd. and its subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the Half Year and Year Ended 31 December 2021

---

#### 15. Dividends

	Group	
	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
<b>Declared and paid during the financial period</b>		
<i>Dividends on ordinary shares:</i>		
First and final tax exempt dividend paid of 1 cent per share in respect of year 2020 (2020: 1 cent per share in respect of year 2019)	7,478	7,478
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
First and final tax exempt (one-tier) dividend for 2021: 2 cents (2020: 1 cent) per share	14,958	7,478

#### 16. Net Asset Value

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net asset value per ordinary share (cents)	127.94	117.67	32.81	28.95

#### 17. Fair value of assets and liabilities

##### (a) *Fair value hierarchy*

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

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

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

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

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

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

	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Total \$'000
<b>31 December 2021</b>			
<b>Financial assets</b>			
Other investments	22,984	-	22,984
Bill receivables	-	1,365,309	1,365,309
As at 31 December 2021	<u>22,984</u>	<u>1,365,309</u>	<u>1,388,293</u>
<b>Financial liabilities</b>			
Derivatives	-	7	7
As at 31 December 2021	<u>-</u>	<u>7</u>	<u>7</u>
<b>31 December 2020</b>			
<b>Financial assets</b>			
Other investments	37,627	-	37,627
Bill receivables	-	1,584,523	1,584,523
As at 31 December 2020	<u>37,627</u>	<u>1,584,523</u>	<u>1,622,150</u>
<b>Financial liabilities</b>			
Derivatives	-	99	99
As at 31 December 2020	<u>-</u>	<u>99</u>	<u>99</u>

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

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

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

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

Hong Leong Asia Ltd. and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements  
For the Half Year and Year Ended 31 December 2021

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

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

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

**Classification of financial instruments**

	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Fair value through other comprehensive income \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<b>31 December 2021</b>					
<b>Assets</b>					
Other investments	-	129	22,855	-	22,984
Trade and other receivables*	304,039	-	-	-	304,039
Bills receivables	-	-	1,365,309	-	1,365,309
Cash and bank balances	1,242,352	-	-	-	1,242,352
	<u>1,546,391</u>	<u>129</u>	<u>1,388,164</u>	<u>-</u>	<u>2,934,684</u>
<b>Liabilities</b>					
Trade and other payables^	-	-	-	2,202,917	2,202,917
Loans and borrowings	-	-	-	900,833	900,833
Lease liabilities	-	-	-	42,459	42,459
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,146,209</u>	<u>3,146,209</u>
<b>31 December 2020</b>					
<b>Assets</b>					
Other investments	-	1,268	36,359	-	37,627
Trade and other receivables*	214,480	-	-	-	214,480
Bills receivables	-	-	1,584,523	-	1,584,523
Cash and bank balances	1,374,611	-	-	-	1,374,611
	<u>1,589,091</u>	<u>1,268</u>	<u>1,620,882</u>	<u>-</u>	<u>3,211,241</u>
<b>Liabilities</b>					
Trade and other payables^	-	-	-	2,197,492	2,197,492
Loans and borrowings	-	-	-	823,305	823,305
Lease liabilities	-	-	-	15,082	15,082
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,035,879</u>	<u>3,035,879</u>

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

^ Excludes deferred grants.

## Hong Leong Asia Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2021

---

#### 1. Review

The condensed interim consolidated balance sheets of Hong Leong Asia Ltd. and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated income statement and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the half year period then ended and certain explanatory notes have not been audited or reviewed.

#### 2. Notes to the financial statements for the half year (“2H”) and year ended 31 December (“FY”) 2021

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

###### Group

- **Non-current assets:** The increase in non-current assets was mainly due to (a) purchase of property, plant and equipment and translation effect as RMB strengthened against the SGD, (b) capitalisation of development costs for National VI and Tier 4 engines as intangible assets, (c) investment in new associate, (d) additional contract costs capitalised for projects, (e) recognition of additional right-of-use assets and (f) recognition of higher deferred tax assets. This was partially offset by (g) recognition of higher share of losses in joint ventures, (h) fair value changes of other investments and (i) decrease in long-term deposits placement.
- **Current assets:** The decrease in current assets was mainly due to lower trade and other receivables which resulted largely from timing of collections towards year-end and lower cash and cash equivalents held as at 31 December 2021. This was partially offset by higher inventory level maintained at year-end and recognition of right of return assets.
- **Current liabilities:** The increase in current liabilities was mainly due to higher loans and borrowings and lease liabilities as at 31 December 2021. This was partially offset by lower contract liabilities. In particular:
  - The increase in loans and borrowings was mainly due to additional short-term borrowings and reclassification of loans (maturing within the next 12 months) from non-current liabilities.
  - The decrease in contract liabilities was mainly due to decrease in advance payment from customers as at 31 December 2021.
- **Non-current liabilities:** The decrease in non-current liabilities was mainly due to reclassification of loans (maturing within the next 12 months) to current liabilities and decrease in deferred grants and deferred tax liabilities recognised. This was partially offset by additional lease liabilities taken up during FY2021.
- **Asset held for sale:** As previously announced by the Company on 7 December 2021, the Group’s subsidiary entered into a sale and purchase agreement with an unrelated party for the sale of its property in Malaysia for a cash consideration of Malaysian Ringgit (“RM”) 45 million. As at 31 December 2021, the asset was classified as asset held for sale, pending completion of the sale transaction. The transaction was subsequently completed in February 2022.
- **Assets and liabilities of disposal group classified as held for distribution to owners (Airwell):** The decrease in assets of disposal group was mainly due to repayment of amounts due to inter-companies and other creditors. As a result, liabilities of disposal group also decreased. The remaining sale consideration for the sale of assets in 2020 was received upon the completion of asset transfer during the first half of 2021.

