FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

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HONG LEONG ASIA LTD.

Securities

HONG LEONG ASIA LTD. - SG1F76860344 - H22

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No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date &Time of Broadcast

28-Feb-2019 19:10:00

Status

New

Announcement Sub Title

Full Yearly Results

Announcement Reference

SG190228OTHRZP3Q

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 Unaudited Full Year Financial Statement for the Year Ended 31 December 2018.

Additional Details

For Financial Period Ended

31-Dec-2018

Attachments

SGXNet%20FY2018_28%20Feb%202019.pdf

Total size =411K MB

HONG LEONG ASIA LTD. (REGISTRATION NO. 196300306G)

Unaudited Full Year Financial Statement For The Year Ended 31 December 2018

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

The Board of Directors announces the results of the Group for the year ended 31 December ("**FY**") 2018. 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

	Group		
	2018	**2017**	**+/-**
	$'000	**$'000**	**%**
Continuing operations		**(Restated)**	
Revenue	3,785,641	3,745,077	1.1%
Cost of sales	(3,085,031)	(2,992,711)	3.1%
Gross profit	**700,610**	**752,366**	**-6.9%**
Other income	48,774	110,622	-55.9%
Selling and distribution expenses	(247,115)	(240,284)	2.8%
Research and development expenses	(92,734)	(125,619)	-26.2%
General and administrative expenses	(174,298)	(190,564)	-8.5%
Finance costs	(37,030)	(36,516)	1.4%
Other expenses	(2,894)	(1,279)	126.3%
Profit from continuing operations	**195,313**	**268,726**	**-27.3%**
Share of profit of associates and joint ventures, net of income tax	3,462	1,566	121.1%
Profit before tax from continuing operations	**198,775**	**270,292**	**-26.5%**
Income tax expense	(38,949)	(40,891)	-4.7%
Profit from continuing operations, net of tax	**159,826**	**229,401**	**-30.3%**
Discontinued operation			
Loss from discontinued operation, net of tax	(33,162)	(120,702)	-72.5%
Profit for the year	**126,664**	**108,699**	**16.5%**
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax	24,759	36,860	-32.8%
Loss from discontinued operation, net of tax	(30,776)	(108,632)	-71.7%
	(6,017)	**(71,772)**	-91.6%
Non-controlling interests			
Profit from continuing operations, net of tax	135,067	192,541	-29.9%
Loss from discontinued operation, net of tax	(2,386)	(12,070)	-80.2%
	132,681	**180,471**	-26.5%

Note:

*(a) Nearly 90% of the Group's total revenue is generated from its businesses in China. For the year ended 31 December, translation of income statement from Renminbi ("**RMB**") to Singapore dollar ("**SGD**") has been made at the average exchange rate of RMB4.9126 = SGD1.00 for FY2018 and RMB4.8992 = SGD1.00 for FY2017. For FY2018, RMB depreciated about 0.3% as compared to FY2017.*

*(b) Discontinued operation - As reported in the Company's announcement on 26 June 2018, Henan Xinfei Household Appliance Co. Ltd., Henan Xinfei Refrigeration Appliances Co., Ltd. and Henan Xinfei Electric Co., Ltd. (collectively, the "**Xinfei Companies**") had ceased to be subsidiaries of the Group with effect from 21 May 2018. On 6 August 2018, the Company further announced the completion of the equity transfer of the shares in each of the Xinfei Companies.*

*As required by the Singapore Financial Reporting Standards (International) 10 Consolidated Financial Statements, the Xinfei Companies were de-consolidated from the Group in the second quarter ("**2Q**") of 2018. The operating performance of the Xinfei Companies, together with the net loss on de-consolidation, has been presented separately under "discontinued operation" in the income statement. Subsequently, debts have been recovered from the Xinfei Companies. As a result, loss from discontinued operation was $33.2 million in FY2018. Comparative figures have been restated to conform to current year's presentation.*

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

	Group		
Profit before tax from continuing operations includes the following:	**2018 $'000**	**2017 $'000**	**+/- %**
Gain on disposal of property, plant and equipment (1)	1,805	2,652	-31.9%
Impairment losses on property, plant and equipment and intangible assets (2)	(10,046)	(12,420)	-19.1%
Impairment losses written back for trade and other receivables, net (3)	2,050	2,115	-3.1%
Allowance written back for inventories obsolescence, net (4)	1,322	3,024	-56.3%
Depreciation and amortisation (5)	(111,320)	(119,194)	-6.6%
Foreign exchange gain, net (6)	350	4,812	-92.7%
Fair value gain on derivatives, net (7)	922	-	NM
Interest expense (8)	(35,907)	(35,458)	1.3%
Interest income (9)	32,638	24,503	33.2%
Gain on disposal of subsidiary (10)	-	44,107	NM
Gain on disposal of joint venture (11)	-	22,213	NM
Write-off of property, plant & equipment (12)	(268)	(1,246)	-78.5%

NM: Not meaningful

(1) Net gains on disposal of property, plant and equipment in FY2018 and FY2017 were attributed mainly to the Group's Diesel Engines Unit ("**Yuchai**").

