

## Financial Statements and Related Announcement::Third Quarter Results

### Issuer & Securities

<b>Issuer/ Manager</b>	HONG LEONG ASIA LTD.
<b>Securities</b>	HONG LEONG ASIA LTD. - SG1F76860344 - H22
<b>Stapled Security</b>	No

### Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
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<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached Unaudited Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2017.

### Additional Details

<b>For Financial Period Ended</b>	30-Sep-2017
<b>Attachments</b>	<p><a href="#">SGXNet 3QFY17.pdf</a></p> <p>Total size =407K</p>

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**Unaudited Third Quarter And Nine Months Financial Statement For The Period Ended 30 September 2017**

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

The Board of Directors announces the results of the Group for the third quarter ("3Q") and nine months ended 30 September ("YTD 3Q") 2017. These figures have not been audited or reviewed.

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

**1(a)(i) Income statement**

	3Q 2017 \$'000	3Q 2016 \$'000	Group +/- %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	+/- %
<b>Revenue</b>	963,189	829,838	16.1%	3,121,941	2,772,523	12.6%
Cost of sales	(783,502)	(660,633)	18.6%	(2,542,091)	(2,234,231)	13.8%
<b>Gross profit</b>	<b>179,687</b>	<b>169,205</b>	<b>6.2%</b>	<b>579,850</b>	<b>538,292</b>	<b>7.7%</b>
Other income	11,605	7,921	46.5%	33,324	18,015	85.0%
Selling and distribution expenses	(69,629)	(86,144)	-19.2%	(255,299)	(270,300)	-5.5%
Research and development costs	(30,572)	(36,411)	-16.0%	(86,029)	(93,516)	-8.0%
General and administrative expenses	(58,506)	(36,084)	62.1%	(151,068)	(123,086)	22.7%
Finance costs	(11,900)	(7,633)	55.9%	(30,803)	(26,480)	16.3%
Other expenses	(1,226)	(5,379)	-77.2%	(2,932)	(9,286)	-68.4%
<b>Profit from operations</b>	<b>19,459</b>	<b>5,475</b>	<b>255.4%</b>	<b>87,043</b>	<b>33,639</b>	<b>158.8%</b>
Share of results of associates and joint ventures, net of tax	1,791	946	89.3%	1,157	713	62.3%
<b>Profit before income tax</b>	<b>21,250</b>	<b>6,421</b>	<b>230.9%</b>	<b>88,200</b>	<b>34,352</b>	<b>156.8%</b>
Income tax expense	(9,826)	(6,048)	62.5%	(36,724)	(28,147)	30.5%
<b>Profit for the period</b>	<b>11,424</b>	<b>373</b>	<b>2962.7%</b>	<b>51,476</b>	<b>6,205</b>	<b>729.6%</b>
<b>Attributable to:</b>						
Owners of the Company	(17,575)	(13,924)	26.2%	(45,561)	(48,696)	-6.4%
Non-controlling interests	28,999	14,297	102.8%	97,037	54,901	76.7%
	<b>11,424</b>	<b>373</b>	<b>2962.7%</b>	<b>51,476</b>	<b>6,205</b>	<b>729.6%</b>

Note: The Group's business is largely in China. For the quarter ended 30 September, translation of income statement from Renminbi ("RMB") to Singapore dollar ("SGD") has been made at the average exchange rate of RMB4.9044 = SGD1.00 for 3Q 2017 and RMB4.8031 = SGD1.00 for 3Q 2016. For 3Q 2017, RMB depreciated about 2.1% as compared to 3Q 2016.

For the nine months ended 30 September, translation of income statement from RMB to SGD has been made at the average exchange rate of RMB4.8892 = SGD1.00 for YTD 3Q 2017 and RMB4.7465 = SGD1.00 for YTD 3Q 2016. For YTD 3Q 2017, RMB depreciated about 3.0% as compared to YTD 3Q 2016.

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

Profit before income tax include the following:	3Q 2017 \$'000	3Q 2016 \$'000	Group		YTD 3Q 2016 \$'000	+/- %
			+/- %	YTD 3Q 2017 \$'000		
(Loss)/Gain on disposal of property, plant and equipment <sup>(1)</sup>	(247)	(1,337)	-81.5%	1,116	(4,118)	NM
Impairment losses on property, plant and equipment	-	(54)	NM	-	(54)	NM
Impairment losses written back/(recognised) for trade and other receivables, net <sup>(2)</sup>	351	(320)	NM	(491)	(1,595)	-69.2%
Allowance made for inventories obsolescence, net <sup>(3)</sup>	(1,087)	(978)	11.1%	(3,674)	(2,664)	37.9%
Depreciation and amortisation <sup>(4)</sup>	(31,122)	(32,847)	-5.3%	(95,768)	(101,076)	-5.3%
Foreign exchange gain/(loss), net <sup>(5)</sup>	1,131	1,934	-41.5%	4,186	(1,376)	NM
Fair value loss on derivatives, net <sup>(6)</sup>	(371)	(23)	1511.9%	(1,065)	(23)	4530.4%
Interest expense <sup>(7)</sup>	(11,601)	(7,317)	58.5%	(29,914)	(25,545)	17.1%
Interest income <sup>(8)</sup>	6,610	4,281	54.4%	18,272	13,535	35.0%
Write-off of property, plant & equipment <sup>(9)</sup>	(470)	(21)	2138.1%	(1,755)	(71)	2371.8%

NM: Not meaningful

- (1) Net loss on disposal of property, plant and equipment in 3Q 2017 was attributed mainly to the Group's Consumer Products Unit ("Xinfei"). Net loss on disposal of property, plant and equipment in 3Q 2016 was attributed mainly to the Group's Diesel Engines Unit ("Yuchai").

