

**Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2015**

**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") 2015. 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**

	FY 2015 \$'000	Group FY 2014 \$'000	+/- %
<b>Revenue</b>	4,082,728	4,560,004	-10.5%
Cost of sales	(3,229,428)	(3,605,449)	-10.4%
<b>Gross profit</b>	<b>853,300</b>	<b>954,555</b>	<b>-10.6%</b>
Other income, net	17,955	37,634	-52.3%
Selling and distribution expenses	(423,200)	(408,191)	3.7%
Research and development costs	(123,108)	(114,465)	7.6%
General and administrative expenses	(201,992)	(194,856)	3.7%
Finance costs	(43,387)	(58,196)	-25.4%
<b>Profit from operations</b>	<b>79,568</b>	<b>216,481</b>	<b>-63.2%</b>
Share of results of associates and joint ventures, net of tax	1,673	1,504	11.2%
Gains arising from acquisitions	-	19,390	NM
<b>Profit before income tax</b>	<b>81,241</b>	<b>237,375</b>	<b>-65.8%</b>
Income tax expense	(72,882)	(62,749)	16.1%
<b>Profit for the year</b>	<b>8,359</b>	<b>174,626</b>	<b>-95.2%</b>
<b>Attributable to:</b>			
Owners of the Company	(61,353)	26,929	NM
Non-controlling interests	69,712	147,697	-52.8%
	<b>8,359</b>	<b>174,626</b>	<b>-95.2%</b>

Note: The Group's business is largely 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 RMB4.5781 = SGD1.00 for FY2015 and RMB4.8620 = SGD1.00 for FY2014.

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

Profit before income tax include the following:	Group		+/- %
	FY 2015 \$'000	FY 2014 \$'000	
Loss on disposal of property, plant and equipment and land use rights <sup>(1)</sup>	(2,642)	(1,165)	126.8%
Impairment losses on property, plant and equipment and intangible assets <sup>(2)</sup>	(16,201)	(20,213)	-19.8%
Impairment losses recognised for trade and other receivables, net <sup>(3)</sup>	(10,626)	(2,769)	283.7%
Allowance made for inventories obsolescence, net <sup>(4)</sup>	(12,557)	(1,690)	643.0%
Depreciation and amortisation <sup>(5)</sup>	(144,690)	(132,632)	9.1%
Foreign exchange loss, net <sup>(6)</sup>	(9,038)	(1,358)	565.6%
Fair value gain/(loss) on derivatives, net <sup>(7)</sup>	3,689	(1,773)	NM
Interest expense <sup>(8)</sup>	(41,792)	(56,234)	-25.7%
Interest income <sup>(9)</sup>	14,069	15,912	-11.6%
Waiver of trade payables <sup>(10)</sup>	-	7,333	NM
Gains arising from acquisitions <sup>(11)</sup>	-	19,390	NM
Loss on disposal of subsidiary <sup>(12)</sup>	(2,981)	-	NM
Write-off of property, plant & equipment <sup>(13)</sup>	(1,245)	(170)	632.4%

NM: Not meaningful

- (1) Loss on disposal of property, plant and equipment in FY2015 was attributed mainly to the diesel engines unit (“Yuchai”) and consumer products unit (“Xinfei”). This was partially offset by gain on disposal of property, plant and equipment by the building materials unit (“BMU”).

Loss on disposal of property, plant and equipment in FY2014 were attributed mainly to Yuchai and Xinfei, as a result of the write-off of property, plant and equipment no longer in use.

- (2) Impairment losses in FY2015 were mainly related to plant and equipment in Yuchai and intangible assets in Yuchai, Xinfei and the air-conditioning systems unit (“Airwell”).

Impairment losses in FY2014 were mainly related to intangible assets in Yuchai and plant and equipment in Xinfei.

- (3) Impairment losses for trade and other receivables, net in FY2015 were attributed mainly to Yuchai, Xinfei and BMU.

In FY2014, impairment losses for trade and other receivables, net were attributed mainly to Airwell and Xinfei. This was partially offset by write-back of allowance for impairment losses upon successful collection of doubtful debts by Yuchai.

- (4) The allowance for inventories obsolescence, net in FY2015 was mainly recorded by Yuchai, Airwell and Xinfei.

In FY2014, allowance for inventories obsolescence, net was mainly due to Xinfei which was partially offset by allowance written-back for inventories by Yuchai.

- (5) The increase in depreciation and amortisation in FY2015 as compared to FY2014 was mainly due to additional capital expenditure of Yuchai.