## Hong Leong Asia Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2021

---

#### 2. Notes to the financial statements for the half year and year ended 31 December 2021 (cont'd)

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

###### Company

- **Non-current assets:** The increase in non-current assets was mainly due to reversal of impairment for investment in subsidiaries and additional intercompany loan extended to subsidiary during the year.
- **Current assets:** The increase in current assets was mainly due to additional inter-company loans extended to subsidiaries during the year, partially offset by impairment for receivables.
- **Current liabilities:** The increase in current liabilities was mainly due to additional loans and borrowings taken up as at 31 December 2021 and reclassification of loans (maturing within the next 12 months) from non-current liabilities.
- **Non-current liabilities:** The decrease in non-current liabilities was mainly due to reclassification of loans (maturing within the next 12 months) to current liabilities.

##### 2.2 Notes to the consolidated income statement

Items included in profit before income tax from continuing operations:

- Net gain on disposal of property, plant and equipment in 2H 2021 was attributed mainly to the Group's Building Materials Unit ("**BMU**"), partially offset by loss on disposal by the Group's Diesel Engines Unit ("**Yuchai**"). Net loss on disposal of property, plant and equipment in 2H 2020 was attributed mainly to Yuchai.  
  
Net gain on disposal of property, plant and equipment in FY2021 was attributed mainly to Yuchai, BMU and the Group's Rigid Packaging Unit ("**Rex**"). Net loss on disposal of property, plant and equipment in FY2020 was attributed mainly to Yuchai.
- Net gain on disposal of right-of-use assets was attributed mainly to Yuchai.
- Impairment loss on property, plant and equipment and intangible assets was mainly related to impairment of property, plant and equipment in Yuchai.
- Net impairment loss written back for trade and other receivables in 2021 was attributed mainly to the Company upon debt recovery, partially offset by impairment loss recognised by BMU. Net impairment loss written back for trade and other receivables in 2020 was attributed mainly to Yuchai.
- Net allowance written back for inventories obsolescence in 2021 was attributed mainly to Yuchai. Net allowance recognised for inventories obsolescence in 2020 was attributed mainly to Yuchai.
- Inventories written off in 2H 2021 and FY2021 were attributed mainly to Yuchai.
- The higher depreciation and amortisation recorded in 2021 as compared to 2020 were mainly due to additional capital expenditure.

## Hong Leong Asia Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2021

---

#### 2. Notes to the financial statements for the half year and year ended 31 December 2021 (cont'd)

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

- The net foreign exchange loss recorded in 2H 2021 was mainly due to foreign exchange loss on revaluation of Singapore Dollars (“**SGD**”) assets in China Yuchai International Limited (“**CYI**”) (with functional currency in United States dollar (“**USD**”)) and realised foreign exchange loss on USD denominated transactions, as a result of the strengthening of USD against SGD and Malaysian Ringgit (“**RM**”). The net foreign exchange loss recorded in 2H 2020 was mainly due to revaluation of USD assets as a result of the strengthening of SGD against USD. This was partially offset by foreign exchange gain on revaluation of SGD assets in CYI.

The net foreign exchange gain recorded in FY2021, in contrast to the net foreign exchange loss in FY2020, was mainly due to foreign exchange gain on revaluation of USD assets, as a result of the weakening of SGD against USD.

- Net fair value gain/(loss) on derivatives (for hedging against foreign currency risk) arose largely from forward foreign exchange contracts in BMU for 2H 2021 and Yuchai for 2H 2020.

Net fair value gain on derivatives (for hedging against foreign currency risk) arose largely from forward foreign exchange contracts in Yuchai for FY2020.

- The decrease in interest expense in 2021 as compared to 2020 was mainly due to lower interest rates and reduced bills discounting.
- The decrease in interest income in 2021 as compared to 2020 was due mainly to lower deposit interest rates.
- The write-offs of property, plant and equipment were recorded mainly by Yuchai.
- Gain on debt assignment recorded in 2021 was related to the debt outstanding from the Xinfai Companies.