(2) Impairment losses in FY2018 were mainly related to impairment of property, plant and equipment in Yuchai and the Group's Air-conditioning Systems Unit ("**Airwell**") and intangible assets in Airwell.

Impairment losses in FY2017 were mainly related to impairment of property, plant and equipment and intangible assets in Yuchai.

(3) Net impairment losses written back for trade and other receivables in FY2018 and FY2017 were attributed mainly to Yuchai.

(4) Net allowance written back for inventories obsolescence in FY2018 and FY2017 were attributed mainly to Yuchai.

(5) Depreciation and amortisation recorded in FY2018 was comparable to FY2017.

(6) The lower net foreign exchange gain recorded in FY2018 was mainly due to lower foreign exchange gain on revaluation of Singapore dollar ("**SGD**") assets in China Yuchai International Limited ("**CYI**") (with functional currency in United States dollar ("**USD**")).

(7) Net fair value gain on derivatives in 2018 (for hedging against foreign currency risk) mainly arose from forward foreign exchange contract in Yuchai.

(8) The increase in interest expense in FY2018 was mainly due to increased bank borrowings in Yuchai.

(9) The increase in interest income in FY2018 was mainly due to higher interest income in Yuchai.

(10) Gain on disposal of subsidiary arose from the disposal of investment in LKN Investment International Pte. Ltd. in November 2017, which owns and operates a service apartment hotel in Shanghai.

(11) Gain on disposal of joint venture arose from the disposal of interest in Copthorne Hotel Qingdao Co., Ltd., completed in October 2017, which owns and operates a hotel in Qingdao.

(12) The write-offs of property, plant and equipment in FY2018 and FY2017 were mainly recorded by Yuchai.

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

In FY2018, the Group's tax charge included reversal of provision of $3,652,000 for prior years (FY2017: additional provision of $2,479,000 for prior years).

As explained in the Group's first quarter 2017 results announcement dated 12 May 2017, a Malaysian subsidiary (the "**Subsidiary**") previously received Notices of Assessment ("**Notices**") from the Malaysia Tax Authority ("**IRB**") for additional tax payments relating to prior years. IRB reviewed the Subsidiary's tax position again and decided to discharge these Notices. This matter is now concluded. As a result, the additional tax provision made of $1,611,000 had been written back in the third quarter ("**3Q**") of 2018.

1(a)(iv) Statement of Comprehensive Income

	Group		
	2018 $'000	**2017 $'000 (Restated)**	**+/- %**
Profit for the year	**126,664**	**108,699**	**16.5%**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	(62,014)	(36,498)	69.9%
Net fair value changes of financial assets	3,243	613	429.0%
Realisation of reserves upon de-consolidation of subsidiaries	(10,250)	-	NM
Exchange differences on monetary items forming part of net investment in foreign entities	1,303	(3,367)	NM
Realisation of foreign currency translation reserves upon disposal of foreign operation	-	(835)	NM
Total other comprehensive income for the year, net of tax	**(67,718)**	**(40,087)**	**68.9%**
Total comprehensive income for the year	**58,946**	**68,612**	**-14.1%**
Attributable to:			
Owners of the Company	(77,439)	(84,530)	-8.4%
Non-controlling interests	136,385	153,142	-10.9%
Total comprehensive income for the year	**58,946**	**68,612**	**-14.1%**
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax	4,503	25,898	-82.6%
Total comprehensive income from discontinued operations, net of tax	(81,942)	(110,428)	-25.8%
Total comprehensive income for the year attributable to Owners of the Company	**(77,439)**	**(84,530)**	**-8.4%**

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.

