



Hong Leong Asia

AGM Presentation

Mr. Philip Ting

Chief Executive Officer





Business Update

With China's economy slowing down, the impact has affected the rest of Asia and parts of the global economies. The lower consumption has severely affected manufacturing and other industries. This was further compounded by the weaker commodities prices and volatile stock markets and currency markets.

With China's slowdown and economy transition poses a challenge for the rest of Asia, this also provides opportunities for the countries in the APAC regions which are able to replace China in segments of global production chains with China's rising labour costs, production will shift increasingly to lower cost countries for instance Vietnam.

Hong Leong Asia's China businesses are mainly in the consumer manufacturing sectors. With the continuing development of new industries such as ecommerce, healthcare and automation, these will support the growth of the income levels of the local population. In turn, this will support domestic consumption and as it is necessary condition for China's transition to a high value-added economy.

For 1st quarter 2016, China registered a slow growth of 6.7% as announced during the National People's Congress in March. China will still grow at 7% with the start of the new Five Years Plan (2016- -2020), the new plan will encourage Chinese companies to expand overseas in the key sectors critical to the nation's priorities laid out in the plan.



Summary – Financial Highlights

(In S\$'million)	FY2015	FY2014
Revenue	4,082.7	4,560.0
Operating profit	120.6	235.3
Exceptional items*	(39.4)	2.1
Profit before tax	81.2	237.4
Income tax	(72.8)#	(62.8)
Profit after tax	8.4	174.6
Net (loss)/profit attributable to shareholders	(61.4)	26.9

* Refer to next slide for details.

Included one-off reversal of deferred tax assets amounting to \$27.5 million.



Summary – Financial Highlights

(In S\$'million)	FY2015	FY2014
Impairment losses:		
- Trade and other receivables	(10.6)	(2.8)
- Inventories	(12.6)	(1.7)
- Property, plant and equipment	(1.7)	(7.8)
- Intangible assets	(14.5)	(12.3)
Other income:		
- Waiver of trade payables	-	7.3
- Gains arising from acquisition	-	19.4
Net impact to profit before tax	(39.4)	2.1



Sales Volume Analysis

FY2015

FY 2014

Henan Xinfei

Refrigerators	901,339	1,169,429
Freezers	501,591	476,516
Washing machines	48,497	64,354
Exports and others (include air-conditioners)	60,584	87,423
	1,512,011	1,797,722

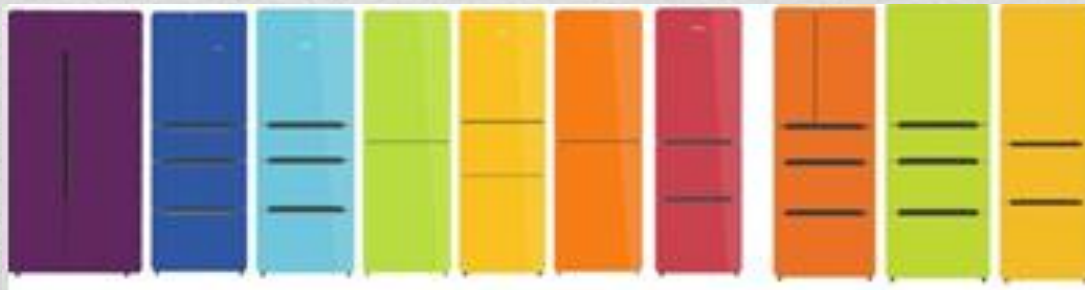
China Yuchai

Trucks	137,264	222,668
Buses	103,000	122,768
Passenger Cars	3,507	4,631
(Sub-total)	243,771	350,067
Industrial Engines and others	32,302	49,500
Agricultural Engines	88,494	84,258
	364,567	483,825

Frestec 新飞

Consumer Products

Henan Xinfei Electric Co. Ltd. ("Xinfei"), Frestec



2015 Market Overview

- According to China Market Monitor (CMM), the entire refrigerator market declined by 5% (for Jan-Dec 2015) due to a slow down in the economic growth. At the same time, the entire property market (except tier one cities) declined in China, property sales went down. This has an adverse impact on the white goods industry in China.
 - For refrigerator segment, from January - December 2015, Haier decline by 2%, Ronshen decline 6%, Meiling decline 5%, and Xinfei decline 20%.
 - The entire market is declining, multi-door, 4-door refrigerators maintains a high growth rate. Its accumulated growth of the year is approximately 59%, while frost free products achieved an accumulated growth of 38%.
-

2015 Xinfei Achievements

Frestec Xinfei refrigerator won the "Star preservation refrigerator" title on August 20 2015. The Beijing event was hosted by the China Household Electrical Appliances Research Institute.

The test results showed that Frestec Xinfei's fridge performed better in terms of preserving fresh produce's vitamin C and chlorophyll. Its preservation capabilities is far ahead of its competitors, it has reached an international advanced level.