#### 3. Review of performance of the Group

Note:

- Approximately 90% of the Group's total revenue is generated from its businesses in China. For the year ended 31 December, translation of income statements from Renminbi (“**RMB**”) to Singapore dollar (“**SGD**”) has been made at the average exchange rates of RMB4.7990 = SGD1.00 for FY2021 and RMB5.0106 = SGD1.00 for FY2020. For FY2021, RMB has appreciated by about 4.4% as compared to FY2020.*
- Discontinued operation – Airwell Air-conditioning Technology (China) Co., Ltd. and its subsidiary, Airwell Air-conditioning (Hong Kong) Company Limited (collectively, “**Airwell**”) had ceased business operations in 2020. Accordingly, the operating performance of Airwell had been presented separately under “discontinued operation” in the income statement.*

The Group operates mainly in China, Singapore and Malaysia.

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

Overall, the Group's key businesses recorded higher sales volume and higher revenues in FY2021, as compared to FY2020.

**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

China's GDP growth slowed to 4.0% in fourth quarter ("4Q") of 2021 (from 4.9% in the third quarter of 2021), contributing to the full year growth of 8.1%. The robust pre-buy of National V trucks before the July nationwide implementation of the stricter National VI emission standards resulted in lower sales for Yuchai in 2H 2021. However, unit sales growth was achieved by Yuchai in the bus market and off-road markets.

In Singapore, the Ministry of Trade and Industry announced that the construction sector grew by 2.9% on a year-on-year basis in 4Q 2021, slower than the 66.3% growth in the preceding quarter. For 2021, the construction sector expanded by 20.1%, a turnaround from the 38.4% contraction in 2020, supported by both public and private sector construction works. Activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers. Despite the challenging business environment, BMU in Singapore ("**BMU Singapore**") recorded strong improvement in performance in 2H 2021 and FY2021, with gradual recovery of volumes and restart of projects for the construction sector.

In Malaysia, recovery momentum was hampered by the re-imposition of the Malaysian government's Full Movement Control Order ("**MCO**") on 1 June 2021. This affected the sales volume, selling prices and performance of BMU in Malaysia ("**Tasek**") in 2H 2021 and FY2021. While there was a slight pick-up in business activities in 4Q 2021 with the easing of pandemic containment measures in Malaysia, this was insufficient to reverse losses recorded earlier in the year, which led Tasek to report a loss for FY2021.

While key input costs had all risen in 2021, the Group had responded with measures to improve operational efficiencies, diversify its supply chain to counter these costs increases while protecting its market position. Throughout the COVID-19 pandemic, the Group has put the safety of its employees first while managing business risks effectively.

**2H 2021 versus 2H 2020**

Revenue for the Group was \$2.094 billion in 2H 2021, a decrease of \$265.3 million or 11.2%, from \$2.359 billion in 2H 2020. The decrease in revenue was mainly due to lower revenue recorded by Yuchai, partially offset by higher revenue by BMU.

- Yuchai's revenue decreased by \$303.1 million or 14.2% as compared to 2H 2020. It sold 171,449 engines in 2H 2021 as compared to 217,138 units sold in 2H 2020. The decrease was mainly due to lower engine sales in the truck market, partially offset by higher sales of engines in bus, passenger vehicle and marine and power generation applications. According to data reported by the China Association of Automobile Manufacturers ("**CAAM**"), in 2H 2021, commercial vehicle unit sales (excluding sales of gasoline-powered and electric-powered vehicles) decreased by 36.5% compared to 2H 2020, as unit sales of trucks and buses declined by 39.5% and 5.0% respectively.
- BMU's revenue increased by \$37.5 million or 17.8% as compared to 2H 2020, with the recovery of sales volumes as construction activities gradually picked up in 2021. Operations were affected by disruption to business activities due to the MCO in Malaysia during 2H 2021.



**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

**2H 2021 versus 2H 2020 (cont'd)**

The Group's gross profit was \$341.2 million in 2H 2021, a decrease of \$54.8 million from \$396.0 million in 2H 2020. This was mainly due to the decrease in gross profit recorded by Yuchai, with lower sales volumes in 2H 2021, partially offset by improved profit of BMU. The Group's gross margin was 16.3% in 2H 2021 as compared to 16.8% in 2H 2020. The decline in gross margin was mainly due to the lower unit volume sold, a change in revenue mix, transition to National VI-compliant engines and higher material costs of Yuchai. These factors were partially offset by cost reductions during the period.

Other income, which comprised mainly interest income, government grants and impairment loss written back for other receivables, was \$52.8 million in 2H 2021, a decrease of \$8.1 million or 13.4% from \$60.9 million in 2H 2020. The decrease was largely due to lower interest income and lower government grants, partially offset by impairment loss written back for other receivables.