	Group			Company		
$'000	31.12.2018	31.12.2017 (Restated)	01.01.2017 (Restated)	31.12.2018	31.12.2017	01.01.2017
Non-current assets						
Property, plant and equipment	893,959	1,005,664	1,111,296	93	78	126
Land use rights	105,405	128,882	133,640	-	-	-
Intangible assets	43,942	52,293	61,589	109	138	152
Investment in subsidiaries	-	-	-	201,935	202,955	202,955
Interests in associates	45,380	47,043	48,339	13,726	13,726	13,726
Interests in joint ventures	59,509	40,153	21,464	-	-	-
Investment property	1,344	1,522	1,516	-	-	-
Other investments	2,914	5,202	1,434	-	-	-
Non-current receivables	4,897	8,375	6,645	20,000	166,843	171,118
Contract assets	8,825	-	-	-	-	-
Deferred tax assets	72,934	65,345	56,962	-	-	-
Long-term deposits	13,902	14,336	-	-	-	-
	1,253,011	**1,368,815**	**1,442,885**	**235,863**	**383,740**	**388,077**
Current assets						
Inventories	562,729	631,817	464,979	-	-	-
Development properties	4,025	4,881	4,858	-	-	-
Other investments	4,353	5,061	2,543	-	-	-
Derivatives	899	-	-	-	-	-
Trade and other receivables	1,684,345	1,714,744	1,790,977	245,506	216,088	225,841
Cash and short-term deposits	1,308,076	1,363,934	1,033,698	29,275	19,161	2,482
Assets of disposal group classified as held for sale	-	-	18,397	-	-	-
	3,564,427	**3,720,437**	**3,315,452**	**274,781**	**235,249**	**228,323**
Total assets	**4,817,438**	**5,089,252**	**4,758,337**	**510,644**	**618,989**	**616,400**
Current liabilities						
Trade and other payables	1,479,583	1,792,866	1,671,049	9,160	18,865	5,201
Contract liabilities	56,956	40,667	38,633	-	-	-
Provisions	38,556	53,017	55,145	-	-	-
Loans and borrowings	544,657	677,709	537,888	66,324	175,075	182,142
Current tax payable	14,938	12,749	10,817	89	15	8
Derivatives	-	-	29	-	-	-
	2,134,690	**2,577,008**	**2,313,561**	**75,573**	**193,955**	**187,351**
Net current assets	**1,429,737**	**1,143,429**	**1,001,891**	**199,208**	**41,294**	**40,972**
Non-current liabilities						
Loans and borrowings	230,308	217,701	167,010	226,900	200,000	140,000
Deferred tax liabilities	34,741	41,497	43,369	2,333	2,100	2,037
Deferred grants	116,285	70,674	68,585	-	-	-
Other non-current payables	31,794	32,019	28,420	-	-	-
Contract liabilities	10,666	7,119	5,688	-	-	-
Retirement benefit obligations	2	1	259	-	-	-
	423,796	**369,011**	**313,331**	**229,233**	**202,100**	**142,037**
Total liabilities	**2,558,486**	**2,946,019**	**2,626,892**	**304,806**	**396,055**	**329,388**
Net assets	**2,258,952**	**2,143,233**	**2,131,445**	**205,838**	**222,934**	**287,012**
Equity attributable to owners of the Company						
Share capital	467,890	266,830	266,830	467,890	266,830	266,830
Reserves	278,962	349,101	431,102	(262,052)	(43,896)	20,182
Reserve of disposal group classified as held for sale	-	-	4,685	-	-	-
	746,852	615,931	702,617	205,838	222,934	287,012
Non-controlling interests	1,512,100	1,527,302	1,428,828	-	-	-
Total equity	**2,258,952**	**2,143,233**	**2,131,445**	**205,838**	**222,934**	**287,012**
Total equity and liabilities	**4,817,438**	**5,089,252**	**4,758,337**	**510,644**	**618,989**	**616,400**

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, land use rights and intangible assets resulting from the de-consolidation of the Xinfei Companies during 2Q 2018.

- Current assets: The decrease in current assets was mainly due to lower cash and short-term deposits and inventories holding at 31 December 2018.

- Current liabilities: The decrease in current liabilities was mainly due to lower trade and other payables and loans and borrowings at 31 December 2018.

- Non-current liabilities: The increase in non-current liabilities was mainly due to higher deferred grants and long-term loans and borrowings at 31 December 2018, which was partially offset by lower deferred tax liabilities upon de-consolidation of the Xinfei Companies during 2Q 2018.

Company

- Non-current assets: The decrease in non-current assets was mainly due to impairment of investment in subsidiaries and receivables from subsidiaries of $230.4 million during 2018.

- Current assets: The increase in current assets was mainly due to higher receivables from subsidiaries and higher cash and short-term deposits at 31 December 2018.

- Current liabilities: The decrease in current liabilities was mainly due to repayment of short-term loans and borrowings in 2018.

- Non-current liabilities: The increase in non-current liabilities was mainly due to higher long-term loans and borrowings at 31 December 2018.

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

Amount repayable in one year or less, or on demand

As at 31.12.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
$100,407,000	$444,250,000	$11,888,000	$665,821,000

Amount repayable after one year

As at 31.12.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
$408,000	$229,900,000	$14,701,000	$203,000,000

Details of any collateral

The secured banking facilities of the Group, comprising term loans, are secured on the assets of certain subsidiaries with a total carrying value as at 31 December 2018 of $104,099,000 (31 December 2017: $51,193,000).