2015 Voice of China City Auditions Event



- Collaborator : Voice of China (Star cable)
- Sponsor Brand: Frestec Xinfai
- Program Slogan : 新飞好冰箱 除菌新偶像
- Mall Events

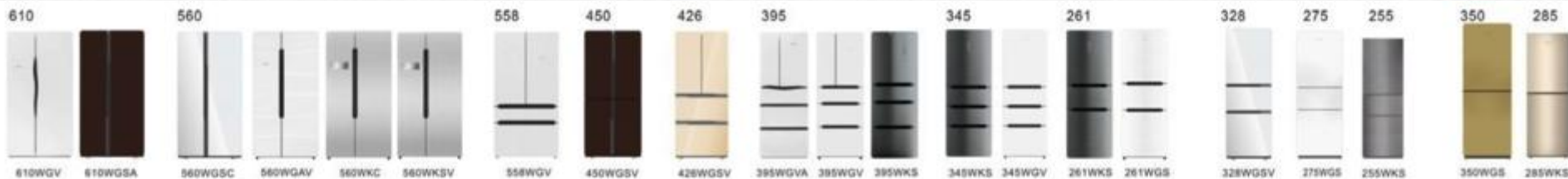
City	Location	Event Date
Nanjing Mall (Opening)	正洪广场	13 th May 15
郑州商圈 (Closing)	二七广场	31 st May 15

■ Campus Events

City	Location (Universities)	Event Date
Nanjing	南京师范大学仙林校区	14 th May 15
Wuhan	武汉大学大学生活动中心	19 th May 15
Chengdu	西南交通大学大学生会堂	22 nd May 15
Anxi	西安文理学院大礼堂	26 th May 15
Zhengzhou	黄河科技学院南校区学术报告厅	1 st June 15

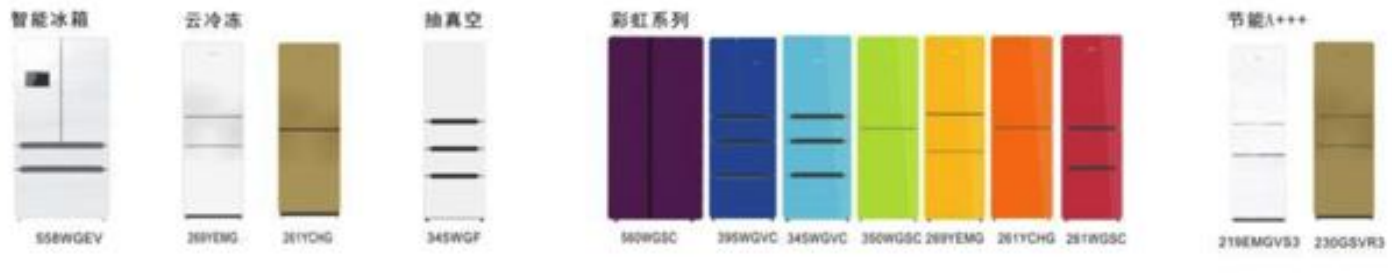
2015/2016 Products

Frost Free Models- 21 models



Products with Special Function Models- 13 models (smart fridge, vacuum function, energy saving, rainbow series)

Total 47 models



Direct Cool Models- 13 models





2015/2016 Products

家用冷柜 Household freezer



BC/BD-110CHG



BC/BD-150CHG



BC/BD-203CHG



BC/BD-109HA
BC/BD-129HA
BC/BD-149HA



BC/BD-111HC
BC/BD-151HC



BC/BD-148CHL

商用冷柜 Commercial freezer



BCD-268HF



BCD-310HA



BCD-302CH



BCD-195HB
BCD-265HB



BC/BD-193HB
BC/BD-263HB



BCD-290HFA



BCD-161HF
BCD-191HF



BCD-220HFA



BCD-216THD



BC/BD-278HD



BC/BD-221HC



BC/BD-326HA



BC/BD-426HA



BC/BD-279CH



BC/BD-829H



BC/BD-536CH



BC/BD-625GC

展示柜 Showcase



SC/SD-323HA



SC/SD-618G



SC-360H



SC-360F
SC-360L



SC-400WP

酒柜



JC-378G



JC-1159B

风冷 冷冻柜



BD-195W

小冷冻柜



BD-101B

2016 Print Collaterals



New Fridge Series KV

Vertical KV



Cross-Fridge Model KV



AES Anti-bacteria
LOGO

2016 High Speed Railway

Media Format: Table Top Image + Poster + LCD screen (Video)

Effective Date: 2nd Feb 2016 – 15 May 2016

Advertising period covers the Chinese New Year period to Labour day in May.

Purpose is to promote anti-bacteria

Table Stickers
12 sets of trains

Posters
12 sets of trains

Video 190 units
playing video ad



2016 Outdoor Ads

Effective Date : 7th April to 7th July 2016 to match with sales peak period
Key cities selected base on sales strategy: 49 key cities, 49 billboard locations that matched with subway locations to have a holistic coverage.



Shanghai Appliance World Expo (AWE) 2016



Time Period: 9th -12th March 2016

AWE 2016 received a total of 100,000 visitors from nearly 40 countries and regions.

E-Commerce

2015 Total Sales Revenue for (Actual) : RMB 136 Million

2016 sales revenue target expected to double from 2015.