- (6) The net foreign exchange loss in FY2015 was mainly due to revaluation of Euro denominated loan liability in Yuchai and Singapore dollar (“SGD”) loan from a subsidiary of China Yuchai International Limited (“CYI”) to HL Global Enterprises Limited (“HLGE”). The corresponding fair value gain (net) on the forward foreign exchange contract in respect of the Euro denominated loan liability is reflected under Note (7) below.

The net foreign exchange loss in FY2014 arose mainly from weakening of the SGD vis-a-vis the Renminbi (“RMB”) and realised exchange loss upon settlement of Japanese Yen (“JPY”) denominated loan in Yuchai.

(7) The net fair value gain on derivatives in FY2015 (for hedging against foreign currency risk) mainly arose from forward foreign exchange contract in Yuchai.

The net fair value loss on derivatives in FY2014 was mainly related to Yuchai and Xinfei.

(8) The decrease in interest expense in FY2015 was mainly due to lower bill discounting by Xinfei and Yuchai.

(9) The decrease in interest income in FY2015 mainly arose from BMU and Xinfei.

(10) Gain in FY2014 arose from waiver of trade payables in Yuchai.

(11) Gains arising from acquisitions in FY2014 were due to Guangxi Yuchai Machinery Company Limited ("GYMCL") increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd from 51% to 100% which resulted in a fair value gain and negative goodwill of \$13.2 million (RMB64.8 million). The balance of \$6.2 million was due to HLGE increasing its shareholding interest in a hotel property company from 45% to 100%. There were no such gains in FY2015.

(12) Loss on disposal of subsidiary in FY2015 arose from the disposal of GYMCL's entire shareholding interest in Xiamen Yuchai Diesel Engines Co., Ltd. ("Xiamen Factory"). In addition, gain on disposal of Xiamen Factory plant and equipment of \$0.2 million (RMB1.1 million) and write-off of certain Xiamen Factory plant and equipment of \$1.0 million (RMB4.8 million) were recognised, and reflected in Note (1) and Note (13) respectively.

(13) Write-off of property, plant and equipment in FY2015 mainly arose from the disposal of Xiamen Factory as mentioned in Note (12) above.

(14) Significant non-cash transactions included in profit before income tax for FY2015 as reflected in Note (2), (3), (4) and (13).

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

The Group's tax charge for 2015 included an over provision of \$646,000 (2014: under provision of \$1,353,000) in respect of prior years. In addition, there was a reversal of deferred tax assets by Xinfei and a subsidiary of Yuchai of \$16.3 million and \$11.2 million respectively.