Selling and distribution ("**S&D**") expenses were \$135.1 million in 2H 2021, a decrease of \$23.9 million or 15.0% as compared to \$159.0 million in 2H 2020, largely due to lower warranty expenses.

Research and development ("**R&D**") expenses were \$111.8 million in 2H 2021, an increase of \$29.0 million or 35.0% as compared to \$82.8 million in 2H 2020. This increase was mainly due to lower capitalization of Yuchai's R&D expenses. In addition to further development of National VI and Tier 4 engines, products under development for new energy products contributed to additional R&D expenses in 2H 2021 compared with 2H 2020.

General and administrative ("**G&A**") expenses were \$92.7 million in 2H 2021, an increase of \$5.0 million or 5.7% as compared to \$87.7 million in 2H 2020. The increase was mainly due to higher staff costs, depreciation and impairment loss on property, plant and equipment.

Finance costs were \$13.1 million in 2H 2021, a decrease of \$7.6 million or 37.1% as compared to \$20.7 million in 2H 2020. The decrease in finance costs was mainly due to lower interest rates and reduced bills discounting during 2H 2021.

Other expenses, which comprised mainly value-added tax recoverable written off and net reversal of provision for onerous contracts, were \$0.6 million in 2H 2021, a decrease of \$4.2 million from \$4.8 million in 2H 2020. Other expenses comprised mainly provision for onerous contracts and net foreign exchange loss in 2H 2020.

Share of results of associates and joint ventures was a loss of \$19.5 million in 2H 2021 as compared to \$12.1 million in 2H 2020. This was mainly due to higher engine development expenses and warranty costs in a joint venture of Yuchai, partially offset by share of profits of \$2.7 million recognised for a new associate during 2H 2021.

Income tax credit of \$7.4 million in 2H 2021 was mainly due to lower income and higher tax credits recognised on R&D-related costs for Yuchai during 2H 2021.

The Group's profit decreased from \$76.9 million in 2H 2020 to \$28.6 million in 2H 2021. Profit attributable to the owners of the Company ("**PATMI**") for 2H 2021 decreased by \$8.0 million to \$19.4 million, as compared to \$27.4 million in 2H 2020.

**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

**FY2021 versus FY2020**

Revenue for the Group was \$4.933 billion in FY2021, an increase of \$436.4 million or 9.7%, from \$4.496 billion in FY2020. The increase in revenue was mainly due to higher revenue recorded by Yuchai and BMU.

- Yuchai's revenue increased by \$326.0 million or 7.9% as compared to FY2020. The total number of engines sold by Yuchai in FY2021 increased by 6.2% to 456,791 units compared with 430,320 units in FY2020. The increase was mainly due to higher engine sales in the bus engine markets, passenger vehicles engine sales, and across the board in Yuchai's off-road segments, particularly agriculture engines, and marine and power generation engines, which more than offset the unit sales decline in the truck engine segment. According to data reported by CAAM, in FY2021, commercial vehicle unit sales (excluding sales of gasoline-powered and electric-powered vehicles) decreased by 6.9% compared to FY2020, as unit sales of trucks declined by 8.7% while unit sales of buses rose by 13.7%.
- BMU's revenue increased by \$108.1 million or 29.8% as compared to FY2020, with the recovery of sales volumes as construction activities gradually picked up in 2021. Both its operations in Singapore and Malaysia were affected by disruption to business activities due to the COVID-19 pandemic outbreak in 2020, particularly during 2Q 2020.

The Group's gross profit was \$729.4 million in FY2021, an increase of \$10.0 million from \$719.4 million in FY2020. This was mainly due to improved gross profit for BMU, partially offset by decrease in gross profit recorded by Yuchai. However, the Group's gross margin was 14.8% in FY2021 as compared to 16.0% in FY2020. The decline in gross margin was mainly attributable to a change in revenue mix, transition to National VI-compliant engines and higher material costs of Yuchai, but was mitigated by cost reductions.

Other income, which comprised mainly government grants, interest income, gain on debt assignment and impairment loss written back for other receivables, was \$93.1 million in FY2021, an increase of \$5.5 million from \$87.6 million in FY2020. The increase was largely due to gain on debt assignment and impairment loss written back for other receivables, partially offset by lower government grants and lower interest income.

S&D expenses were \$287.0 million in FY2021, an increase of \$20.5 million or 7.7% as compared to \$266.5 million in FY2020, largely due to higher delivery costs.

R&D expenses were \$176.9 million in FY2021, an increase of \$51.9 million or 41.5% as compared to \$125.0 million in FY2020. The increase was due largely to the lower capitalization of Yuchai's R&D expenses. Yuchai continued with its initiatives to improve engine performances and qualities of its engines compliant with China's National VI and Tier 4 emission standards, and to develop products for new energy vehicles.

G&A expenses were \$178.1 million in FY2021, an increase of \$12.3 million or 7.4% as compared to \$165.8 million in FY2020. The increase was mainly due to higher staff costs, depreciation and impairment loss on property, plant and equipment.