Current Platforms



Tmall 天猫商城



Suning 苏宁易购



JD 京东商城



Gome 国美在线

New Additions planned



Yhd.com 1号店



Amazon.cn 亚马逊



Vip.com

E-Commerce - TMall

天猫 Tmall.com



- Joined Since: July 2011
- Online Flagship store on Tmall
- Models Online Qty : 22 models
- Operated by : Frestec Xinfeng Self-managed
- Logistics: Cainiao Network Technology



E-Commerce - Suning



- Joined since : Jan 2013
- Operated by : Managed by SUNING
- Logistics: SUNING National Distribution Network
- Models Online Qty : 24 models



E-Commerce – Jing Dong

Model	Price	Rating	Reviews	Stock
新飞 (Frestec) BCD-108DS 108升 两门机械冰箱 (乳白色)	¥1199.00	★★★★★	104	北京有货 仅剩3件
新飞 (Frestec) BCD-216DEMK 216升 三门电脑冰箱 (金属拉丝灰)	¥2699.00	★★★★★	96	北京有货 仅剩3件
新飞 (Frestec) BCD-183DK 183升 两门机械冰箱 (光亮拉丝)	¥1299.00	★★★★★	544	北京无货
新飞 (Frestec) BCD-209DMK 209升 三门机械冰箱 (光亮拉丝)	¥1499.00	★★★★★	675	北京无货
新飞 (Frestec) BCD-216DMGS 216升 三门机械除霜冰箱 (白色)	¥2099.00	★★★★★	127	北京无货
新飞 (Frestec) BCD-345WKS 345升 三门电脑不锈钢门冰箱 (灰色)	¥4499.00	★★★★★	9	北京无货

- Joined Since: May 2014



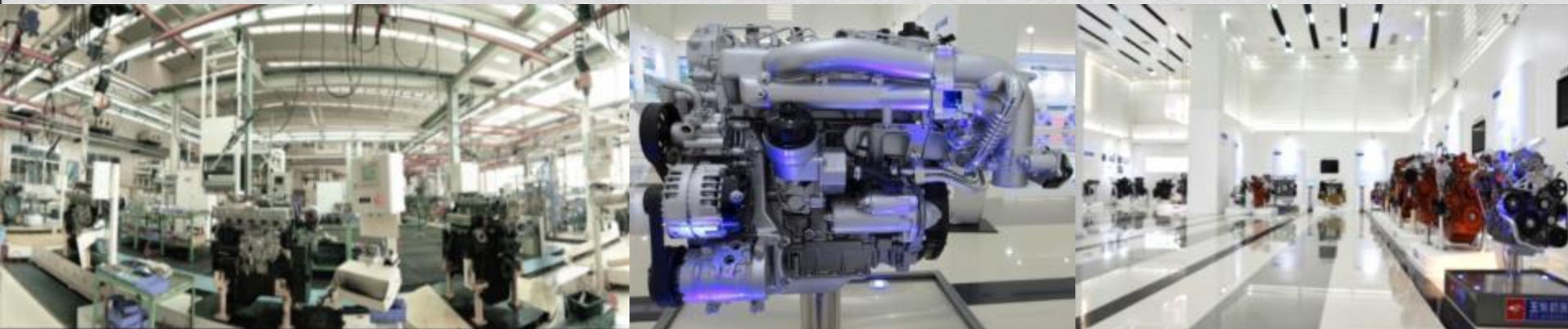
- Operated by : Xinfei
- Logistics by: JD Jingdong distribution network
- Models Online Qty : 23 models



China Yuchai International Limited

Diesel Engines

China Yuchai International (“CYI”)



Key Business Highlights

- Consistently ranked as one of the top engine maker by “China Association of Automobile Manufacturers”
- Sales with 364,567 units sold in 2015 (483,485 units for 2014), decrease of **-24.6%**. The **China Commercial Vehicle sales declined by 14.4%** (excluding gasoline-powered and electric-powered engines) in 2015 compared to previous year, contributed mainly due to lower sales of Heavy-Duty engines.
- **Yuchai’s revenue decreased by -16.4% lower than the units sales decline. This was mainly attributed to higher sales of engines of higher emission standard (eg Nat 4) with higher average sales price)**
- **In 2015, we launched 10 new engine models for Nat 4 /5 and Tier 3 emission standards.** This is to further increase our leadership in the industry. In 2014 we also launched 10 engines model.
- **Awards / Accolades 2015:**
 - ❑ GYMCL wins *The China Patent Excellence Award* in The 17th SIPO Award for Outstanding Patented Invention from The State Intellectual Property Office (SIPO) of the PR China
 - ❑ YC6K wins the *Fuel Saving Champion Engine* in the 6x4 Trailer class at The 8th China International Truck Fuel Saving Competition
 - ❑ GYMCL wins *The National Advance Enterprise on Quality Inspection Award* from China Association for Quality Inspection
 - ❑ GYMCL launched the Tier 3 emission-compliant marine engine YC6TD600L-C30, the first Tier 3 marine engine from China
 - ❑ GYMCL launched Plug-in Hybrid system in bus market
 - ❑ YC6MK wins *The Best Environmental Technology Award*