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

	Group		+/- %
	FY 2015 \$'000	FY 2014 \$'000	
<b>Profit for the year</b>	<b>8,359</b>	<b>174,626</b>	<b>-95.2%</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to income statement</b>			
Transfer of reserve on initial equity interest in joint ventures on acquisition	-	(100)	NM
Exchange differences on translation of financial statements of foreign subsidiaries, joint ventures and associated corporations	1,918	35,056	-94.5%
Net fair value changes of available-for-sale financial assets	(349)	54	NM
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	(64)	-	NM
<b>Total other comprehensive income for the year, net of tax</b>	<b>1,505</b>	<b>35,010</b>	<b>-95.7%</b>
<b>Total comprehensive income for the year</b>	<b>9,864</b>	<b>209,636</b>	<b>-95.3%</b>
<b>Attributable to:</b>			
Owners of the Company	(73,091)	34,064	NM
Non-controlling interests	82,955	175,572	-52.8%
<b>Total comprehensive income for the year</b>	<b>9,864</b>	<b>209,636</b>	<b>-95.3%</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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Non-current assets</b>				
Property, plant and equipment	1,219,741	1,276,373	325	260
Land use rights	141,129	146,699	-	-
Intangible assets	84,789	99,543	192	240
Investment in subsidiaries	-	-	204,455	204,455
Interests in associates	53,210	62,055	13,726	13,726
Interests in joint ventures	57,282	57,692	-	-
Investment properties	1,602	-	-	-
Other investments	1,425	1,766	-	-
Deferred tax assets	75,987	101,683	15	11
Non-current receivables	10,205	7,741	103,184	-
Long-term bank deposits	12,924	-	-	-
	<b>1,658,294</b>	<b>1,753,552</b>	<b>321,897</b>	<b>218,692</b>
<b>Current assets</b>				
Other investments	2,592	4,878	-	1
Inventories	524,799	583,908	-	-
Development properties	4,870	7,108	-	-
Trade and other receivables	1,919,677	2,115,359	226,153	290,218
Cash and short-term deposits	1,013,189	796,775	11,199	1,968
Derivatives	3,340	12	-	-
	<b>3,468,467</b>	<b>3,508,040</b>	<b>237,352</b>	<b>292,187</b>
<b>Current liabilities</b>				
Trade and other payables	1,681,031	1,741,378	5,562	5,076
Provisions	70,063	80,102	-	-
Loans and borrowings	921,533	577,998	202,006	117,375
Current tax payable	13,554	17,599	40	54
Derivatives	-	1,426	-	-
	<b>2,686,181</b>	<b>2,418,503</b>	<b>207,608</b>	<b>122,505</b>
<b>Net current assets</b>	<b>782,286</b>	<b>1,089,537</b>	<b>29,744</b>	<b>169,682</b>
<b>Non-current liabilities</b>				
Loans and borrowings	62,373	371,709	-	60,000
Deferred tax liabilities	45,423	47,159	1,937	1,890
Deferred grants	75,153	69,675	-	-
Other non-current payables	24,844	28,042	-	-
Retirement benefits	256	283	-	-
	<b>208,049</b>	<b>516,868</b>	<b>1,937</b>	<b>61,890</b>
<b>Net assets</b>	<b>2,232,531</b>	<b>2,326,221</b>	<b>349,704</b>	<b>326,484</b>
<b>Capital and reserves</b>				
Share capital	266,830	266,830	266,830	266,830
Reserves	515,910	600,545	82,874	59,654
	782,740	867,375	349,704	326,484
Non-controlling interests	1,449,791	1,458,846	-	-
<b>Total Equity</b>	<b>2,232,531</b>	<b>2,326,221</b>	<b>349,704</b>	<b>326,484</b>

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

### **Group**

- The decrease in non-current assets was mainly due to lower property, plant and equipment upon disposal of plant and equipment of Xiamen Factory and deconsolidation of Shanghai Rex Packaging Co., Ltd and translation of assets of Tasek Corporation Berhad (“Tasek”) arising from the weakening of the Malaysian ringgit (“MYR”) against SGD, impairment of intangible assets in Yuchai, Xinfei and Airwell, reversal of deferred tax assets in Xinfei and a subsidiary of Yuchai of \$27.5 million and reduction in interest in associates with the declaration of dividends by associates in FY2015. This was partially offset by investment property transferred from development properties in HLGE and placement of long-term bank deposits by Yuchai.
- The decrease in current assets was mainly due to lower trade and other receivables resulting from lower revenue and lower inventories holding. This was offset by higher cash and short-term deposits at year-end.
- Current liabilities increased mainly due to short-term bonds issued by Yuchai of \$87 million in FY2015 and reclassification of loans and borrowings (maturing within the next 12 months) from non-current liabilities to current liabilities in Yuchai. This was partially offset by lower trade and other payables.
- Non-current liabilities decreased mainly due to reclassification of loans and borrowings (maturing within the next 12 months) to current liabilities in Yuchai.

### **Company**

- The decrease in current trade and other receivables was mainly due to reclassification of non-trade amounts due from subsidiaries (net of impairment loss recognised in FY2015) from current assets to non-current assets. This was partially offset by higher cash and short-term deposits held.
- The reduction in non-current liabilities arose mainly from 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 31.12.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$66,840,916	\$854,691,611	\$14,718,792	\$563,279,380

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

As at 31.12.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$55,373,145	\$7,000,243	\$92,704,509	\$279,004,131