Net gain on disposal of property, plant and equipment in YTD 3Q 2017 was attributed mainly to Yuchai, which was offset by loss on disposal in Xinfei. Loss on disposal of property, plant and equipment in YTD 3Q 2016 was attributed mainly to Yuchai.

- (2) Net impairment losses written back for trade and other receivables in 3Q 2017, as compared to net impairment losses in 3Q 2016, were due to write-back of provision for Yuchai and lower provision for Xinfei in 3Q 2017. Net impairment losses for trade and other receivables in YTD 3Q 2017 were lower than YTD 3Q 2016 as a result of the higher write-back of provision by Yuchai in 2017.
- (3) Net allowance for inventories obsolescence was mainly recorded by Xinfei.
- (4) Depreciation and amortisation recorded in both comparative periods in 2017 were comparable to 2016.
- (5) The net foreign exchange gain of \$1.1 million in 3Q 2017 was mainly due to foreign exchange gain on revaluation of Singapore dollar ("SGD") assets in China Yuchai International Limited ("CYI") (with functional currency in United States dollar ("USD")). The net foreign exchange gain of \$1.9 million in 3Q 2016 was mainly due to reclassification of revaluation losses (relating to inter-company loans re-designated as quasi-equity loans) to equity. This was partially offset by the net foreign exchange loss relating to SGD denominated assets in CYI.

In YTD 3Q 2017, together with the net foreign exchange gain of \$3.1 million in the first half ("1H") of 2017, the resulted net foreign exchange gain was \$4.2 million. In YTD 3Q 2016, together with the net foreign exchange loss of \$3.3 million in 1H 2016, the resulted net foreign exchange loss was \$1.4 million.

- (6) Net fair value losses on derivatives in 2017 and 2016 (for hedging against foreign currency risk) mainly arose from forward foreign exchange contracts.
- (7) The increases in interest expense in 3Q 2017 and YTD 3Q 2017 were mainly due to higher borrowings in Yuchai and the Company.
- (8) The increases in interest income in 3Q 2017 and YTD 3Q 2017 were mainly due to higher interest income from bank deposits in Yuchai.
- (9) The write-offs of property, plant and equipment in 3Q 2017 and YTD 3Q 2017 were mainly recorded by Yuchai.

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

In 3Q 2017, the Group's tax charge included a write-back of over provision of \$3,000 for prior years (3Q 2016: write-back of over provision of \$1,380,000 for prior years).

In YTD 3Q 2017, the Group's tax charge included a provision of \$1,522,000 for prior years (YTD 3Q 2016: write-back of over provision of \$1,951,000 for prior years). The provision for YTD 3Q 2017 was mainly due to a tax provision of \$1,520,000 made in the first quarter ("1Q") of 2017 by a Malaysian subsidiary (the "Subsidiary") as explained in the Group's 1Q 2017 results announcement dated 12 May 2017. On 25 May 2017, the Kuala Lumpur High Court granted an interim stay of proceedings (the "Interim Stay") which includes the deferment of payment of the disputed taxes until the disposal of the court hearing. The High Court has set the court hearing date to be on 22 January 2018. The Subsidiary's solicitors have advised that the Interim Stay remains valid until the disposal of the court hearing. On 4 October 2017, the Malaysia Inland Revenue Board (or "IRB") filed an application to set aside the Interim Stay. On 11 October 2017, the Subsidiary filed an affidavit of objection against such application. The Subsidiary is represented by a Malaysian tax lawyer.

### 1(a)(iv) Statement of Comprehensive Income

	3Q 2017 \$'000	3Q 2016 \$'000	Group +/- %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	+/- %
<b>Profit for the period</b>	11,424	373	2962.7%	51,476	6,205	729.6%
<b>Other comprehensive income</b>						
<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	5,172	15,578	-66.8%	(42,027)	(93,207)	-54.9%
Net fair value changes of available-for-sale financial assets	494	85	481.2%	658	109	503.7%
Exchange differences on monetary items forming part of net investment in foreign entities	1,043	(771)	NM	(4,482)	(7,495)	-40.2%
<b>Total other comprehensive income for the period, net of tax</b>	<b>6,709</b>	<b>14,892</b>	<b>-54.9%</b>	<b>(45,851)</b>	<b>(100,593)</b>	<b>-54.4%</b>
<b>Total comprehensive income for the period</b>	<b>18,133</b>	<b>15,265</b>	<b>18.8%</b>	<b>5,625</b>	<b>(94,388)</b>	<b>NM</b>
<b>Attributable to:</b>						
Owners of the Company	(14,903)	(13,466)	10.7%	(60,150)	(78,781)	-23.6%
Non-controlling interests	33,036	28,731	15.0%	65,775	(15,607)	NM
<b>Total comprehensive income for the period</b>	<b>18,133</b>	<b>15,265</b>	<b>18.8%</b>	<b>5,625</b>	<b>(94,388)</b>	<b>NM</b>