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

	2018 $'000	2017 $'000 (Restated)
Operating activities		
Profit before income tax from continuing operations	198,775	270,292
Loss before income tax from discontinued operation	(33,162)	(120,702)
Adjustments for:		
Share of profit of associates and joint ventures, net of income tax	(3,462)	(1,566)
Cost of share-based payments	-	876
Depreciation and amortisation	112,106	129,777
Allowance (written back)/recognised for inventories obsolescence, net	(195)	8,230
Impairment losses (written back)/recognised for trade and other receivables	(1,793)	10,029
Impairment losses recognised for property, plant and equipment and intangible assets	10,046	21,554
Property, plant and equipment written off	268	1,246
Finance costs	39,965	41,552
Dividend income from other investments	(466)	(560)
Interest income	(32,651)	(24,532)
Loss/(gain) on de-consolidation/disposal of:		
- subsidiaries	9,303	(44,107)
- joint venture (assets held for sale)	-	(22,213)
- property, plant and equipment	(1,805)	(2,266)
Fair value loss/(gain) on investments	700	(2,602)
Fair value gain on derivatives	(922)	-
Provision for warranties and other costs, net	44,726	80,934
Operating cash flows before changes in working capital	341,433	345,942
Changes in working capital:		
Inventories and development properties	13,346	(181,320)
Trade and other receivables and contract assets	(100,488)	22,950
Trade and other payables and contract liabilities	(131,885)	145,628
Grant received from government	55,559	10,225
Provisions utilised	(52,216)	(82,712)
Cash flows from operations	125,749	260,713
Income tax paid	(40,271)	(46,604)
Net cash flows generated from operating activities	85,478	214,109
Investing activities		
Additional investment in joint ventures	(15,267)	(15,322)
Dividends received from:		
- associates and joint ventures	2,885	1,613
- other investments	466	560
Interest received	31,879	27,232
Net release/(placement) of deposits with banks	15,145	(29,201)
Purchase of:		
- property, plant and equipment	(100,554)	(77,314)
- intangible assets	(37,182)	(1,438)
- other investments	(1,124)	(3,139)
Net cash (outflow)/inflow from de-consolidation/disposal of:		
- subsidiaries, net of cash de-consolidated/disposed	(5,201)	69,727
- associate	-	374
- property, plant and equipment	1,651	6,326
- joint venture (assets held-for-sale)	-	37,288
Repayment of loan from joint venture	-	2,858
Net cash flows (used in)/generated from investing activities	(107,302)	19,564
Financing activities		
Acquisition of non-controlling interests	(13,302)	(1,695)
Dividends paid to:		
- non-controlling interests of subsidiaries	(102,871)	(56,774)
- shareholders of the Company	-	(3,739)
Interest paid	(39,179)	(43,085)
Proceeds from borrowings	517,594	564,035
Net proceeds from shares issue	201,060	-
Capital contribution by non-controlling interests of subsidiaries	-	4,508
Repayment in respect of borrowings	(544,157)	(369,573)
Repayment of obligation under finance leases	(970)	(1,645)
Net cash flows from financing activities	18,175	92,032
Net (decrease)/increase in cash and cash equivalents	(3,649)	325,705
Cash and cash equivalents at beginning of the financial year	1,262,104	945,171
Effect of exchange rate changes on balances held in foreign currencies	(34,350)	(8,772)
Cash and cash equivalents at end of the financial year	1,224,105	1,262,104
Comprising:		
Cash and short-term deposits	1,308,076	1,363,934
Less: Short-term deposits and restricted deposits	(83,971)	(101,830)
	1,224,105	1,262,104

The attributable net assets of subsidiaries de-consolidated/disposed during the year are as follows:

	2018 $'000	2017 $'000
De-consolidation/Disposal of subsidiaries		
Non-current assets	129,262	21,400
Net current liabilities	(100,875)	1,761
Non-current liabilities	(8,834)	(120)
Non-controlling interests	38,665	-
Realisation of reserves	(48,915)	-
(Loss)/gain on de-consolidation/disposal of subsidiaries	(9,303)	44,107
Realisation of translation differences	-	3,776
Total cash consideration	-	70,924
Less: Proceeds reflected as receivable, net of unpaid transaction costs	-	671
Less: Cash and cash equivalents of subsidiaries de-consolidated/disposed	(5,201)	(1,868)
De-consolidation/Disposal of subsidiaries, net of cash disposed	(5,201)	69,727

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**
The Group												
At 31 December 2016 as previously reported	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
Adoption of SFRS (I) 15	-	-	-	-	-	(183)	-	-	4,364	4,181	9,910	14,091
Restated balance at 31 December 2016	266,830	4,442	33,369	45,246	4,231	(51,924)	34,775	4,685	360,963	702,617	1,428,828	2,131,445
Adoption of SFRS (I)	-	-	-	-	-	51,924	-	-	(51,924)	-	-	-
Restated balance at 1 January 2017	266,830	4,442	33,369	45,246	4,231	-	34,775	4,685	309,039	702,617	1,428,828	2,131,445
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(71,772)	(71,772)	180,471	108,699
Other comprehensive income												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(9,582)	-	-	-	(9,582)	(26,916)	(36,498)
Net fair value changes of financial assets	-	-	-	613	-	-	-	-	-	613	-	613
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	(3,367)	-	-	-	(3,367)	-	(3,367)
Realisation of foreign currency translation reserves upon disposal of foreign operation	-	-	-	-	-	4,263	-	(4,685)	-	(422)	(413)	(835)
Other comprehensive income for the year, net of tax	-	-	-	613	-	(8,686)	-	(4,685)	-	(12,758)	(27,329)	(40,087)
Total comprehensive income for the year	-	-	-	613	-	(8,686)	-	(4,685)	(71,772)	(84,530)	153,142	68,612
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Cost of share-based payments	-	-	-	-	1,012	-	-	-	-	1,012	(136)	876
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	700	-	-	700	3,808	4,508
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(56,774)	(56,774)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	(51)	-	-	-	-	(78)	-	-	(129)	(1,566)	(1,695)
Others												
Transfer to statutory reserve	-	-	384	-	-	-	-	-	(384)	-	-	-
At 31 December 2017	266,830	4,391	33,753	45,859	5,243	(8,686)	35,397	-	233,144	615,931	1,527,302	2,143,233