#### **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 2015 of \$156,706,000 (31 December 2014: \$111,024,000).

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

	FY 2015 \$'000	FY 2014 \$'000
<b>Operating activities</b>		
Profit before tax	81,241	237,375
Adjustments for:		
Share of results of associates and joint ventures, net of tax	(1,673)	(1,504)
Cost of share-based payments	2,344	482
Depreciation and amortisation	144,690	132,632
Allowance recognised for inventories obsolescence	12,557	1,690
Impairment losses recognised for trade and other receivables	10,626	2,769
Impairment losses recognised for property, plant and equipment and intangible assets	16,201	20,213
Property, plant and equipment written off	1,245	170
Finance costs	43,387	58,196
Dividend income from other investments	(44)	(250)
Interest income	(14,069)	(15,912)
Loss/(gain) on disposal of:		
- subsidiaries	2,981	-
- joint ventures	(76)	-
- property, plant and equipment	3,190	1,205
- land use rights	(548)	(40)
Fair value loss on investments	2,375	1,080
Fair value (gain)/loss on derivatives	(3,689)	1,773
Waiver of trade payables	-	(7,333)
Gains arising from acquisition of subsidiaries	-	(19,390)
Provision for warranties and other costs, net	82,744	97,243
<b>Operating profit before working capital changes</b>	<b>383,482</b>	<b>510,399</b>
Changes in working capital:		
Inventories	44,938	92,199
Trade and other receivables	184,639	(53,817)
Trade and other payables	(73,743)	(292,250)
Provisions utilised	(95,770)	(97,559)
<b>Cash flows from operations</b>	<b>443,546</b>	<b>158,972</b>
Income tax paid	(45,091)	(69,978)
<b>Cash flows from operating activities</b>	<b>398,455</b>	<b>88,994</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(3,405)
Acquisition of non-controlling interests in subsidiaries (including share swap transaction)	(24,056)	(8,924)
Investment in associates	(566)	(95)
Dividends received from:		
- associates and joint ventures	6,290	4,236
- other investments	44	250
Interest received	17,814	16,866
Release of long-term fixed deposits	-	22,683
(Placement)/Release of fixed deposits and restricted deposits	(30,924)	134,764
Purchase of:		
- property, plant and equipment	(131,687)	(171,671)
- land use rights	(1,379)	(2,011)
- intangible assets	(1,285)	(5,573)
Proceeds from disposal of:		
- subsidiaries, net of cash disposed	37,286	-
- joint ventures	385	-
- property, plant and equipment	17,212	4,693
- land use rights	983	518
- other investments	1	22
<b>Net cash flows used in investing activities</b>	<b>(109,882)</b>	<b>(7,647)</b>
<b>Financing activities</b>		
Dividend paid to:		
- non-controlling interests of subsidiaries	(74,747)	(92,599)
- shareholders of the Company	(11,217)	(14,956)
Interest paid	(43,242)	(58,058)
Proceeds from borrowings	810,131	571,457
Proceeds from issuance of bonds	87,106	-
Capital contribution by non-controlling interests of subsidiaries	4,122	3,469
Grant received from government	10,902	4,183
Repayment in respect of borrowings	(860,440)	(599,701)
Repayment of obligation under finance leases	(1,770)	(1,194)
<b>Net cash flows used in financing activities</b>	<b>(79,155)</b>	<b>(187,399)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>209,418</b>	<b>(106,052)</b>
Cash and cash equivalents at beginning of the year	740,542	842,877
Effect of exchange rate changes on balances held in foreign currencies	(11,340)	3,717
<b>Cash and cash equivalents at end of the year</b>	<b>938,620</b>	<b>740,542</b>
Comprising:		
Cash and short-term deposits	1,013,189	796,775
Less: Bank overdraft	(25)	-
Less: Short-term investment and restricted deposits	(74,544)	(56,233)
	<b>938,620</b>	<b>740,542</b>

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

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

	FY 2015 \$'000	FY 2014 \$'000
<b>Acquisitions</b>		
Non-current assets	-	46,605
Net current liabilities	-	(18,670)
Non-current liabilities	-	(1,286)
Revaluation reserves	-	(9,453)
Negative goodwill	-	(8,098)
Total consideration	-	9,098
Less: Amount previously accounted for as interest in joint ventures	-	(2,674)
Less: Cash and cash equivalents of subsidiaries acquired	-	(3,019)
Acquisition of subsidiaries, net of cash acquired	-	3,405
<b>Disposal</b>		
Non-current assets	18,458	-
Net current assets	25,915	-
Loss on disposal of a subsidiary	(2,981)	-
Total cash consideration	41,392	-
Less: Cash and cash equivalents of a subsidiary disposed	(4,106)	-
Disposal of a subsidiary, net of cash disposed	37,286	-

The attributable net assets of a joint venture liquidated during the year are as follows:

	FY 2015 \$'000	FY 2014 \$'000
Cash	373	-
Net assets disposed	373	-
Gain on liquidation of a joint venture	76	-
Realisation of foreign currency translation reserve upon liquidation of a joint venture	(64)	-
Net cash inflow on liquidation of a joint venture	385	-