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

\$'000	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
<b>Non-current assets</b>				
Property, plant and equipment	1,049,148	1,111,296	107	126
Land use rights	129,219	133,640	-	-
Intangible assets	67,891	68,177	129	152
Investment in subsidiaries	-	-	202,955	202,955
Interests in associates	45,801	48,339	13,726	13,726
Interests in joint ventures	48,073	36,646	-	-
Investment property	1,479	1,516	-	-
Other investments	5,244	1,434	-	-
Deferred tax assets	61,463	62,363	-	-
Non-current receivables	5,604	6,645	231,024	171,118
Long-term deposits	14,280	-	-	-
	<b>1,428,202</b>	<b>1,470,056</b>	<b>447,941</b>	<b>388,077</b>
<b>Current assets</b>				
Inventories	500,727	464,979	-	-
Development properties	4,779	4,858	-	-
Trade and other receivables	2,251,921	1,780,587	214,563	225,841
Other investments	5,416	2,543	-	-
Cash and short-term deposits	1,042,538	1,033,698	21,262	2,482
Assets of disposal group classified as held for sale	18,060	18,397	-	-
	<b>3,823,441</b>	<b>3,305,062</b>	<b>235,825</b>	<b>228,323</b>
Total assets	<b>5,251,643</b>	<b>4,775,118</b>	<b>683,766</b>	<b>616,400</b>
<b>Current liabilities</b>				
Trade and other payables	1,999,059	1,736,182	4,873	5,201
Provisions	74,472	69,659	-	-
Loans and borrowings	876,916	533,434	312,176	182,142
Current tax payable	8,800	10,817	-	8
Derivatives	1,092	29	-	-
	<b>2,960,339</b>	<b>2,350,121</b>	<b>317,049</b>	<b>187,351</b>
<b>Net current assets/(liabilities)</b>	<b>863,102</b>	<b>954,941</b>	<b>(81,224)</b>	<b>40,972</b>
<b>Non-current liabilities</b>				
Loans and borrowings	83,217	167,010	60,000	140,000
Deferred tax liabilities	38,431	43,369	2,037	2,037
Deferred grants	74,999	68,585	-	-
Other non-current payables	28,971	28,420	-	-
Retirement benefit obligations	190	259	-	-
	<b>225,808</b>	<b>307,643</b>	<b>62,037</b>	<b>142,037</b>
Total liabilities	<b>3,186,147</b>	<b>2,657,764</b>	<b>379,086</b>	<b>329,388</b>
<b>Net assets</b>	<b>2,065,496</b>	<b>2,117,354</b>	<b>304,680</b>	<b>287,012</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	266,830	266,830	266,830	266,830
Reserves	363,157	426,921	37,850	20,182
Reserve of disposal group classified as held for sale	4,685	4,685	-	-
	<b>634,672</b>	<b>698,436</b>	<b>304,680</b>	<b>287,012</b>
Non-controlling interests	1,430,824	1,418,918	-	-
<b>Total Equity</b>	<b>2,065,496</b>	<b>2,117,354</b>	<b>304,680</b>	<b>287,012</b>
<b>Total equity and liabilities</b>	<b>5,251,643</b>	<b>4,775,118</b>	<b>683,766</b>	<b>616,400</b>

## **Explanatory Notes to Statement of Financial Position**

### **Group**

- Non-current assets: The decrease in non-current assets was mainly due to lower property, plant and equipment arising from translation of these assets as RMB weakened against the SGD at 30 September 2017. The functional currency for Yuchai's main operating unit in China and Xinfei is RMB whilst the Group reports in SGD.
- Current assets: The increase in current assets was mainly due to higher trade and other receivables and inventories at 30 September 2017.
- Current liabilities: The increase in current liabilities was mainly due to increase in short-term loans and borrowings of the Company and Yuchai arising from higher working capital requirement and higher payables at 30 September 2017.
- Non-current liabilities: The decrease in non-current liabilities was mainly due to lower long-term loans and borrowings by the Company at 30 September 2017.

### **Company**

- Net current liabilities: As at 30 September 2017, the net current liabilities were \$81.2 million as compared to net current asset position as at 31 December 2016. This was mainly due to reclassification of a loan (maturing within the next 12 months) from non-current liabilities and the Company drawing down on additional short-term financing facility in 2017.
- Non-current assets: The increase in non-current assets was mainly due to additional inter-company loans granted to subsidiaries at 30 September 2017.
- Non-current liabilities: The decrease in non-current liabilities was mainly due to reclassification of a loan (maturing within the next 12 months) to current liabilities.

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

#### **Amount repayable in one year or less, or on demand**

As at 30.09.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
\$11,935,848	\$864,979,832	\$13,686,116	\$519,747,788

#### **Amount repayable after one year**

As at 30.09.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
\$20,218,608	\$62,998,596	\$27,010,452	\$140,000,048

#### **Details of any collateral**

The secured banking facilities of the Group, comprising term loans, are secured on the assets of certain subsidiaries with a total carrying value as at 30 September 2017 of \$50,244,000 (31 December 2016: \$65,774,000).