Recent Highlights: Signing of ceremony for Joint Venture MTU



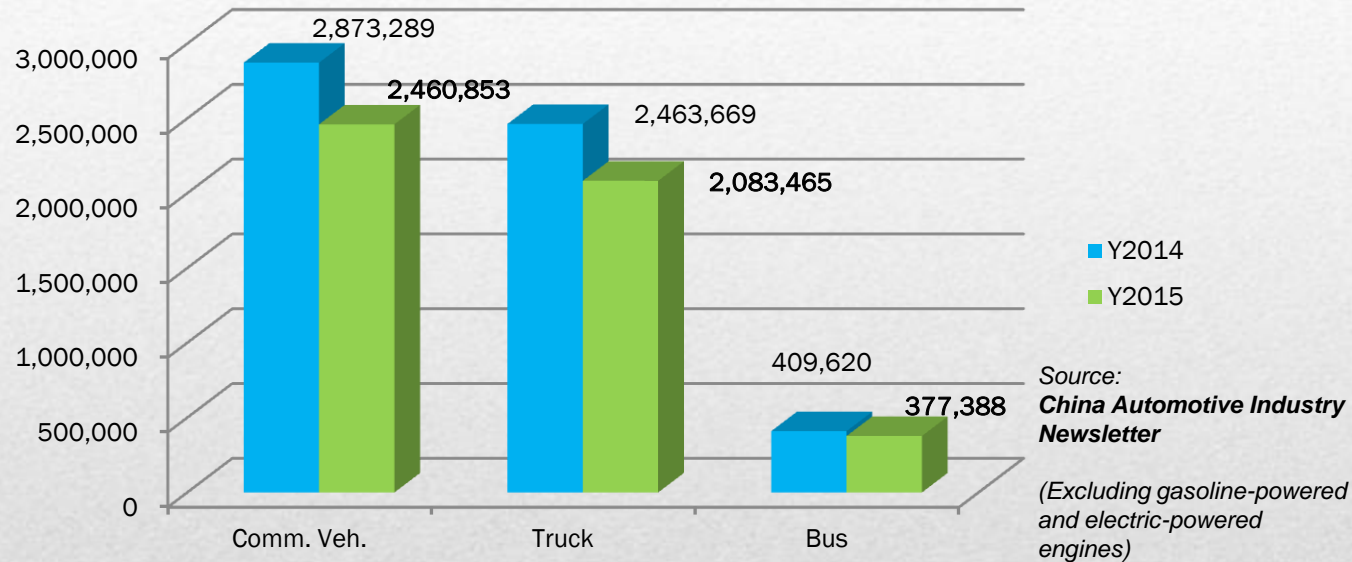
Our JV partner MTU

- ❑ A diesel engine manufacturer specialized in high-speed, large-rating diesel engine for power generation, oil & gas, railway, marine and mining applications
- ❑ MTU is a wholly owned subsidiary of Rolls-Royce Power Systems

The Joint Venture

- ❑ The Joint Venture ownership of 50:50 between MTU and GYMCL
- ❑ Main manufacturing site will be located in Yulin within present GYMCL facilities
- ❑ Target to start engine production by mid-2017
- ❑ Total investment of RMB150M in phase 1