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

Statement of Changes in Equity	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Translation reserve \$'000	Discount on acquisition of non-controlling interests \$'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 2013 (as previously stated)	266,830	(1,569)	34,896	45,525	2,390	(19,313)	13,173	499,347	841,279	1,384,550	2,225,829
Adjustment arising from change in accounting policy At 1 January 2014 (restated)	-	-	-	-	-	317	-	296	613	1,951	2,564
	266,830	(1,569)	34,896	45,525	2,390	(18,996)	13,173	499,643	841,892	1,386,501	2,228,393
Profit for the year	-	-	-	-	-	-	-	26,929	26,929	147,697	174,626
<u>Other comprehensive income</u>											
Transfer of reserves on initial equity interest in joint ventures on acquisition	-	-	-	-	-	(50)	-	-	(50)	(50)	(100)
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	7,131	-	-	7,131	27,925	35,056
Net fair value changes of available-for-sale financial assets	-	-	-	54	-	-	-	-	54	-	54
Other comprehensive income for the year	-	-	-	54	-	7,081	-	-	7,135	27,875	35,010
Total comprehensive income for the year	-	-	-	54	-	7,081	-	26,929	34,064	175,572	209,636
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments	-	-	-	-	482	-	-	-	482	720	1,202
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	3,469	3,469
Dividends paid to shareholders	-	-	-	-	-	-	-	(14,956)	(14,956)	-	(14,956)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(92,599)	(92,599)
<u>Changes in ownership interests in subsidiaries</u>											
Acquisition of non-controlling interests	-	1,862	-	-	-	-	4,031	-	5,893	(14,817)	(8,924)
<u>Others</u>											
Transfer to statutory reserve	-	-	425	-	-	-	-	(425)	-	-	-
At 31 December 2014	266,830	293	35,321	45,579	2,872	(11,915)	17,204	511,191	867,375	1,458,846	2,326,221
At 1 January 2015	266,830	293	35,321	45,579	2,872	(11,915)	17,204	511,191	867,375	1,458,846	2,326,221
Profit for the year	-	-	-	-	-	-	-	(61,353)	(61,353)	69,712	8,359
<u>Other comprehensive income</u>											
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(11,357)	-	-	(11,357)	13,275	1,918
Net fair value changes of available-for-sale financial assets	-	-	-	(349)	-	-	-	-	(349)	-	(349)
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	-	-	-	-	-	(32)	-	-	(32)	(32)	(64)
Realisation of statutory reserve upon disposal of a foreign operation	-	-	(1,287)	-	-	-	-	1,287	-	-	-
Other comprehensive income for the year	-	-	(1,287)	(349)	-	(11,389)	-	1,287	(11,738)	13,243	1,505
Total comprehensive income for the year	-	-	(1,287)	(349)	-	(11,389)	-	(60,066)	(73,091)	82,955	9,864
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments	-	-	-	-	916	-	-	-	916	1,428	2,344
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	(2,933)	-	(2,933)	7,055	4,122
Dividends paid to shareholders	-	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(74,747)	(74,747)
<u>Changes in ownership interests in subsidiaries</u>											
Acquisition of non-controlling interests	-	4,149	(1,147)	-	-	2,712	(4,024)	-	1,690	(25,746)	(24,056)
<u>Others</u>											
Transfer to statutory reserve	-	-	291	-	-	-	-	(291)	-	-	-
At 31 December 2015	266,830	4,442	33,178	45,230	3,788	(20,592)	10,247	439,617	782,740	1,449,791	2,232,531

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

<b>Statement of Changes In Equity</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Equity compensation reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
<b>The Company</b>						
At 1 January 2014	266,830	9,199	2	2,337	39,258	317,626
Total comprehensive income for the year	-	-	(2)	-	23,756	23,754
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Cost of share-based payments	-	-	-	60	-	60
Dividends paid to shareholders	-	-	-	-	(14,956)	(14,956)
At 31 December 2014	<u>266,830</u>	<u>9,199</u>	<u>-</u>	<u>2,397</u>	<u>48,058</u>	<u>326,484</u>
At 1 January 2015	266,830	9,199	-	2,397	48,058	326,484
Total comprehensive income for the year	-	-	-	-	34,381	34,381
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Cost of share-based payments	-	-	-	56	-	56
Dividends paid to shareholders	-	-	-	-	(11,217)	(11,217)
At 31 December 2015	<u>266,830</u>	<u>9,199</u>	<u>-</u>	<u>2,453</u>	<u>71,222</u>	<u>349,704</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 31 December 2015 and 31 December 2014.

There was no change in the Company's issued share capital during the year ended 31 December 2015.