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

	3Q 2017 \$'000	3Q 2016 \$'000 (Restated)	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000 (Restated)
<b>Operating activities</b>				
Profit before tax	21,250	6,421	88,200	34,352
Adjustments for:				
Share of results of associates and joint ventures, net of tax	(1,791)	(946)	(1,157)	(713)
Cost of share-based payments	44	117	326	813
Depreciation and amortisation	31,122	32,847	95,768	101,076
Allowance recognised for inventories obsolescence	1,087	978	3,674	2,664
Impairment losses (written back)/recognised for trade and other receivables	(351)	320	491	1,595
Impairment losses recognised for property, plant and equipment	-	54	-	54
Property, plant and equipment written off	470	21	1,755	71
Finance costs	11,900	7,633	30,803	26,480
Dividend income from other investments	(222)	(12)	(251)	(44)
Interest income	(6,610)	(4,281)	(18,272)	(13,535)
Gain on disposal of associate	(61)	-	(61)	-
Loss/(gain) on disposal of property, plant and equipment	247	1,337	(1,116)	4,118
Fair value (gain)/loss on investments	(1,967)	(134)	(2,945)	446
Fair value loss on derivatives	371	23	1,065	23
Provision for warranties and other costs, net	2,547	20,663	57,192	63,102
<b>Operating profit before working capital changes</b>	<b>58,036</b>	<b>65,041</b>	<b>255,472</b>	<b>220,502</b>
Changes in working capital:				
Inventories and development properties	(35,365)	4,158	(47,246)	56,255
Trade and other receivables	(232,985)	(105,820)	(511,773)	(13,209)
Trade and other payables	57,689	(9,415)	266,881	130,040
Grant received from government	7,215	3,966	9,213	4,957
Provisions utilised	(10,251)	(21,077)	(51,231)	(61,591)
<b>Cash flows (used in)/from operations</b>	<b>(155,661)</b>	<b>(63,147)</b>	<b>(78,684)</b>	<b>336,954</b>
Income tax paid	(10,252)	(9,690)	(44,738)	(41,110)
<b>Cash flows (used in)/from operating activities</b>	<b>(165,913)</b>	<b>(72,837)</b>	<b>(123,422)</b>	<b>295,844</b>
<b>Investing activities</b>				
Additional investment in joint ventures	(5,098)	-	(10,233)	(267)
Deposit collected from the disposal of a subsidiary	-	-	4,025	-
Dividends received from:				
- associates and joint ventures	-	124	1,602	6,741
- other investments	222	12	251	44
Interest received	6,672	4,344	18,786	13,659
Net placement of deposits with banks	(21,238)	(21,674)	(15,986)	(2,806)
Purchase of:				
- property, plant and equipment	(19,076)	(22,294)	(58,140)	(68,917)
- intangible assets	(210)	(268)	(1,070)	(536)
- other investments	-	-	(3,048)	-
Proceeds from disposal of associate	394	-	394	-
Proceeds from disposal of property, plant and equipment	471	945	2,057	1,452
<b>Net cash flows used in investing activities</b>	<b>(37,863)</b>	<b>(38,811)</b>	<b>(61,362)</b>	<b>(50,630)</b>
<b>Financing activities</b>				
Acquisition of non-controlling interests	-	(1,826)	(271)	(1,826)
Dividends paid to:				
- non-controlling interests of subsidiaries	(1,996)	(3,156)	(25,105)	(54,444)
- shareholders of the Company	-	-	(3,739)	(3,739)
Interest paid	(11,412)	(7,768)	(30,120)	(33,243)
Proceeds from borrowings	252,574	190,636	700,070	424,672
Capital contribution by non-controlling interests of subsidiaries	2,629	-	2,629	3,685
Repayment in respect of borrowings	(162,305)	(207,026)	(432,744)	(756,018)
Repayment of obligation under finance leases	(345)	(443)	(1,837)	(1,468)
<b>Net cash flows from/(used in) financing activities</b>	<b>79,145</b>	<b>(29,583)</b>	<b>208,883</b>	<b>(422,381)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(124,631)</b>	<b>(141,231)</b>	<b>24,099</b>	<b>(177,167)</b>
Cash and cash equivalents at beginning of the period	1,074,624	860,251	945,171	938,620
Effect of exchange rate changes on balances held in foreign currencies	4,144	10,193	(15,133)	(32,240)
<b>Cash and cash equivalents at end of the period</b>	<b>954,137</b>	<b>729,213</b>	<b>954,137</b>	<b>729,213</b>
Comprising:				
Cash and short-term deposits			1,042,538	816,280
Less: Bank overdraft			(143)	(419)
Less: Short-term deposits and restricted deposits			(88,258)	(86,648)
			<b>954,137</b>	<b>729,213</b>

**Comparatives**

Note: Reclassification to comparatives, namely: (a) Grant received from government had been reclassified from cash flows from financing activities to cash flows from operations; and (b) Acquisition of non-controlling interests had been reclassified from cash flows used in investing activities to cash flows used in financing activities.

The above reclassification did not have any impact on the Statement of Financial Position of the Group as at 30 September 2016, the Income Statement or the net change in cash and cash equivalents for the quarter and nine months then ended.