Market Overview: Commercial Vehicles



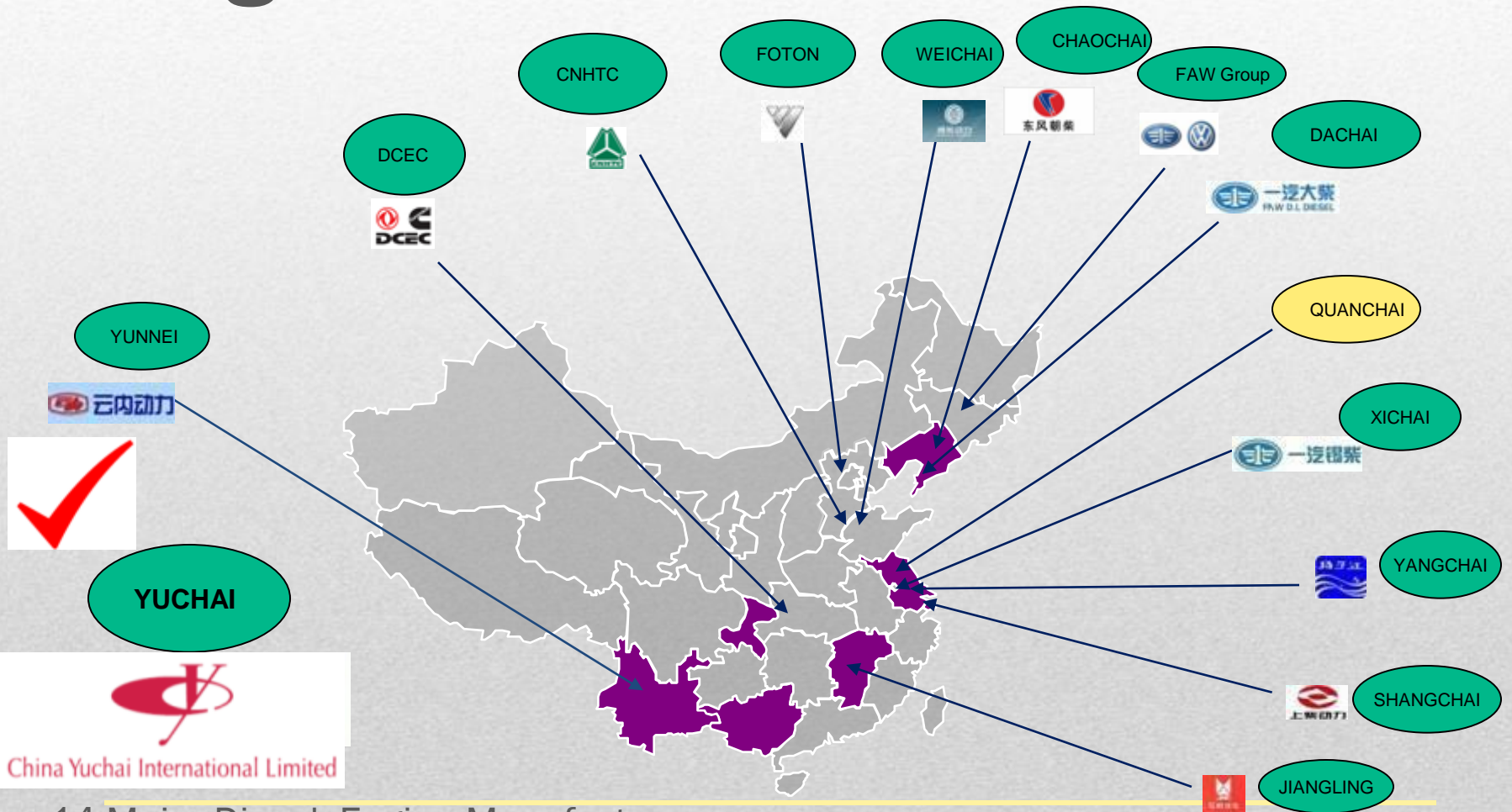
China Truck Market Drivers

- China's economic growth
- Infrastructure projects
- Urbanization / logistics networks
- Stringent emission standards

China Bus Market Drivers

- Rapid expansion into rural areas
- Inter-city transportation
- Booming tourism
- Continued urbanization