**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 2015.

As at 31 December 2015, there were a total of 1,590,000 (31 December 2014: 1,470,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

<b>Year of Grant</b>	<b>Exercise Price</b>	<b>Number of Outstanding Options</b>
2008	\$2.36	470,000
2011	\$3.17	380,000
2014	\$1.31	540,000
2015	\$1.45	200,000
Total		1,590,000

**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 31 December 2015 and 31 December 2014 was 373,908,559.

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2015.

**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 2014.

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 2015 but it has 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	
	2015	2014
Earnings per ordinary share based on net profit attributable to shareholders		
(i) Based on the weighted average number of ordinary shares in issue (cts)	(16.41)	7.20
(ii) On a fully diluted basis (cts)	(16.41)	7.20

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
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 2015 and as at 31 December 2014 (cts)	209.34	231.98	93.53	87.32

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.

#### **2015 versus 2014**

Revenue for the Group decreased by 10.5% from \$4.560 billion in FY2014 to \$4.083 billion in FY2015. The decrease was mainly due to lower revenue from most business units, in particular, the diesel engines unit ("Yuchai") and the consumer products unit ("Xinfei"). The operating loss attributable to owners of the Company was \$33.4 million for FY2015, arising from the higher loss incurred by Xinfei and the lower profits generated by Yuchai and the building materials unit ("BMU"). The slowdown in the Chinese economy had affected the financial performance of its consumer products segment and air-conditioning systems segment and resulted in delays in development of new engine technology in its diesel engines segment. After adjusting for impairment of property, plant and equipment, intangible assets and reversal of deferred tax assets amounting to \$28.0 million, the loss attributable to the owners of the Company increased to \$61.4 million in FY2015 as compared to the profit attributable to the owners of the Company of \$26.9 million in FY2014.

- Xinfei's revenue declined by 14.7% as compared to FY2014 due to the weaker home appliance market in China, the general slowdown in China's economy and over-capacity in the industry which has led to competitors slashing selling prices to gain market share.
- Yuchai's revenue declined by 11.3% as compared to FY2014. Units of engines sold in FY2015 declined by 24.6% as compared with FY2014. The decrease in unit sales was mainly due to the general slowdown in China's economy resulting in a weaker commercial vehicle market in China. According to the China Association of Automobile Manufacturers ("CAAM"), commercial vehicle unit sales (excluding gasoline-powered and electric-powered vehicles) declined by 14.4% in FY2015 as compared to FY2014. The market remained weak in the heavy and medium-duty truck segments, which registered a decline in sales of 26.0% and 21.0% respectively. The market was also weak in the heavy and medium-duty bus segments, which registered a decline in sales of 25.5% and 19.8% respectively.
- BMU's revenue decreased by 3.2% as compared to FY2014. The decrease was due to lower sales from the Ready-mixed concrete division but partially offset by higher sales from the Precast division.
- Revenue of the industrial packaging unit ("Rex") declined by 12.5% as compared to FY2014 due mainly to the keen competition and lower demand from existing customers.
- Revenue of the air-conditioning systems unit ("Airwell") increased by 15.2% as compared to FY2014.

The Group's gross profit margin in FY2015 was 20.9%. Overall raw material cost as a percentage of sales for the Group decreased by 1.9% as compared to the FY2014. However, it was offset by higher overheads as a percentage to sales due to lower sales volumes.

Other income (net) for FY2015 decreased by \$19.7 million as compared to FY2014. It was mainly due to the increase in foreign exchange loss by \$7.7 million and loss from the disposal of Guangxi Yuchai Machinery Company Limited's ("GYMCL") shareholding interest in Xiamen Yuchai Diesel Engines Co., Ltd ("Xiamen Factory") of \$3.0 million. In FY2014, Yuchai also recorded a one-time waiver of trade payables of \$7.3 million.

Selling and distribution ("S&D") expenses in FY2015 increased by \$15.0 million, or 3.7% as compared to FY2014. It was mainly due to higher selling-related expenses and advertising expenses incurred by Xinfei but partially offset by lower warranty expense and outward freight incurred by Yuchai.

Research and development (“R&D”) expenses in FY2015 increased by \$8.6 million or 7.6% as compared to FY2014 due mainly to higher spending by Yuchai in the research and development of new and existing engine products as well as continued initiatives to improve engine quality.

General and administrative (“G&A”) expenses in FY2015 increased by \$7.1 million or 3.7% as compared to FY2014 due mainly to higher depreciation and staff cost.