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

Statement of Changes in Equity	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Surplus/(deficit) on changes of non-controlling interests \$'000	Reserve of disposal group classified as held for sale \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>The Group</b>												
Closing balance as at 31 December 2015 (as previously stated)	266,830	4,442	33,178	45,230	3,788	(20,592)	10,247	-	439,617	782,740	1,449,791	2,232,531
Adjustment arising from change in accounting policy	-	-	-	-	-	-	-	-	(7,842)	(7,842)	(871)	(8,713)
At 1 January 2016 (restated)	266,830	4,442	33,178	45,230	3,788	(20,592)	10,247	-	431,775	774,898	1,448,920	2,223,818
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(16,478)	(16,478)	15,535	(943)
<u>Other comprehensive income</u>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(7,584)	-	-	-	(7,584)	(46,483)	(54,067)
Net fair value changes of available-for-sale financial assets	-	-	-	62	-	-	-	-	-	62	-	62
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	(3,278)	-	-	-	(3,278)	-	(3,278)
Other comprehensive income for the period, net of tax	-	-	-	62	-	(10,862)	-	-	-	(10,800)	(46,483)	(57,283)
Total comprehensive income for the period	-	-	-	62	-	(10,862)	-	-	(16,478)	(27,278)	(30,948)	(58,226)
<b>Transactions with owners, recorded directly in equity</b>												
<u>Contributions by and distributions to owners</u>												
Cost of share-based payments	-	-	-	-	139	-	-	-	-	139	215	354
<u>Others</u>												
Reserve attributable to disposal group classified as held for sale	-	-	-	-	-	(4,714)	-	4,714	-	-	-	-
At 31 March 2016	266,830	4,442	33,178	45,292	3,927	(36,168)	10,247	4,714	415,297	747,759	1,418,187	2,165,946
At 1 April 2016	266,830	4,442	33,178	45,292	3,927	(36,168)	10,247	4,714	415,297	747,759	1,418,187	2,165,946
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(18,294)	(18,294)	25,069	6,775
<u>Other comprehensive income</u>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(16,259)	-	-	-	(16,259)	(38,459)	(54,718)
Net fair value changes of available-for-sale financial assets	-	-	-	(38)	-	-	-	-	-	(38)	-	(38)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	(3,446)	-	-	-	(3,446)	-	(3,446)
Other comprehensive income for the period, net of tax	-	-	-	(38)	-	(19,705)	-	-	-	(19,743)	(38,459)	(58,202)
Total comprehensive income for the period	-	-	-	(38)	-	(19,705)	-	-	(18,294)	(38,037)	(13,390)	(51,427)
<b>Transactions with owners, recorded directly in equity</b>												
<u>Contributions by and distributions to owners</u>												
Cost of share-based payments	-	-	-	-	135	-	-	-	-	135	207	342
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	24,164	-	-	24,164	(20,479)	3,685
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(51,288)	(51,288)
At 30 June 2016	266,830	4,442	33,178	45,254	4,062	(55,873)	34,411	4,714	393,264	730,282	1,333,237	2,063,519
At 1 July 2016	266,830	4,442	33,178	45,254	4,062	(55,873)	34,411	4,714	393,264	730,282	1,333,237	2,063,519
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(13,924)	(13,924)	14,297	373
<u>Other comprehensive income</u>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	1,144	-	-	-	1,144	14,434	15,578
Net fair value changes of available-for-sale financial assets	-	-	-	85	-	-	-	-	-	85	-	85
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	(771)	-	-	-	(771)	-	(771)
Other comprehensive income for the period, net of tax	-	-	-	85	-	373	-	-	-	458	14,434	14,892
Total comprehensive income for the period	-	-	-	85	-	373	-	-	(13,924)	(13,466)	28,731	15,265
<b>Transactions with owners, recorded directly in equity</b>												
<u>Contributions by and distributions to owners</u>												
Cost of share-based payments	-	-	-	-	48	-	-	-	-	48	69	117
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,156)	(3,156)
<u>Changes in ownership interests in subsidiaries</u>												
Acquisition of non-controlling interests	-	-	-	-	-	-	346	-	-	346	(2,172)	(1,826)
At 30 September 2016	266,830	4,442	33,178	45,339	4,110	(55,500)	34,757	4,714	379,340	717,210	1,356,709	2,073,919



## 1(d)(i) Statement of changes in equity for the periods ended 30 September (cont'd)

Statement of Changes in Equity	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Surplus/(deficit) on changes of non-controlling interests \$'000	Reserve of disposal group classified as held for sale \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>The Group</b>												
At 1 January 2017	266,830	4,442	33,369	45,246	4,231	(51,741)	34,775	4,685	356,599	698,436	1,418,918	2,117,354
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(9,817)	(9,817)	44,740	34,923
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(13,958)	-	-	-	(13,958)	(35,044)	(49,002)
Net fair value changes of available-for-sale financial assets	-	-	-	351	-	-	-	-	-	351	-	351
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	(5,657)	-	-	-	(5,657)	-	(5,657)
Other comprehensive income for the period, net of tax	-	-	-	351	-	(19,615)	-	-	-	(19,264)	(35,044)	(54,308)
Total comprehensive income for the period	-	-	-	351	-	(19,615)	-	-	(9,817)	(29,081)	9,696	(19,385)
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Cost of share-based payments	-	-	-	-	57	-	-	-	-	57	84	141
At 31 March 2017	266,830	4,442	33,369	45,597	4,288	(71,356)	34,775	4,685	346,782	669,412	1,428,698	2,098,110
At 1 April 2017	266,830	4,442	33,369	45,597	4,288	(71,356)	34,775	4,685	346,782	669,412	1,428,698	2,098,110
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(18,169)	(18,169)	23,298	5,129
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	2,058	-	-	-	2,058	(255)	1,803
Net fair value changes of available-for-sale financial assets	-	-	-	(187)	-	-	-	-	-	(187)	-	(187)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	132	-	-	-	132	-	132
Other comprehensive income for the period, net of tax	-	-	-	(187)	-	2,190	-	-	-	2,003	(255)	1,748
Total comprehensive income for the period	-	-	-	(187)	-	2,190	-	-	(18,169)	(16,166)	23,043	6,877
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Cost of share-based payments	-	-	-	-	57	-	-	-	-	57	84	141
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(54,432)	(54,432)
<b>Changes in ownership interests in subsidiaries</b>												
Acquisition of non-controlling interests	-	-	-	-	-	-	391	-	-	391	(662)	(271)
At 30 June 2017	266,830	4,442	33,369	45,410	4,345	(69,166)	35,166	4,685	324,874	649,955	1,396,731	2,046,686
At 1 July 2017	266,830	4,442	33,369	45,410	4,345	(69,166)	35,166	4,685	324,874	649,955	1,396,731	2,046,686
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(17,575)	(17,575)	28,999	11,424
<b>Other comprehensive income</b>												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	1,135	-	-	-	1,135	4,037	5,172
Net fair value changes of available-for-sale financial assets	-	-	-	494	-	-	-	-	-	494	-	494
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	1,043	-	-	-	1,043	-	1,043
Other comprehensive income for the period, net of tax	-	-	-	494	-	2,178	-	-	-	2,672	4,037	6,709
Total comprehensive income for the period	-	-	-	494	-	2,178	-	-	(17,575)	(14,903)	33,036	18,133
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Cost of share-based payments	-	-	-	-	18	-	-	-	-	18	26	44
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	(398)	-	-	(398)	3,027	2,629
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,996)	(1,996)
At 30 September 2017	266,830	4,442	33,369	45,904	4,363	(66,988)	34,768	4,685	307,299	634,672	1,430,824	2,065,496