1(d)(i) Statement of changes in equity for the periods ended 31 December (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
The Group												
At 31 December 2017 as previously reported	266,830	4,391	33,753	45,859	5,243	(60,354)	35,397	-	286,025	617,144	1,529,645	2,146,789
Adoption of SFRS (I) 15	-	-	-	-	-	(256)	-	-	(957)	(1,213)	(2,343)	(3,556)
Adoption of SFRS (I)	-	-	-	-	-	51,924	-	-	(51,924)	-	-	-
Restated balance at 31 December 2017	266,830	4,391	33,753	45,859	5,243	(8,686)	35,397	-	233,144	615,931	1,527,302	2,143,233
Adoption of SFRS (I) 9	-	-	-	(8,601)	-	-	-	-	-	(8,601)	(19,513)	(28,114)
Restated balance at 1 January 2018	266,830	4,391	33,753	37,258	5,243	(8,686)	35,397	-	233,144	607,330	1,507,789	2,115,119
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(6,017)	(6,017)	132,681	126,664
Other comprehensive income												
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(23,058)	-	-	-	(23,058)	(38,956)	(62,014)
Net fair value changes of financial assets	-	-	-	(752)	-	-	-	-	-	(752)	3,995	3,243
Realisation of reserves upon de-consolidation of subsidiaries	-	(40)	(18,608)	(34,314)	-	4,047	-	-	-	(48,915)	38,665	(10,250)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	-	-	1,303	-	-	-	1,303	-	1,303
Other comprehensive income for the year, net of tax	-	(40)	(18,608)	(35,066)	-	(17,708)	-	-	-	(71,422)	3,704	(67,718)
Total comprehensive income for the year	-	(40)	(18,608)	(35,066)	-	(17,708)	-	-	(6,017)	(77,439)	136,385	58,946
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Shares issued	201,911	-	-	-	-	-	-	-	-	201,911	-	201,911
Share issuance expense	(851)	-	-	-	-	-	-	-	-	(851)	-	(851)
Dividends paid to non-controlling interests of subsidiaries	-	-	-		-	-	-	-	-	-	(102,871)	(102,871)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	-	-	-	-	-	15,901	-	-	15,901	(29,203)	(13,302)
Others												
Transfer to statutory reserve	-	-	280	-	-	-	-	-	(280)	-	-	-
At 31 December 2018	467,890	4,351	15,425	2,192	5,243	(26,394)	51,298	-	226,847	746,852	1,512,100	2,258,952

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

Statement of Changes In Equity The Company	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Accumulated profits/ (losses) $'000	Total equity $'000
At 1 January 2017	266,830	9,199	2,467	8,516	287,012
Total comprehensive income for the year	-	-	-	(60,339)	(60,339)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid to shareholders	-	-	-	(3,739)	(3,739)
At 31 December 2017	266,830	9,199	2,467	(55,562)	222,934
At 1 January 2018	266,830	9,199	2,467	(55,562)	222,934
Total comprehensive income for the year	-	-	-	(218,156)	(218,156)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Shares issued	201,911	-	-	-	201,911
Share issuance expense	(851)	-	-	-	(851)
At 31 December 2018	467,890	9,199	2,467	(273,718)	205,838

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

There were no shares held as treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

As reported in the Company's announcement on 26 October 2018, the total number of issued shares of the Company increased from 373,908,559 shares to 747,817,118 shares, following the allotment and issuance of the rights shares on 26 October 2018. As a result, the share capital of the Company increased from $266,830,421 as at 31 December 2017 to $467,889,756 (net of share issuance expense) as at 31 December 2018.

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 year ended 31 December 2018.

As at 31 December 2018, there were a total of 570,000 (31 December 2017: 1,290,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2011	$3.17	380,000
2014	$1.31	190,000
Total		570,000

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 was 747,817,118 as at 31 December 2018 and 373,908,559 as at 31 December 2017.

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

There was no sale, transfer, cancellation and/or use of treasury shares/subsidiary holdings during the year ended 31 December 2018.