Finance costs were \$30.1 million in FY2021, a decrease of \$7.4 million or 19.8% as compared to \$37.5 million in FY2020. The decrease in finance costs was mainly due to lower loan interest and less bills discounting.

**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

**FY2021 versus FY2020 (cont'd)**

Other expenses, which comprised mainly value-added tax recoverable written off and net reversal of provision for onerous contracts, were \$1.7 million in FY2021, a decrease of \$3.7 million from \$5.4 million in FY2020. Other expenses comprised mainly provision for onerous contracts and net foreign exchange loss in FY2020.

Share of results of associates and joint ventures was a loss of \$16.4 million in FY2021 as compared to \$11.8 million in FY2020. This was mainly due to higher engine development expenses and warranty costs in a joint venture of Yuchai, partially offset by share of profits of \$2.7 million recognised for a new associate during FY2021.

Higher income tax credits was recognised on R&D-related costs for Yuchai during FY2021.

Due to the challenging operating environment, the Group's profit decreased from \$155.2 million in FY2020 to \$119.4 million in FY2021. However, PATMI for FY2021 increased by \$13.4 million to \$60.1 million, as compared to \$46.7 million in FY2020.

**Working Capital and Cash Flow**

The Group had cash and short-term deposits of \$1.219 billion as at 31 December 2021 compared with \$1.346 billion as at 31 December 2020.

During the year under review, the Group generated operating cash inflow before changes in working capital of \$334.8 million and net cash inflow from operating activities of \$130.7 million. This was mainly due to higher inventories holdings and lower contract liabilities, partially offset by lower trade and other receivables as compared to 31 December 2020.

The net cash outflow from investing activities of \$238.6 million was mainly due to purchase of property, plant and equipment, intangible assets, investments in associate and joint venture and other investments, partially offset by interest received.

The Group had net cash outflow from financing activities of \$85.3 million. It was mainly due to dividends paid to non-controlling interests of subsidiaries and shareholders of the Company of \$101.6 million and interest payment of \$30.6 million, partially offset by net proceeds from borrowings of \$58.3 million.

As reported in the Group's results announcement for the third quarter of 2018 dated 14 November 2018, the Company had raised net proceeds of \$201.1 million from the rights issue exercise in October 2018. On 30 November 2021, the Group had announced that \$154.0 million of the net proceeds had been utilised. Since then, a further \$7.1 million of the net proceeds have been utilised for the construction of a fully mechanised integrated precast plant with state of art technology (the "**Plant**") on a piece of land at Pulau Punggol Barat, Singapore.

Other than the above and previously announced, the remaining unutilised funds 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.

**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

None.

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

The World Bank expects growth in China to slow to 5.1% in 2022, close to the sustainable growth rate of output at full capacity. With growth in 2H 2021 below this level, the World Bank assumes a modest amount of policy loosening. In China, Yuchai's portfolio of National VI-compliant diesel and natural gas engines is well positioned to address customers' powertrain needs while its off-road engines such as agricultural machineries, industrial and power generator sets are being prepared for China's move to implement higher emission standards (Tier 4) for off-road applications in late 2022. Yuchai's R&D programmes continue to develop New Energy solutions in hydrogen fuel cells, hybrid drivetrains as well as hydrogen engines.

In Singapore, BMU's order books in the Precast and Ready Mix Concrete segments continue to see strong demand given the government's push to ramp up the supply of both private and public housing. Notably, the Housing and Development Board (HDB) announced recent plans to launch up to 23,000 flats per year in 2022 and 2023, a 35% increase from 2021's figure. Further, the Building and Construction Authority (BCA) has projected that the total value of construction contracts awarded in 2022 will be between \$27 billion and \$32 billion versus about \$29 billion for 2021. While the situation has improved, risk of supply disruptions remains given Singapore's need for raw materials imports as well as labour shortages due to the COVID-19 situation. The push to digitalise workflows and higher automation and improved productivity continues, in line with Singapore's transformation plan for the Building and Construction industry. The completion of the Group's Integrated Construction and Prefabrication Hub ("ICPH") manufacturing facility in late 2022 will enable the Precast division to be automated and continue to position itself as a leading player in Singapore. Barring any unforeseen circumstances, BMU Singapore should continue to perform satisfactorily. In Malaysia, Tasek with its integrated cement plant and Ready-Mix Concrete products expect improvements as Malaysia's economy is set for recovery, with GDP growth projected to be between 5.5% and 6.5% in 2022 (vs 3.1% in 2021 from the COVID-19 downturn). Still, industry conditions remain challenging given higher input and energy costs and tight credit conditions in the construction sector.

The Group is focused on cost control and continues to strengthen its execution capabilities, supply chain resilience and market position. It is also working to develop solutions to help customers address climate-change issues. With a conservative balance sheet and net cash position, the Group should be able to meet the challenges and emerge stronger from the pandemic.