**1(d)(i) Statement of changes in equity for the periods ended 30 September (cont'd)**

Statement of Changes In Equity	Share capital \$'000	Capital reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b>The Company</b>					
At 1 January 2016	266,830	9,199	2,453	71,222	349,704
Total comprehensive income for the period	-	-	-	(451)	(451)
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Cost of share-based payments	-	-	4	-	4
At 31 March 2016	<u>266,830</u>	<u>9,199</u>	<u>2,457</u>	<u>70,771</u>	<u>349,257</u>
At 1 April 2016	266,830	9,199	2,457	70,771	349,257
Total comprehensive income for the period	-	-	-	(2,296)	(2,296)
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Cost of share-based payments	-	-	4	-	4
Dividends paid to shareholders	-	-	-	(3,739)	(3,739)
At 30 June 2016	<u>266,830</u>	<u>9,199</u>	<u>2,461</u>	<u>64,736</u>	<u>343,226</u>
At 1 July 2016	266,830	9,199	2,461	64,736	343,226
Total comprehensive income for the period	-	-	-	(2,292)	(2,292)
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Cost of share-based payments	-	-	2	-	2
At 30 September 2016	<u>266,830</u>	<u>9,199</u>	<u>2,463</u>	<u>62,444</u>	<u>340,936</u>
At 1 January 2017	266,830	9,199	2,467	8,516	287,012
Total comprehensive income for the period	-	-	-	(3,354)	(3,354)
At 31 March 2017	<u>266,830</u>	<u>9,199</u>	<u>2,467</u>	<u>5,162</u>	<u>283,658</u>
At 1 April 2017	266,830	9,199	2,467	5,162	283,658
Total comprehensive income for the period	-	-	-	19,228	19,228
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Dividends paid to shareholders	-	-	-	(3,739)	(3,739)
At 30 June 2017	<u>266,830</u>	<u>9,199</u>	<u>2,467</u>	<u>20,651</u>	<u>299,147</u>
At 1 July 2017	266,830	9,199	2,467	20,651	299,147
Total comprehensive income for the period	-	-	-	5,533	5,533
At 30 September 2017	<u>266,830</u>	<u>9,199</u>	<u>2,467</u>	<u>26,184</u>	<u>304,680</u>

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

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

The Company did not hold any treasury shares as at 30 September 2017, 31 December 2016 and 30 September 2016.

There was no change in the Company's issued share capital during the three months ended 30 September 2017.

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

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") during the three months ended 30 September 2017.

As at 30 September 2017, there were a total of 1,290,000 (30 September 2016: 1,340,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2008	\$2.36	470,000
2011	\$3.17	380,000
2014	\$1.31	440,000
Total		1,290,000

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

The total number of issued ordinary shares as at 30 September 2017 and 31 December 2016 was 373,908,559.

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the three months ended 30 September 2017.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the year ended 31 December 2016.

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

The Group has adopted all accounting standards that are effective from 1 January 2017 but the adopted changes have no material effect.

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

	Group			
	3Q 2017	3Q 2016	YTD 3Q 2017	YTD 3Q 2016
Loss per ordinary share based on net profit attributable to shareholders				
(i) Based on the weighted average number of ordinary shares in issue (cts)	(4.70)	(3.72)	(12.19)	(13.02)
(ii) On a fully diluted basis (cts)	(4.70)	(3.72)	(12.19)	(13.02)

1,290,000 (30 September 2016: 1,340,000) 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.

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

	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 30 September 2017 and as at 31 December 2016 (cts)	169.74	186.79	81.49	76.76

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

The main business units of the Group are the Diesel Engines Unit ("Yuchai"), the Building Materials Unit ("BMU") and the Consumer Products Unit ("Xinfei"). The other business units in the Group are the Industrial Packaging Unit ("Rex") and the Air-conditioning Systems Unit ("Airwell").

In 3Q 2017, the operating environment remained challenging. China recorded a GDP growth of 6.8% in 3Q 2017 as compared to a growth of 6.7% in 3Q 2016. Based on the September year-to-date statistics published by China Market Monitor, the unit sales for fridge and freezer continued to decline. Xinfei's performance also suffered from the adverse impact of the overall excess capacity in China. The Singapore economy grew by 4.6% in 3Q 2017 as compared to a growth of 1.2% in 3Q 2016. However, the local construction industry declined by a further 6.3% in 3Q 2017 against a decline of 2.2% in 3Q 2016. The construction industry had been on a declining trend since the third quarter of 2016. This slow growth had an adverse impact on the operating performance of BMU. In Malaysia, the Group's subsidiary, Tasek Corporation Berhad faced intense price competition due to excess cement capacity and the lower net income recorded in the second quarter of 2017 continued into 3Q 2017.

In 3Q 2017, the loss attributable to the owners of the Company was \$17.6 million, compared to a loss of \$13.9 million in 3Q 2016. In YTD 3Q 2017, the loss attributable to the owners of the Company was \$45.6 million, as compared to a loss of \$48.7 million in YTD 3Q 2016, an improvement of \$3.1 million or 6.4%. The Group incurred loss as the profits from Yuchai were not sufficient to offset the loss incurred by Xinfei.

### **3Q 2017 versus 3Q 2016**

Revenue for the Group was \$963.2 million in 3Q 2017, an increase of \$133.4 million or 16.1%, from \$829.8 million in 3Q 2016. The increase in revenue was mainly due to revenue growth recorded by Yuchai which was partially offset by the revenue decline of BMU and Xinfei.