China Top Diesel Engine Makers



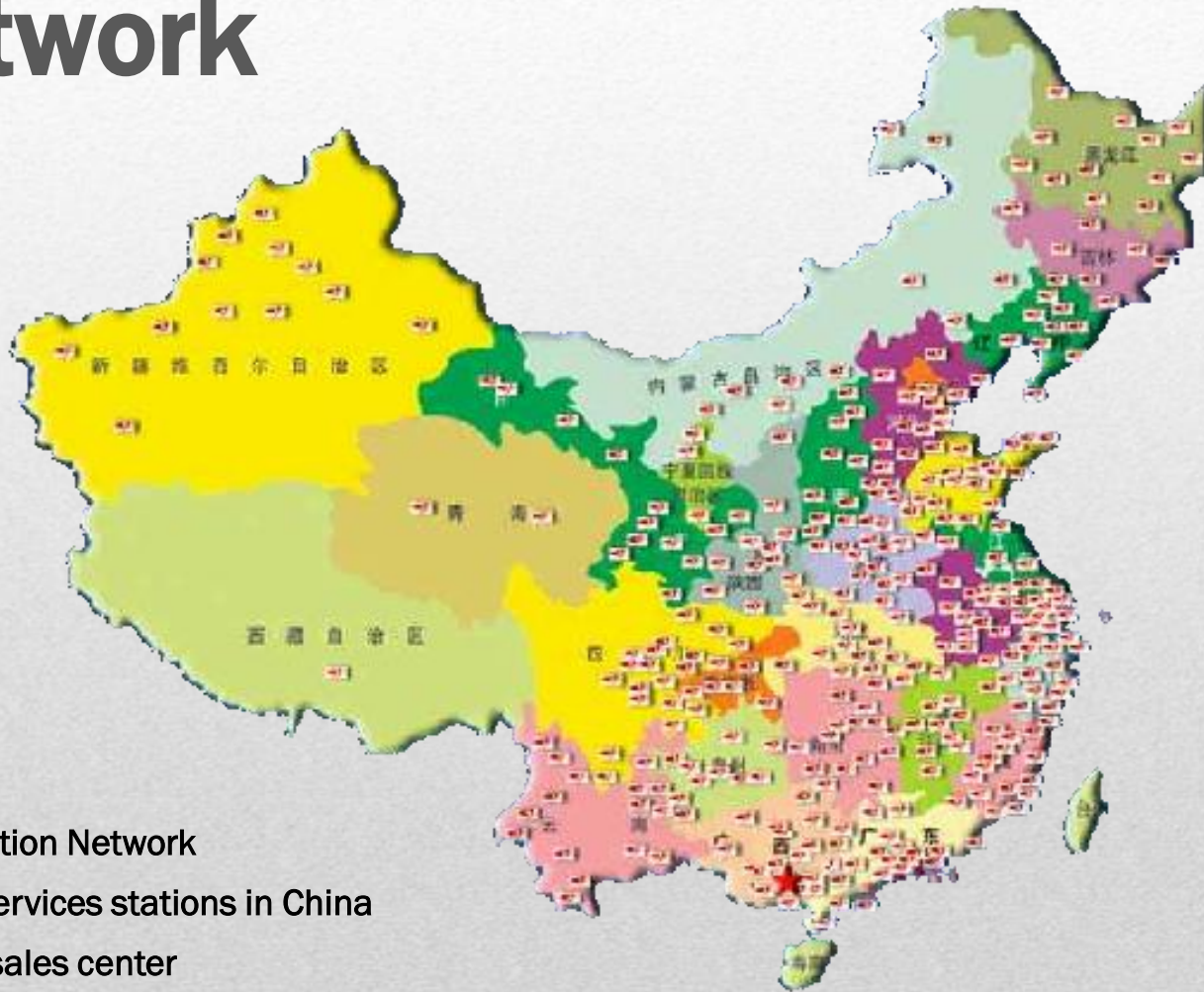
14 Major Diesel Engine Manufacturers



China Yuchai International Limited



China Distribution Network



China Distribution Network

- Over 2700 services stations in China
- 33 regional sales center

•As of 31st December 2015



China Yuchai International Limited

Investment Merits

1. Maximize shareholders' value

2. Product Strategy

- Ensure all products meet current stringent emission standards and develop engines compliant with future emission standards
- Expand new nat gas engines to capture gas application demand
- Expand HD products into marine, power gen and construction markets
- 14 new engine models meeting the latest emission standards were launched in 2015 and 2016

3. Business Strategy

- Grow new markets with new products such as High Horsepower engines for marine and power generation segments
 - Nurture strategic alliances with OEM customers
 - Grow international business
 - Implement cost reductions through Lean Six Sigma manufacturing
 - Explore launching more JV products to sustain future growth
-



Building Materials

Building Materials Unit (BMU)

Tasek Corporation





Key Business Highlights

- Total Singapore construction demand moderated to a preliminary estimate of \$27.0b in 2015, following a record high level at \$38.8b in 2014. In response to this low demand in both private and public sector, competitors are struggling to secure jobs and the building materials prices have decreased considerably.
- In BMG, revenue decreased 3% y-o-y mainly due to lower revenue from Ready Mix Concrete sales but partially offset by higher sales in Precast.
- BCA's forecast for 2016 is between \$27b to \$34b. About 65% is contributed by public sector projects, especially in civil engineering jobs. In light of current slowdown in property market, continued economic uncertainties and cooling measures, private sector remains gloomy.
- Tasek Corporation Berhad (listed in Bursa Malaysia) is the fourth largest integrated cement manufacturer in Malaysia with a rated production capacity of 2.3 million tones of clinker/year. It continue to maintain a market share of approximately 11%. FY 2015 reported profit after tax is RM91.3M.