Finance costs in FY2015 decreased by \$14.8 million or 25.4% as compared to FY2014. This was due mainly to lower interest expenses incurred on bill discounting by Xinfai and Yuchai and lower interest expenses incurred on term loans.

Share of results of associates and joint ventures, net of tax reported a profit of \$1.7 million in FY2015 from a profit of \$1.5 million in FY2014. This was mainly due to lower losses incurred by associates and joint ventures of Yuchai and reversal of impairment loss in a joint venture of Yuchai but partially offset by lower profit from associates of BMU in FY2015.

There were no gains arising from acquisitions in FY2015. In FY2014, the gains arising from acquisitions were \$19.4 million, contributed from Yuchai (including HL Global Enterprises Limited (“HLGE”). These were mainly due to GYMCL increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd from 51% to 100%, which resulted in a fair value gain and negative goodwill of \$13.2 million. The balance of \$6.2 million was due to HLGE increasing its shareholding interest in a hotel property company from 45% to 100%.

Income tax expenses in FY2015 increased by \$10.1 million or 16.1% as compared to FY2014. This was mainly due to reversal of previously recognised deferred tax assets in Xinfai and a subsidiary of Yuchai of \$27.5 million as there is uncertainty that sufficient taxable profit in future years will be available to allow the benefit of part or all of that deferred tax assets to be utilised.

### **Working Capital and Cash Flow**

The Group had cash and short-term deposits of \$1.013 billion as at 31 December 2015 compared with \$796.8 million as at 31 December 2014.

During the year under review, the Group generated cash from operating activities of \$398.5 million. This was mainly due to lower trade and bills receivables and inventories holding, which was partially offset by lower trade and other payables.

The cash outflow from investing activities was related mainly to the purchase of property, plant and equipment amounting to \$131.7 million, which was partially offset by proceeds from disposal of property, plant and equipment and investments.

The Group had net cash outflow from financing activities of \$79.2 million for FY2015 which was mainly due to net repayment of borrowings of \$50.3 million, dividend payment of \$86.0 million and interest payment of \$43.2 million, offset by proceeds from issuance of bonds of \$87.1 million and government grant of \$10.9 million.

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

The Group’s performance for the year under review was in line with its expectation of its results for the full year ended 31 December 2015 as disclosed in the Company’s profit guidance announcement on 16 February 2016.

**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.**

With the increasingly bearish sentiment engulfing world markets, global equity markets saw trillions of loss in value in the beginning months of 2016, which will have an unfavorable impact on the world economy. China achieved GDP growth of 6.9% in 2015 as compared to 7.4% in 2014. Notwithstanding the slower economic growth, the average pay rise for Chinese workers is expected to rise by another 8% in 2016, according to a Human Resource consultant. China is working to transition from its traditional industrial and manufacturing growth drivers towards an increased growth in services and consumption, but it will take time to achieve the rebalancing of its economic activities.

China is encountering overcapacity and debt problems, left over by double-digit growth of the past decades. A faster than expected slowdown in January 2016 imports and exports reflects weaker investment and manufacturing activities in China, and these developments have increased the level of economic uncertainty. The International Monetary Fund has projected China GDP growth to reduce to 6.3% in 2016. The effects of rebalancing of economic activities in China continue to influence the global outlook, commodity prices and volatility in financial markets.

According to CAAM, the commercial vehicle market (excluding gasoline-powered and electric-powered vehicles) in China continued to decline by 14.4% for 2015. The overall commercial vehicle market and Yuchai will continue to be affected by the economic slowdown in China.

The white goods industry in China relating to consumer appliances remains challenging amidst issues on overcapacity, intensified competition and lower consumer demand. These challenges will continue to impact Xinfai's performance. The Group is continuing its strategic review of Xinfai's business.

In Singapore, based on the advance estimates by the Ministry of Trade and Industry, the economy grew by 2.0% in 2015, slower than the GDP growth of 2.9% achieved in 2014. The Singapore economy is forecasted to grow between 1.0% to 3.0% for 2016. The construction industry expanded by only 1.1% in 2015 against 3.0% in 2014 despite growth in the fourth quarter of 2015 as a result of a pick-up in public sector construction activities. However, the construction industry in Singapore is expected to further drop in volume, and is likely to be affected by lower selling prices as a result of intense competition.

The outlook for the construction sector in Malaysia is expected to remain positive. The ongoing government MRT projects and LRT line extensions are expected to continue to drive the demand for cement and ready-mixed concrete in 2016. This will benefit the construction sector within which the Group's subsidiary, Tasek, operates.