## Hong Leong Asia Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2021

---

#### 6. Dividend

##### (a) Current Financial Period Reported On

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

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

##### (b) Corresponding Period of the Immediately Preceding Financial Year

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

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

##### (c) Date payable

Subject to shareholders' approval at the forthcoming 61<sup>st</sup> Annual General Meeting of the Company, the proposed first and final dividend for financial year ended 31 December 2021 will be payable on 17 May 2022.

##### (d) Record date

5.00 pm on 5 May 2022

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

Not applicable.

## Hong Leong Asia Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2 For the Half Year and Year Ended 31 December 2021

#### 8. Interested person transactions

Name of Interested Person ("IP")	Nature of Relationship	Aggregate value of all interested person transactions for FY2021 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hume Cemboard Industries Sdn Bhd ("HCI")	Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is a controlling shareholder of the Company. HLCH, HCI, KS and SPCS, being associates of HLIH, are IPs.	<b>Construction-related Transaction</b> - Sale of raw materials to IP: \$1,808,732
Kim Sik Sdn Bhd ("KS")		<b>Construction-related Transaction</b> - Sale of raw materials to IP: \$1,741,723
Southern PC Steel Sdn Bhd ("SPCS")		<b>Construction-related Transaction</b> - Purchase of raw materials from IP: \$240,570
		Sub-Total: \$3,791,025
Hong Leong Corporation Holdings Pte Ltd ("HLCH")		<b>General Transaction</b> - Renewal of sub-lease of office premises from IP for a lease tenure of three years: \$1,784,570
		<b>Total: \$5,575,595</b>

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

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	14,958	7,478
Preference	-	-
Total:	14,958	7,478

The figure under the latest full year comprises the proposed first and final dividend for FY2021 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 747,905,718 issued shares in the capital of the Company as at 25 February 2022.

**Hong Leong Asia Ltd. and its subsidiaries**

**Other Information Required by Listing Rule Appendix 7.2  
For the Half Year and Year Ended 31 December 2021**

---

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

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, chief executive officer and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Kwek Pei Xuan	30	Daughter of Mr Kwek Leng Peck, Executive Chairman of Hong Leong Asia Ltd. ("HLA").	Appointed Head of Sustainability and Corporate Affairs of HLA on 1 January 2021. - Having overall responsibility for the management of the sustainability practices and reporting and corporate affairs (which involves overseeing corporate communications and business relation with stakeholders) of the Company and its subsidiaries.	Nil

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

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

**BY ORDER OF THE BOARD**

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

25 February 2022



## Press Release

### **Hong Leong Asia Group reports 28.6% YoY growth in Net Profit for Full Year ended 31 December 2021 (“FY 2021”)**

- Attributable net profit to shareholders grew 28.6% YoY to S\$60.1 million for FY 2021.
- Revenue for the Group rose 9.7% YoY to S\$4.9 billion in FY 2021. The increase in revenue was mainly due to higher revenue recorded by Yuchai and Building Materials Unit.
- Yuchai sold 456,791 engine units, an increase of 6.2% YoY, with much of the growth weighted towards 1H 2021 ahead of China’s transition to National VI-compliant engines.
- Demand for concrete and related products in Singapore rebounded strongly as construction activities picked up in 2021, recovering from FY 2020’s low base. In Malaysia, demand was impacted by rounds of lockdowns but began to see recovery in late 2021.
- First and final dividend of S\$0.02 per share, subject to shareholders’ approval.

#### **FY 2021 FINANCIAL SUMMARY**

<b>S\$’000</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>Change</b>
Revenue	4,932,589	4,496,207	9.7%
EBITDA	306,897	353,722	(13.2%)
Profit before Income Tax from Continuing Operations	132,495	195,070	(32.1%)
Profit from Continuing Operations, Net of Tax	118,743	152,993	(22.4%)
Total Attributable Net Profit	60,121	46,745	28.6%
Earnings per share (cents)	8.04	6.25	28.6%
Dividends per share (cents)	2.00	1.00	100.00%

**Singapore, Feb 25, 2022 – Hong Leong Asia Ltd. (“HLA” or the “Group”)**, the listed trading and manufacturing arm of the Hong Leong Group, is pleased to announce that attributable net profit to shareholders rose 28.6% YoY to S\$60.1 million for the year ended 31 Dec 2021 (“FY 2021”) as group revenue rose 9.7% YoY to S\$4.9 billion.

The Board has proposed a first and final dividend of S\$0.02 per share, subject to shareholders’ approval.

The Group’s key business segments recorded higher volume sales and higher revenue in FY 2021.