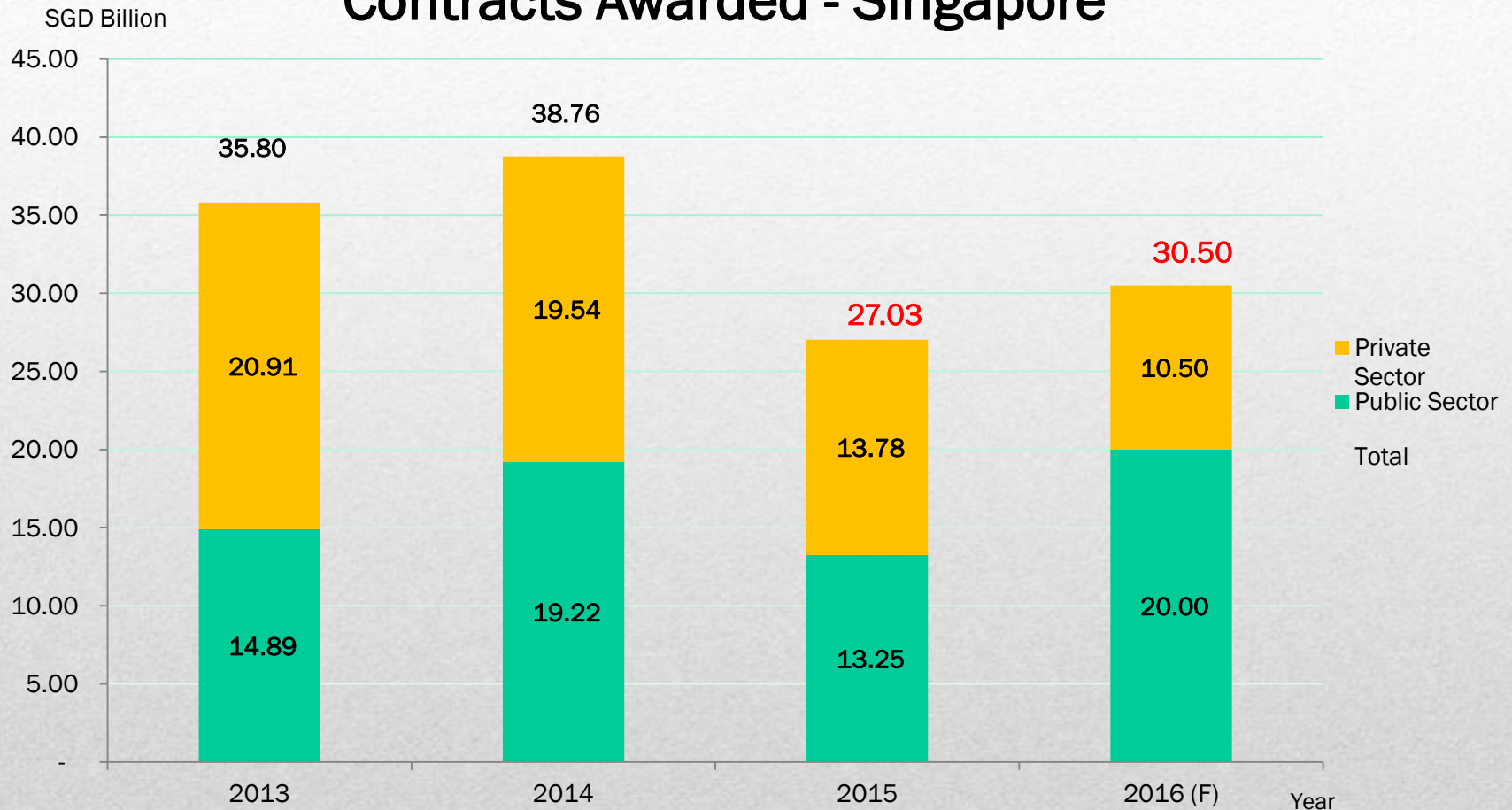
Investment Upsides

- Mega projects such as Kuala Lumpur My Rapid Transit (“MRT”) Line 2, Light Rail Transit (“LRT”) 3, High Speed Rail (“HSR”) linking KL to Singapore, Tun Razak Exchange (“TRX”), Wawasan 118, Kwasa Land, Bus Rapid Transit (“BRT”), Bukit Bintang City Center (“BBCC”), a few new highways & etc are expected to keep the construction activities’ momentum going for the next few quarters despite the uncertainty from the GDP contractions since implementation of GST on 1st Apr’15.
- Strategically located across Malaysia and Singapore to maintain current market position.



Value of Construction Activities

Contracts Awarded - Singapore



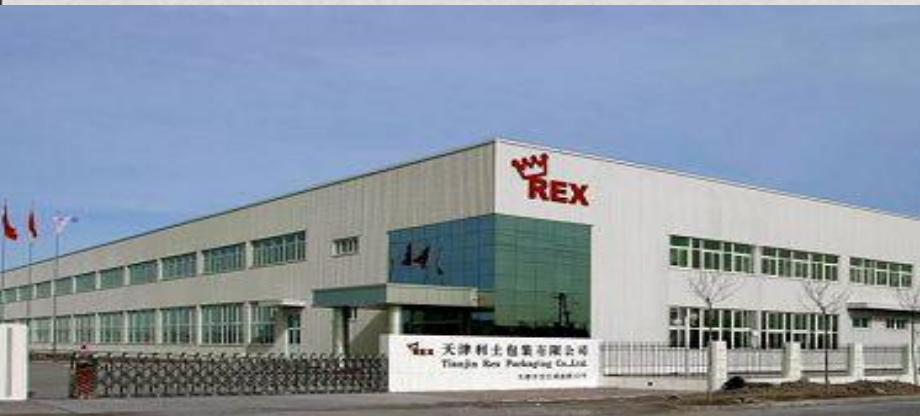
2016 BCA Forecast is \$27-34 billion. Average is \$30.5 billion (shown above).

Source: BCA, Singapore Construction Prospects 2016



Industrial Packaging

Rex Packaging Co., Ltd





- The weak economy have affected overall packing industry as well, especially Lube oil and Chemical industries. We expect some 20-30% impact on sales.
- Resin prices stayed relatively flat in Q4 and we expect this to continue into Q1 2016.
- Market remained highly competitive in both countries. However, our past year effort in exploring new market and costs reduction activities, has some positive result in Rex DG. Rex DG has breakeven in Dec month, this should continue in 2016, unless the market demand experiencing further drastic reduction.

■ Financials

<u>Full year</u>	FY 2015	FY 2014
Revenue	S\$52.6M	S\$60.1M
Loss after tax	-S\$10.6M	-S\$8.9M

- Revenue declined by 12% due to weak market demand and exclusion of results from Shanghai Rex for one and half months due to transfer of equity interests to JV partner in Mid November 2015.
 - Loss after tax rose as a result of decline in revenue.
-



FEDDERS™

SINCE 1896

Air-Conditioning Systems and Distribution of Lifestyle Consumer Appliances

Airwell Air-conditioning Technology (China) Co., Ltd.
Fedders International Pte.Ltd.



Key Business Highlights

- Will use FEDDERS brand to market in China and S.E.A. FEDDERS has a rich heritage in air-conditioning industry particularly in U.S. Historically, FEDDERS has been in the air-conditioning business for more than 100 years.
- China has the largest air-condition manufacturing facilities in the world, operating in a very competitive environment with excess capacity and keen price competition.
- Will continue to carry out effective marketing activities to build brand awareness in China.
- Product strategy is to focus on residential heat pump and modular chillers for both the residential and light commercial sectors. To compliment the product offerings, will work with OEM partners on VRF and larger capacity chillers products.
- To develop FEDDERS as a one-stop home appliances solutions to dealers and end users.