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 2017, except for the adoption of the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework and new SFRS(I)s that became effective on 1 January 2018. Please refer to paragraph 5 for further details.

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.

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted the new financial reporting framework and applied the following new accounting standards on 1 January 2018:

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*

The adoption of the new financial reporting framework and accounting standards did not have any material impact on the financial statements, except as described below:

a) Application of SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)*

On transition to the new financial reporting framework, the Group has elected the option in SFRS(I) 1 to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017.

As a result, the Group reclassified an amount of $51,924,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

b) SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the changes in accounting policies retrospectively to each reporting period presented, using the full retrospective approach. Accordingly, the comparative figures in the Group's balance sheet as at 31 December 2017 and 1 January 2017 and the Group's income statement for the year ended 31 December 2017 have been restated to reflect the retrospective adjustments upon adoption of SFRS(I) 15.

Warranty obligations

Under SFRS(I) 15, the Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period the warranty services are provided.

As a result, the Group's income statements were restated as follows:

FY2017

- Revenue decreased by $5,026,000 to $3,745,077,000.
- Cost of sales increased by $27,423,000 to $2,992,711,000.
- Selling and distribution expenses decreased by $33,277,000 to $240,284,000.

The Group recorded an adjustment to decrease the opening retained earnings as at 1 January 2017 by $1,393,000 for service-type warranty before 1 January 2017.

Performance obligation

Under FRS 18 Revenue, the sale of a certain intangible asset amounting to $23,521,000 was recognised in the fourth quarter of 2017 as other income, as the requirement for the production milestone was fulfilled. With the adoption of SFRS(I) 15, management has reviewed and concluded that the Group had significantly performed its obligations in 2015, and the profit arising from the sale of intangible asset would have to be adjusted to the opening retained earnings as at 1 January 2017.

As a result, the Group recorded an adjustment to increase the opening retained earnings as at 1 January 2017 by $5,757,000.

c) SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The new impairment requirements in SFRS(I) 9 are based on an expected credit loss model.

With the adoption of SFRS(I) 9, the Group measures bill receivables at fair value through other comprehensive income. The Group receives bill receivables as trade settlement and routinely sells some of the bills receivables before their maturity.

As a result, the Group recorded a decrease in bill receivables and equity of $28,114,000 as at 1 January 2018. Applying the exemption in SFRS(I) 1, comparative information in the financial statements has not been restated.

In summary, the resultant effect of the restatements on the Group's income statements was as follows:

FY2017

- Revenue was adjusted from $3,750,103,000 to $3,745,077,000.
- Profit after tax was adjusted from $126,086,000 to $108,699,000.
- Loss attributable to the owners of the Company was adjusted from $66,451,000 to $71,772,000.

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	
Loss per ordinary share based on net profit attributable to shareholders	2018	2017 (Restated)
(i) Based on the weighted average number of ordinary shares in issue	(1.37)	(19.19)
(ii) On a fully diluted basis (cts)	(1.37)	(19.19)

570,000 (31 December 2017: 1,290,000) 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	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 31 December 2018 and as at 31 December 2017 (cts)	99.87	164.73	27.53	59.62

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**") and the Building Materials Unit ("**BMU**"). The other business units in the Group are the Industrial Packaging Unit ("**Rex**") and the Air-conditioning Systems Unit ("**Airwell**").

As reported in the Company's announcement on 26 June 2018, the Group's Consumer Products Unit ("**Xinfei**") was de-consolidated with effect from 21 May 2018. The operating performance of Xinfei, together with the net loss on de-consolidation, has been presented separately under the "discontinued operation" in the income statement.

The Group operates mainly in China, Singapore and Malaysia.

China's economy grew 6.6% in 2018, which is lower than 6.9% in 2017. In Singapore, the economy grew 3.2% in 2018. However, the construction sector contracted by 3.4%. The decline in the construction industry had an adverse impact on the operating performance of BMU. In Singapore, the decline led to fewer projects and keen price competition. In Malaysia, the Group's subsidiary, Tasek Corporation Berhad ("**Tasek**"), faced intense price competition due to excess cement capacity and reduced number of private property projects.

In FY2018, loss attributable to the owners of the Company ("**PATMI**") decreased by $65.8 million to $6.0 million, as compared to $71.8 million in FY2017 (Restated). Profit from continuing operations attributable to the owners of the Company decreased by $12.1 million to $24.8 million, as compared to $36.9 million in FY2017 (Restated).

<u>2018 versus 2017 (Restated)</u>
<u>(* all references to 2017 in this section are with reference to 2017 (Restated))</u>

Revenue for the Group was $3.786 billion in FY2018, an increase of $40.6 million or 1.1%, from $3.745 billion in FY2017. The increase in revenue was mainly due to higher revenue recorded by BMU.

- BMU's revenue increased by $48.8 million or 12.9% as compared to FY2017.