Revenue of the diesel engines unit (“Yuchai”) rose by 7.9% YoY to S\$4.4 billion as it benefitted from strong sales of 456,791 engine units. This increase represents volume growth of 6.2% YoY, with much of the growth weighted towards 1H 2021 just ahead of China’s transition to National VI-compliant engines in July last year. Across 2H 2021, the number of engines sold declined by 21.0% YoY to 171,449 units due to lower truck engine sales, partially offset by higher sales of engines for other uses including off-road applications. Reportable segment profit after tax was S\$85.7 million, compared with S\$155.5 million for FY 2020 as margins declined due to higher material costs and transition costs for the production of National VI-compliant engines.

The building materials unit (“BMU”) revenue increased 29.8% YoY to S\$471.1 million with reportable segment profit of S\$28.2 million, supported by rising demand for concrete and related products in Singapore as construction activities recovered from FY 2020’s low base. The Ready Mix concrete business performed satisfactorily although the shortage of workers in construction companies had



caused projects to be delayed. Supply for precast products under BMU Singapore recovered as Malaysia came out of its lockdowns, which had hampered the precast unit's supply chain. The operating environment in Malaysia had been a challenging one as high Covid-19 infection cases led to Malaysia's Full Movement Control Order that lasted almost a quarter in mid-2021, impacting activities in the local construction industry. Tasek reported a loss for FY 2021.

### **Market Outlook**

With the worst of the Covid-19 pandemic likely behind us, we are optimistic our end markets will further recover in 2022. While costs pressures are expected to remain as issues with global supply chains linger and remain vulnerable to higher energy costs, our push towards innovation and productivity improvements with automation and digitalisation will help to mitigate some of the pressures. The construction of the Group's Integrated Construction and Prefabrication Hub manufacturing facility remains on track for completion in the second half of 2022. The facility will introduce higher automation and help improve productivity for our Precast business.

We are developing new solutions that could help address climate change concerns within our industry segments, with Yuchai's hydrogen fuel-cell powertrain and electric bus ventures as recent examples.

We are cautiously optimistic that our main business units will continue to demonstrate their resilience and perform in 2022.

### **Issued by Hong Leong Asia Ltd. (Co. Reg. No. 196300306G)**

#### **About Hong Leong Asia:**

Hong Leong Asia Ltd. is part of Hong Leong Group, a Singapore-based conglomerate and has been listed on the Singapore Exchange since 1998. We are a diversified Asian multinational with core businesses in construction and transport. We work closely with customers to develop and deliver innovative and sustainable solutions for cities of the future. For more information, please visit <https://www.hlasia.com.sg/>.

#### **For more information, please contact:**

Kwek Pei Xuan  
Head, Sustainability and Corporate Affairs  
Hong Leong Asia Ltd.  
T: 6322 6222  
E: [pxkwek@corp.hla-grp.com](mailto:pxkwek@corp.hla-grp.com)

Patrick Yau  
Chief Investment Officer  
Hong Leong Asia Ltd.  
T: 6322 6259  
E: [patrickyau@corp.hla-grp.com](mailto:patrickyau@corp.hla-grp.com)



HONG LEONG ASIA LTD.

# FY 2021 RESULTS PRESENTATION

25 FEB 2022 | MR. STEPHEN HO, CEO

# 2021 FINANCIALS

	FY 2021	FY 2020	Change (%)
Revenue (S\$'000)	4,932,589	4,496,207	9.7%
Net Profit (S\$'000)	119,431	155,207	(23.1%)
Net Profit Excluding Discontinued Operation (S\$'000)	118,743	152,993	(22.4%)
PATMI (S\$'000)	60,121	46,745	28.6%
Earnings Per Share (Cent)	8.04	6.25	28.6%
Dividends Per Share (Cent)	2.00	1.00	100.0%
Net Cash Flow Generated from Operating Activities (S\$'000)	130,666	306,072	(57.3%)
	31 Dec 2021	31 Dec 2020	Change (%)
Net Debt <sup>1</sup> / Equity Ratio	(0.37)	(0.66)	(43.9%)
Net Debt <sup>2</sup> / Equity Ratio	2.02	1.98	2.0%

<sup>1</sup> Net Debt is defined as Loans and Borrowings, less Cash and Deposits. The Group is in a Net Cash position of \$342M (31 Dec 2020: \$551M)

<sup>2</sup> Net Debt is defined as Trade and Other Payables and Loans and Borrowings, less Cash and Deposits and does not include Trade and Other Receivables. Including Trade and Other Receivables, the Group is in a Net Debt position of \$106M (31 Dec 2020: Net Cash Position of \$213M)

# KEY SEGMENT RESULTS

	Unless specified, figures are in S\$'000	FY 2021	FY 2020	Change (%)
Diesel Engines	Volume (Units)	456,791	430,320	6.2%
	Revenue	4,428,830	4,102,795	7.9%
	Profit After Tax	85,687	155,537	(44.9%)
Building Materials	Revenue	471,130	362,988	29.8%
	Profit After Tax	28,179	12,748	121.0%
Rigid Packaging	Revenue	30,171	25,732	17.3%
	Loss After Tax	(974)	(560)	73.9%
Corporate and Others	Revenue	2,458	4,692	(47.6%)
	Profit/(Loss) After Tax	5,851	(14,732)	N.M.