Financial Highlights

AAT Group	2015	2014
Air conditioners (units)	31,957	35,167
Net Revenue (RMB ' million)	113.3	104.5
Loss after tax and impairment (RMB ' million)	(44.2)	(56)

Sales - Export (RMB Million)	82	68
Sales- Domestic (RMB Million)	30	36

Plant operations only commence in June 2012. This is still a new start-up to build domestic customer base. There has been an increase sales to overseas customers in Europe in 2015.

Brand Stores – Enhance Brand Image and Customer Experience

① Annuotai Store in Hebei



② Guirong Store in Guangxi



③ Hengtongchang Store in Fujian



④ Guangshuo Store in Changzhou

⑤ FEDDERS Store in Zhuhai



⑥ Macalline showroom in Pujiang, Shanghai

⑦ Botao showroom in Pudong, Shanghai



⑧ Surui Store in Ningde

⑨ Xiyingmen showroom in Fujian



⑩ Surui showroom in Suzhou

Started in 2014 with 4 stores expanding to 10 stores in 2015

Dealers Conference – Effective Marketing Activities



Taiyuan Dealer Conference

- ✓ Dealer Conference was held at Taiyuan, in 8th Dec., 2015
- ✓ The conference was well-received with more than 80 dealers from Shangxi, Beijing and Hebei attended this event.
- ✓ Media were also present to provide Media coverage on the event.



Chengdu Dealer Conference

- ✓ FEDDERS China held its first conference of the year at Chengdu, in 18th Jun., 2015.
- ✓ The conference was well-received with more than 80 dealers from Chengdu, Chongqing and Fujian attended this event.
- ✓ Media were also present to provide Media coverage on the event.



Suzhou Dealer Conference

- ✓ Dealer Conference was held at Suzhou, in 26th Sept., 2014
- ✓ The conference was well-received with more than 60 dealers from Suzhou.
- ✓ Media were also present to provide Media coverage on the event.



Yangzhou Dealer Conference

- ✓ Dealer Conference was held at Yangzhou, in 24th Sept., 2014
- ✓ The conference was well-received with more than 60 dealers from Nanjing and Yangzhou.
- ✓ Media were also present to provide Media coverage on the event.

Marketing Collaterals – Brand Visual Identity

Catalogue



Pull-up banner & Poster



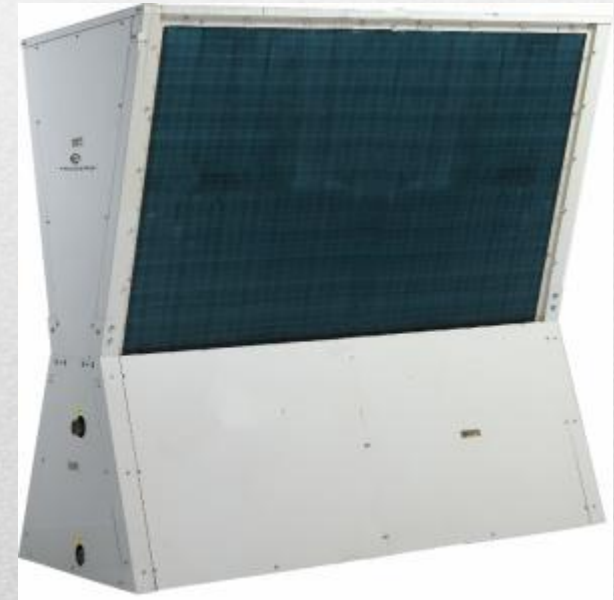
Product Leaflet



Product Strategy – Focus On Residential Heat Pumps and Modular Chillers



Residential Heat Pumps



Modular Chillers

Product Strategy – Work With OEM Partners To Compliment Product Offerings

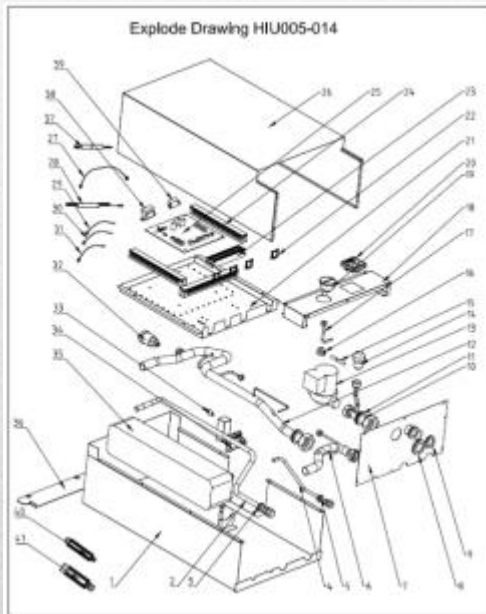


VRF system products 10kw (4HP) ~ 224kw (80HP)



Larger Capacity Chillers 130kw

New Models for Export Customers



New Hydraulic Indoor Unit (HIU)



New Water Source Heat Pump (EWH models) with high static pressure to 120 ESP



Thank You
谢谢

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