- Yuchai's revenue increased by \$172.3 million or 28.8% as compared to 3Q 2016. Yuchai sold 82,839 engines in 3Q 2017, an increase of 25.5% or 16,826 units as compared to 66,013 units sold in 3Q 2016. The increase in engine sales was mainly due to the rebound in the sales of truck and off-road engines, while bus engines sales softened.
- BMU's revenue decreased by \$14.0 million or 12.2% as compared to 3Q 2016. The decrease was due to lower sales from the precast division in Singapore. In Malaysia, the decrease in revenue was mainly due to lower demand for cement in the domestic market and price competition.
- Xinfei's revenue decreased by \$24.4 million or 24.5% as compared to 3Q 2016. This was mainly caused by price competition and excess capacity in China, which resulted in lower average selling price. Total unit sales were 347,921 units for 3Q 2017, a decrease of 15.2% as compared to 410,387 units for 3Q 2016. China Market Monitor reported that the fridge and freezers unit sales declined by 11.2% and 12.9%, respectively for YTD 3Q 2017. The China white goods market continued to operate in a challenging environment.

The Group's gross profit was \$179.7 million in 3Q 2017, an increase of \$10.5 million or 6.2%, from \$169.2 million in 3Q 2016. The gross profit margin was 18.7% as compared to 20.4% in 3Q 2016, a decrease of 1.7%. This was mainly due to the drop in gross profit margin for BMU in a price competitive environment in Singapore and Malaysia. The price competition in Malaysia persisted thus affecting the gross profit margin. In addition, Xinfei's gross profit margin was lower due to continual price competition in China whilst Yuchai's gross profit margin was lower due to higher material costs.

Other income was \$11.6 million in 3Q 2017, an increase of \$3.7 million from \$7.9 million in 3Q 2016. The increase was mainly due to higher interest income and net fair value gain on investment recorded in 3Q 2017.

Selling and distribution ("S&D") expenses were \$69.6 million in 3Q 2017, a decrease of \$16.5 million or 19.2% as compared to \$86.1 million in 3Q 2016. As a percentage of sales, S&D expenses were 7.2% for 3Q 2017 as compared to 10.4% in 3Q 2016, a reduction of 3.2%. This was mainly due to lower warranty expenses in Yuchai and reduction of selling expenses for Xinfei.

Research and development ("R&D") expenses were \$30.6 million in 3Q 2017, a decrease of \$5.8 million or 16.0% as compared to \$36.4 million in 3Q 2016. The decrease was mainly due to lower R&D spending by Yuchai. As a percentage of sales, R&D expenses were 3.2% in 3Q 2017 as compared to 4.4% in 3Q 2016, a reduction of 1.2%.

General and administrative ("G&A") expenses were \$58.5 million in 3Q 2017, an increase of \$22.4 million or 62.1% as compared to \$36.1 million in 3Q 2016. The increase was mainly due to higher staff costs in Yuchai arising from redundancy exercise. As a percentage of sales, G&A expenses were 6.1% in 3Q 2017 as compared to 4.3% in 3Q 2016, an increase of 1.8%.

Finance costs were \$11.9 million in 3Q 2017, an increase of \$4.3 million or 55.9% as compared to \$7.6 million in 3Q 2016. This was due mainly to higher bank interest expenses incurred by Yuchai and the Company which had increased bank borrowings arising from higher working capital requirement.

Other expenses were \$1.2 million in 3Q 2017, a decrease of \$4.2 million from \$5.4 million in 3Q 2016. The decrease was mainly due to higher loss on disposal of property, plant and equipment and expenses related to a plant of Xinfei (that was shut-down in 2016) recorded in 3Q 2016.

Profit after tax was \$11.4 million in 3Q 2017 as compared to \$0.4 million in 3Q 2016.

### **YTD 3Q 2017 versus YTD 3Q 2016**

Revenue for the Group was \$3.122 billion, an increase of \$349.4 million or 12.6%, from \$2.773 billion in YTD 3Q 2016. The increase was mainly due to strong revenue improvement recorded by Yuchai in 2017 which was partially offset by the revenue decline of BMU and Xinfei.

- Yuchai's revenue increased by \$453.4 million or 21.8% as compared to YTD 3Q 2016. Yuchai sold 293,487 engines in YTD 3Q 2017, an increase of 20.0% or 48,912 units as compared to 244,575 units sold in YTD 3Q 2016. The increase in unit sales was mainly due to the increase in sales of truck engines and off-road engines, while bus engine sales softened. Truck engines sales rebounded as China stepped up enforcement of loading regulation.
- BMU's revenue decreased by \$73.3 million or 20.6% as compared to YTD 3Q 2016. In Singapore, the decrease was due to lower sales from both the precast division and the ready-mixed concrete division in a weak construction market. In Malaysia, it was mainly due to lower demand for cement in the domestic market and price competition.
- Xinfei's revenue decreased by \$31.2 million or 11.1% as compared to YTD 3Q 2016. This was mainly caused by price competition and excess capacity in China, which resulted in lower average selling prices. Total unit sales were 1,084,338 units for YTD 3Q 2017, a slight decrease of 3.7% as compared to 1,126,313 units for YTD 3Q 2016.

The Group's gross profit was \$579.9 million in YTD 3Q 2017, an increase of \$41.6 million or 7.7%, from \$538.3 million in YTD 3Q 2016. The gross profit margin was 18.6% as compared to 19.4% in YTD 3Q 2016, a slight decrease of 0.8%. This was mainly due to the drop in gross profit margin for BMU in a price competitive environment in Singapore and Malaysia amidst a softening market. In addition, Xinfei's gross profit margin was lower due to continual price competition in China.