  In Singapore, the construction industry declined 3.4% in FY2018 against the prior contraction of 8.4% in FY2017. The contraction was primarily due to weakness in public sector construction activities, additional cooling measures in the private property market and the delay in construction of the Kuala Lumpur-Singapore high-speed rail project. In Malaysia, Tasek continued to be impacted by the prolonged pricing competition in the domestic market that resulted in a lower average net selling price for both the cement and ready-mixed concrete segments.

  Despite the adverse market conditions, BMU was able to achieve higher revenue as compared to FY2017 due to higher revenue from ready-mix but partially offset by lower precast sales.

- Yuchai's revenue in FY2018 was comparable to FY2017. Yuchai sold 375,731 engines in FY2018, an increase of 2.4% or 8,634 units as compared to 367,097 units sold in FY2017. The unit sales increase was mainly due to higher engine unit sales in the truck and off-road segments which was partially offset by lower engine sales in the bus segment.

  In the on-road segment, statistics from China Association of Automobile Manufacturers reported a decline in sales of commercial vehicles (excluding gasoline-powered and electric-powered vehicles) by 1.7% as compared with FY2017.

The Group's gross profit was $700.6 million in FY2018, a decrease of $51.8 million or 6.9%, from $752.4 million in FY2017. The gross profit margin was 18.5% as compared to 20.1% in FY2017, a decrease of 1.6 percentage point.

Other income was $48.8 million in FY2018, a decrease of $61.8 million from $110.6 million in FY2017. The decrease was mainly due to asset disposal gains from HL Global Enterprises Limited ("**HLGE**") of $66.3 million in FY2017. HLGE is a subsidiary of China Yuchai International Limited. The asset disposal gains comprised a gain of $44.1 million from the disposal of a HLGE's subsidiary which owns and operates a service apartment hotel in Shanghai, and a gain of $22.2 million from the disposal of a jointly-controlled entity which owns and operates a hotel in Qingdao. For FY2018, other income mainly comprised interest income.

Selling and distribution ("**S&D**") expenses were $247.1 million in FY2018, an increase of $6.8 million or 2.8% as compared to $240.3 million in FY2017. The increase was mainly due to higher delivery costs and staff costs, partially offset by lower warranty expenses. As a percentage of sales, S&D expenses were 6.5% for FY2018 as compared to 6.4% in FY2017, an increase of 0.1 percentage point.

Research and development ("**R&D**") expenses were $92.7 million in FY2018, a decrease of $32.9 million or 26.2% as compared to $125.6 million in FY2017. The decrease was mainly due to the capitalisation of development costs for National VI and Tier 4 engines by Yuchai. The ongoing R&D program is focused on new and existing engine products as well as continued initiatives to improve engine quality and performance. As a percentage of sales, R&D expenses were 2.4% in FY2018 as compared to 3.4% in FY2017, a decrease of 1.0 percentage point.

General and administrative ("**G&A**") expenses were $174.3 million in FY2018, a decrease of $16.3 million or 8.5% as compared to $190.6 million in FY2017. The decrease was mainly due to lower staff costs in Yuchai in FY2018 and higher impairment of plant and equipment and intangible assets recorded in FY2017. As a percentage of sales, G&A expenses were 4.6% in FY2018 as compared to 5.1% in FY2017, a decrease of 0.5 percentage point.

Finance costs were $37.0 million in FY2018, an increase of $0.5 million or 1.4% as compared to $36.5 million in FY2017. The increase in finance costs was mainly due to increased bank borrowings in Yuchai.

Other expenses were $2.9 million in FY2018, an increase of $1.6 million from $1.3 million in FY2017. The increase was mainly due to additional withholding tax and relevant expense on disposal of subsidiary, LKN Investment International Pte. Ltd., in November 2017.

As a result, profit from continuing operations after tax was $159.8 million in FY2018 as compared to $229.4 million in FY2017. The Group recorded a profit from continuing operations attributable to the owners of the Company of $24.8 million in FY2018, as compared to $36.9 million in FY2017.

Working Capital and Cash Flow

The Group had cash and short-term deposits of $1.308 billion as at 31 December 2018 compared with $1.364 billion as at 31 December 2017.

During the year under review, the net cash inflow from operating activities was $85.5 million. The Group generated cash from operating activities of $341.4 million before working capital changes, which was used to finance the increase in trade and other receivables and decrease in trade and other payables at year-end (pertaining to the Group's continuing operations).

The net cash outflow from investing activities of $107.3 million was mainly due to purchase of property, plant and equipment, intangible assets and additional investment in joint venture, partially offset by interest received and net release of deposits with banks.

The Group had net cash inflow from financing activities of $18.2 million. It was mainly due to net rights issue proceeds of $201.1 million, partially offset by dividend paid of $102.9 million, interest payment of $39.2 million and net repayment of borrowings of $26.6 million.