In view of the challenging business environment and uncertain global economy, the Group expects that the performance of its business units based in China will continue to be weak in the first quarter of 2016. The Group will continue to monitor market conditions closely to mitigate adverse effects, and will continue to exercise cost discipline, including organisational restructuring involving such retrenchment exercise as may be appropriate.

## 11. Dividend

### (a) Current Financial Period Reported On

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

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

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

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

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

### (c) Date payable

19 May 2016

### (d) Books closure date

9 May 2016

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

Not applicable.

## 13. Interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions for FY2015 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	\$581,912
- General Transaction (renewal of sub-lease of office premises by the Company for a lease tenure of three years)	\$1,451,970
- Industrial and Consumer-related Transaction – Sale of air-conditioning products to Interested Persons	\$203,580
	Total: \$2,237,462

**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 <sup>(1)</sup>	Consumer products	Building materials	Industrial packaging	Air-conditioning systems	Corporate and Others <sup>(2)</sup>	Adjustments	Total
<b>2015</b>								
External revenue	2,986,401	425,128	580,401	52,607	24,758	13,433	-	4,082,728
Interest revenue	8,738	372	4,040	215	938	3,167	(3,401)	14,069
Interest expense	(22,644)	(8,254)	(157)	(1,003)	(4,022)	(9,113)	3,401	(41,792)
Depreciation and amortisation	(101,177)	(11,145)	(24,625)	(2,912)	(2,394)	(2,437)	-	(144,690)
Reportable segment profit/(loss) before income tax	150,707	(110,315)	77,479	(10,886)	(16,265)	(9,479)	-	81,241
Share of profit/(loss) of associates and joint ventures, net of tax	1,944	-	2,260	-	-	(2,531)	-	1,673
Reportable segment profit/(loss) after income tax	112,628	(127,711)	60,531	(10,626)	(16,250)	(10,213)	-	8,359
<b>2014</b>								
External revenue	3,370,469	498,640	599,400	60,136	21,492	10,034	(167)	4,560,004
Interest revenue	9,126	722	5,245	237	628	4,536	(4,582)	15,912
Interest expense	(29,602)	(10,213)	(223)	(676)	(3,573)	(16,529)	4,582	(56,234)
Depreciation and amortisation	(91,364)	(10,500)	(23,278)	(2,948)	(2,723)	(1,819)	-	(132,632)
Reportable segment profit/(loss) before income tax	238,262	(60,643)	92,166	(9,423)	(14,520)	(8,467)	-	237,375
Share of (loss)/profit of associates and joint ventures, net of tax	(4,301)	-	6,679	-	-	(874)	-	1,504
Reportable segment profit/(loss) after income tax	201,187	(64,373)	73,042	(8,907)	(14,505)	(11,818)	-	174,626

(1) Diesel engines relate to Yuchai (excluding hospitality and property development).

(2) Others relate to hospitality and property development.

#### 14 (a)(ii). Geographical Segments

\$'000	China (including Hong Kong)	Singapore	Malaysia	Others	Consolidated
<b>2015</b>					
Total revenue from external customers	3,440,755	326,328	274,175	41,470	4,082,728
<b>2014</b>					
Total revenue from external customers	3,914,413	350,521	266,858	28,212	4,560,004

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

Please refer to section 8 above.

#### 16. A breakdown of sales.

	Group		
	2015 \$'000	2014 \$'000	Increase/ (Decrease)
Sales reported for first half	2,266,397	2,422,240	-6.4%
Operating profit after tax before deducting non-controlling interests reported for first half year	65,499	94,434	-30.6%
Sales reported for second half	1,816,331	2,137,764	-15.0%
Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(57,140)	80,192	NM

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

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	7,478	11,217
Preference	-	-
Total:	7,478	11,217

The figure under the latest full year comprises:

- (i) the net interim dividend for FY2015 that was paid on 10 September 2015; and
- (ii) the proposed final dividend for FY2015 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 373,908,559 issued shares in the capital of the Company as at 26 February 2016.

The figure under the previous full year comprises net interim and final dividends paid in respect of FY2014.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Peck	59	Cousin of Mr Kwek Leng Beng, Chairman of Hong Leong Asia Ltd. ("HLA").	Executive Director of HLA since April 1998. - Responsible for strategic decision making and control of significant activities within the Group.	Nil

**BY ORDER OF THE BOARD**

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

26 February 2016