Other income was \$33.3 million in YTD 3Q 2017, an increase of \$15.3 million from \$18.0 million in YTD 3Q 2016. The increase was mainly due to higher interest income, net foreign exchange gain and net fair value gain on investment recorded in YTD 3Q 2017.

S&D expenses were \$255.3 million in YTD 3Q 2017, a decrease of \$15.0 million or 5.5% as compared to YTD 3Q 2016 of \$270.3 million. As a percentage of sales, S&D expenses were 8.2% for YTD 3Q 2017 as compared to 9.7% in YTD 3Q 2016, a reduction of 1.5%. This was mainly due to the continued cost cutting effort in Xinfei.

R&D expenses were \$86.0 million in YTD 3Q 2017, a decrease of \$7.5 million or 8.0% as compared to \$93.5 million in YTD 3Q 2016. The decrease was mainly due to lower R&D spending by Yuchai. As a percentage of sales, R&D expenses were 2.8% in YTD 3Q 2017 as compared to 3.4% in YTD 3Q 2016, a reduction of 0.6%.

G&A expenses were \$151.1 million in YTD 3Q 2017, an increase of \$28.0 million or 22.7% as compared to \$123.1 million in YTD 3Q 2016. The increase was mainly due to higher staff costs in Yuchai arising from redundancy exercise. As a percentage of sales, G&A expenses were 4.8% in YTD 3Q 2017 as compared to 4.4% in YTD 3Q 2016, an increase of 0.4%.

Finance costs were \$30.8 million in YTD 3Q 2017, an increase of \$4.3 million or 16.3% as compared to \$26.5 million in YTD 3Q 2016. This was due mainly to higher bank interest expenses incurred by Yuchai and the Company which had increased bank borrowings arising from higher working capital requirement.

Other expenses were \$2.9 million in YTD 3Q 2017, a decrease of \$6.4 million from \$9.3 million in YTD 3Q 2016. The decrease was mainly due to higher loss on disposal of property, plant and equipment, net foreign exchange loss and expenses related to a plant of Xinfei (that was shut-down in 2016) recorded in YTD 3Q 2016.

Profit after tax was \$51.5 million in YTD 3Q 2017 as compared to \$6.2 million in YTD 3Q 2016.

## **Working Capital and Cash Flow**

The Group had cash and short-term deposits of \$1.042 billion as at 30 September 2017 compared with \$1.034 billion as at 31 December 2016.

During the quarter under review, the net cash outflow from operating activities was \$165.9 million. The Group generated cash from operating activities of \$58.0 million before working capital changes, which was used to finance the increase in trade and other receivables and inventories holding at quarter-end.

The net cash outflow from investing activities of \$37.9 million was mainly due to higher placement of deposits with banks and purchase of property, plant and equipment.

The Group had net cash inflow from financing activities of \$79.1 million. It was mainly due to net borrowings of \$90.3 million, partially offset by interest payment of \$11.4 million.

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

None.

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

The Group expects the remaining part of 2017 to be challenging. Yuchai continued to perform better than last year. For YTD 3Q 2017, unit sales had improved by 20.0% as compared to YTD 3Q 2016. The difficult and challenging market conditions facing BMU will continue to affect the Group's performance.

Xinfei has begun a restructuring exercise as announced on 30 October 2017. In the coming quarters, the cessation of Xinfei's manufacturing and production activities will result in certain write downs of assets to their net realizable values, provision for restructuring and related costs and reclassification of assets and liabilities from non-current to current. As the details of the restructuring exercise are still being worked out, it would be premature for the Company at the current moment to provide an estimate of its financial impact to the Company and the Group. As Xinfei had contributed negatively to the Group's performance in the past years, the Group expects that the Xinfei restructuring would be a positive development, as this would reduce the Group's exposure to the challenging consumer goods market in China.

The International Monetary Fund has projected growth in China to be 6.6% for 2017. However, the Chinese economy is facing risks of capital outflow, over-capacity and higher debt-to-GDP ratio. In Singapore, the Ministry of Trade and Industry has announced that the economy grew by 4.6% in 3Q 2017, higher than the GDP growth of 1.2% achieved in 3Q 2016. However, the construction industry declined by 6.3% in 3Q 2017, a further contraction as compared against the decline of 2.2% in 3Q 2016. The Group expects the slowing down in the construction industry to affect the performance of BMU. In Malaysia, the outlook for the construction sector is expected to be weak in the private sector, though compensated by public sector projects. However, price competition has intensified with excess capacity in the cement industry. The Group believes that the cement price competition will persist into the last quarter of 2017.

In view of the challenging business environment, the Group expects that its performance will be weak for the remaining part of 2017. The Group will monitor the market environment closely and endeavor to mitigate adverse effects accordingly. The Group will continue to explore other strategic options and potential alliance opportunities, such as the restructuring exercise of Xinfei, whilst maintaining its cost control discipline and continuing its organizational restructuring initiatives.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend is declared / recommended for the current financial period under review.

**13. Interested person transactions**

Name of Interested Person	Aggregate value of all interested person transactions for 3Q 2017 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - Industrial and Consumer-related Transaction – Supply of air-conditioning facilities to Interested Persons	\$504,959

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

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

Not applicable.

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

Not applicable.

**16. A breakdown of sales.**

Not applicable.



## **17. 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

14 November 2017

## **Confirmation Pursuant to Rule 705(5) of the Listing Manual**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the third quarter and nine months ended 30 September 2017 to be false or misleading in any material respect.

On behalf of the Board

**Kwek Leng Peck**  
Executive Chairman

**Philip Ting Sii Tien @ Yao Sik Tien**  
Director and Chief Executive Officer

14 November 2017