As reported in the Group's results announcement for the third quarter of 2018 dated 14 November 2018, the Company has raised net proceeds of $201.1 million from the rights issue exercise in October 2018. As at the date of this Announcement, there has not been any utilisation of the net proceeds for the intended uses as stated in the Offer Information Statement dated 3 October 2018. Pending such deployment, funds have been used in the interim to repay short-term revolving facilities and the balance has been deposited with financial institutions. The Company will make periodic announcements via SGXNET on the actual deployment of the proceeds.

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.

In China, the trade war is starting to weigh in on the world's second largest economy. China's economy is forecasted to grow at the slowest pace in 29 years in 2019, as the true impact of the trade war with the U.S. sets in. The prospects and the domestic market condition for Yuchai are expected to remain challenging.

In Malaysia, the demand for cement remains soft with the cancelation of various public and private sector projects. The Group expects Tasek to continue to operate in challenging market conditions.

In Singapore, the construction sector contracted by 1.0% on a year-on-year basis in the fourth quarter, extending the 2.3% decline in the previous quarter. The contraction was primarily due to weakness in public sector construction activities, cooling measures in the property market and the delay in construction of the Kuala Lumpur-Singapore high-speed rail project. Accordingly, the Group expects the demand for construction activities in the local market to remain competitive. Notwithstanding that, BMU had witnessed an improvement in sales volumes and pricing in recent tenders. The construction of the Group's Precast manufacturing facility, when ready, will enable the Precast business unit to continue to be a significant player in Singapore.

Lastly, the Group continues to explore avenues to increase shareholders' value. Following the completion of the rights issue exercise, the Group is better placed to further enhance its financial flexibility and to capitalise on potential growth opportunities.

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 and the reason(s) for the decision.

In view of the Group's loss attributable to shareholders of the Company for FY2018, no dividend is declared / recommended for the financial year under review.

13. Interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions for FY2018 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates	
- Construction-related Transaction - Purchase of raw materials from Interested Persons	$1,589,602
- General Transaction (renewal of sub-lease of office premises by the Company for a lease tenure of three years)	$1,451,970
	Total: $3,041,572

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

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

14 (a)(i). Business Segments

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

$' 000	Diesel engines	Building materials	Industrial packaging	Air-conditioning systems	Corporate and Others [1]	Consumer products (Discontinued operation)	Adjustments	Total
2018								
External revenue	3,299,770	428,191	32,604	14,332	10,744	7,873	(7,873)	3,785,641
Interest income	29,116	1,633	39	21	4,544	13	(2,728)	32,638
Interest expense	(21,971)	(398)	(1,286)	(2,003)	(12,921)	(2,910)	5,582	(35,907)
Depreciation and amortisation	(88,711)	(18,311)	(1,670)	(1,446)	(1,182)	(786)	786	(111,320)
Reportable segment profit/(loss) before income tax	236,706	(8,750)	(2,968)	(11,024)	(15,189)	(33,162)	33,162	198,775
Share of profit of associates and joint ventures, net of income tax	2,200	1,094	-	-	168	-	-	3,462
Reportable segment profit/(loss) after income tax	194,805	(6,496)	(3,261)	(11,025)	(14,197)	(33,162)	33,162	159,826
2017								
External revenue	3,294,575	379,363	40,542	18,922	11,675	276,567	(276,567)	3,745,077
Interest income	21,213	2,483	32	28	2,830	29	(2,112)	24,503
Interest expense	(18,789)	(154)	(1,250)	(1,667)	(15,680)	(4,953)	7,035	(35,458)
Depreciation and amortisation	(91,083)	(22,393)	(2,134)	(1,564)	(2,020)	(10,583)	10,583	(119,194)
Reportable segment profit/(loss) before income tax	219,919	(6,327)	(3,971)	(3,913)	64,584	(120,702)	120,702	270,292
Share of profit/(loss) of associates and joint ventures, net of income tax	1,889	(486)	-	-	163	-	-	1,566
Reportable segment profit/(loss) after income tax	180,379	(5,833)	(3,978)	(3,913)	62,746	(120,702)	120,702	229,401

[1] Others relate to hospitality and property development. In 2017, it included the gains from the disposal of subsidiary and joint venture belonging to HL Global Enterprises Limited.

14 (a)(ii). Geographical Segments

$'000	China (including Hong Kong)	Singapore	Malaysia	Others	Consolidated
2018					
Total revenue from external customers	3,318,192	243,812	197,630	26,007	3,785,641
2017 (Restated)					
Total revenue from external customers	3,323,129	185,697	210,689	25,562	3,745,077

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.

	Group		
	2018 $'000	2017 (Restated) $'000	Increase/ (Decrease)
Sales reported for first half	2,016,064	1,978,272	1.9%
Operating profit after tax before deducting non-controlling interests reported for first half year	35,233	40,558	-13.1%
Sales reported for second half	1,769,577	1,766,805	0.2%
Operating profit after tax before deducting non-controlling interests reported for second half year	91,431	68,141	34.2%

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

Not applicable.

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

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no 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.

19. 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

28 February 2019