# KEY HIGHLIGHTS OF CASH FLOW

	FY 2021 (S\$'000)	FY 2020 (S\$'000)
Operating Cash Flow before Working Capital Changes	334,790	404,777
Net Cash Flow Generated from Operating Activities	130,666	306,072
(Less)/Add:		
Capital Expenditure (PPE, Right-of-Use Assets and Intangible Assets)	(200,672)	(242,415)
Purchase of Other Investments	(12,651)	-
Net Cash Inflow from Disposal of PPE, Right-of-Use Assets and Other Investments	12,088	22,833
Acquisition of Non-Controlling Interests in Subsidiaries	-	(49,147)
Contribution by Non-Controlling Interests	-	11,149
Additional Investment in Associates and Joint Ventures	(71,822)	-
Dividends Received from Associate, Joint Ventures and Other investments	1,531	1,123
Dividends Paid to Shareholders of the Company	(7,478)	(7,478)
Dividends Paid to Non-Controlling Interests of Subsidiaries	(94,144)	(69,459)
Net Proceeds from Shares Issue	48	-
Net Increase from Borrowings	58,307	39,921
Net Release of Deposits with Banks	5,999	14,344
Interest Paid, Net	(3,651)	(2,597)
Repayment of Obligations under Lease Liabilities	(11,426)	(13,454)
<b>Net Cash Flow</b>	<b>(193,205)</b>	<b>10,892</b>
<b>Free Cash Flow</b>	<b>(70,006)</b>	<b>63,657</b>

# KEY BUSINESS UPDATES

## Business Segment

### Diesel Engines / New Energy Powertrains

## Business Updates

- Yuchai sold 456,791 engine units in FY 2021, an increase of 6.2% YoY, but with much of the growth weighted towards 1H21 ahead of China's transition to National VI engines.
- Less favorable product mix, transition costs for National VI , rising input costs crimped margins.
- Continues with Research and Development initiatives to develop New Energy powertrains. These include e-CVT power-split hybrid powertrain, integrated electric drive axle powertrain and hydrogen fuel cell systems and hydrogen powered engines.

#### Some Key Developments:

- ❖ Venture with Beijing Xing Shun Da Bus to develop hydrogen fuel-cell powered systems/bus in the Beijing, Tianjin and Hebei markets (Oct 2021)
- ❖ Partnership with Nanning Government under Yuchai Xin-Lan New Energy Power Technology for hydrogen fuel cell powertrains (Sep 2021)
- ❖ Strategic partnership with Sunlong Bus to develop Electric Vehicles (June 2021)

# KEY BUSINESS UPDATES

## Business Segment

### Building Materials

## Business Updates

- Demand for concrete and related products in Singapore rebounded as construction activities picked up in 2021. In Malaysia, demand was impacted by rounds of lockdowns but begun to see recovery in late 2021.
- Order books for Precast and Ready Mix Concrete business in Singapore remain strong.
- Digitalisation of business processes and automation continues. The Group's automated Integrated Construction and Prefabrication Hub will be ready end 2022.
- In Malaysia, Tasek (integrated cement plant and ready-mix concrete) continues to work on operational improvements and cost discipline to counter the industry's tough conditions.

#### Some Key Developments:

- ❖ Acquisition of 20% in BRC Asia (Oct 2021)
- ❖ Addition of limestone reserves with acquisition of MCB Quarries (Dec 2021)

# SUSTAINABILITY

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

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

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

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



**DRIVING INNOVATION FOR A LOW-CARBON AND CIRCULAR ECONOMY**

## KEY 2025 COMMITMENTS

- 50% reduction in CO2 emission intensity by 2025 (from 2016 levels)
- 35% substitution of recycled materials in total concrete volume
- 30% substitution of coal with Alternative Fuels

**EMPOWERING OUR PEOPLE AND COMMUNITIES**

## KEY 2025 COMMITMENTS

- 100% of sites to establish and implement stakeholder engagement plans
- Achieve 40 hours of training per employee per year aligned to career development plans
- Develop and roll out diversity and inclusion policy

**BUILDING RESILIENCE FOR THE LONG-TERM**

## KEY 2025 COMMITMENTS

- Maintain Zero fatalities and injuries
- Maintain Zero corruption and fraud incidents across operations.
- Develop and roll out Supplier Code of Conduct to reflect ESG criteria (and all new suppliers to be screened)




# CONTACT US

## HONG LEONG ASIA LTD.

16 Raffles Quay #26-00

Hong Leong Building

Singapore 048581

 +65 6220 8411

 [investor\\_relations@corp.hla-grp.com](mailto:investor_relations@corp.hla-grp.com)

 [www.hlasia.com.sg](http://www.hlasia.com.sg)

 Hong Leong Asia Ltd.