



HONG LEONG ASIA

AGM Presentation
30th April 2015

Mr. Philip Ting
Chief Executive Officer

HLA Business Segments



Consumer Products



Diesel Engines



Building Materials



Industrial Packaging



Air-Conditioning Systems & Lifestyle Appliances



Frestec 新飞

Consumer Products

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



Market Overview

- According to China Market Monitor (CMM), due to the property market decline in China, property sales went down by 9.6 percent, year on year by the end of December. The report from the National Bureau of Statistics of China (NBS) showed that residential property slumped 8.2 percent (for January to November). This has an adverse impact on the white goods industry in China, the entire market decline by 9.3% (for January- December 2014).
- China's economy continued to slowdown in 2014. Consumer's consumption has declined. There were over capacity, keen competition and a weak property market. This has an adverse impact on home appliance products.
- From January - December 2014, Haier decline 15.13%, Ronshen decline 8.54% Meiling decline 13.5%, and Xinfei decline 14.06%
- The market is shifting towards the mid-high end range of refrigerators with an increase in demand for big volume and multi-door fridges. There is also a strong demand for frost free and smart fridges.

Senior Management- New Leadership in Xinfei



Wong Meng Choong
Group Chief Operating Officer
Hong Leong Asia Ltd.

HLA's new Group COO, Mr Wong Meng Choong, was on board on the 3rd Feb 2015, will be supporting the newly formed management team in Xinfei.



Paul Chan
Chief Operating Officer
Henan Xinfei Electric Co. Ltd.

Xinfei's new COO, Mr Paul Chan was on board on the 5th Jan 2015. He will report to HLA Group COO, Mr Wong Meng Choong and Mr Philip Ting, CEO.

New Product Development



WINVO & LIBRA Product Series

- 25 new models of refrigerators and freezers for commercial production in 2015.
- This has been the highest number of new models being developed in the past 4 years
- Winvo new series will be launch in May 2015.

WINVO Product **Video**



Xinfei Achievements



In March 2015, Henan Xinfei Electric Co., Ltd was conferred an award during the "*Upholding Trusted Brand with Quality*" forum that was held in Beijing.

The award is a form of recognition for Xinfei, for achieving quality efficacy in product and customer service. Xinfei was also quoted as an exemplary role model for business excellence in China.

The forum was organised by the *China Association for Quality Promotion (CAQP)*.

Xinfei Achievements



Henan Xinfei Electric Co., Ltd freezer model SC/SD-323HA was awarded with *2015 Freezer Industry Customers Experience Assessment Grade A Certificate* by China Home Appliance Research Institute.



Brand Ambassador



In Sept 2014, Henan Xinfei Electric Co., Ltd signed Mr. Huang Lei 黄磊 as Brand Ambassador. Besides being an actor, director, screenwriter, he is also a lecturer in Beijing Film Academy . He is a caring father with 2 daughters.



Print Advertisements



Die-card on the refrigerator



Store Posters



Die-card on the freezer

TVC Ad **Video** – Jiangsu Cable

Media Channel: Jiangsu cable 江苏卫视

Program: “You are the One” 非诚勿扰, achieved over 2% in viewership rating.

Time Period: Sept 14- Jan 15

Video Format: 15sec



Zhengzhou Airport Display Box

Zhengzhou Airport Departure Hall

Time Period: Nov 2014 to Nov 2015

Exposure: 8.7 Million visitors (Since Nov 14)



China High-Speed Railway

1. Beijing- Shijiazhuang - Zhengzhou Line
2. Zhengzhou- Nanjing - Shanghai Line
3. Zhengzhou -Wuhan - Guangzhou Line
4. Wuhan- Nanjing -Hangzhou Line
5. Harbin- Shenyang - Dalian Line
6. Beijing – Tianjing - Shenyang Line



High Speed Railway Media

Ad format: cabin table top, LED screen with 15 sec TVC and posters

Time: 9th Feb 15 -8th April 15

Routes: 6 routes (each route- 2 units of train, total 12 units)

Exposure : 49.8 Million visitors (Since Feb 2015)



Dealer's Conference in Zhengzhou



Huang Lei ,Xinfei's brand ambassador was present at the ceremony of the new product launch, this gave dealers greater confidence in our brand.





Frestec 新飞

Shanghai Appliance World Expo (AWE) 2015 - Video



Time Period: 11th -14th March 2015

AWE 2015 received a total of 100,000 visitors from nearly 40 countries and regions.

E-Commerce

2014 Total Sales Revenue for (Actual) : RMB 37.48 Million

2015 1st Quarter Sales Revenue (Actual) : RMB 16.68 Million

2015 Total Sales Revenue (Target) : RMB 120 Million

Expected Growth in Sales Revenue (Y-O-Y) of 220%

Current Platforms



Tmall 天猫商城



Suning 苏宁易



JD 京东商城

New Additions



Gome 国美在线



Amazon.cn 亚马逊



Yhd.com 1号店



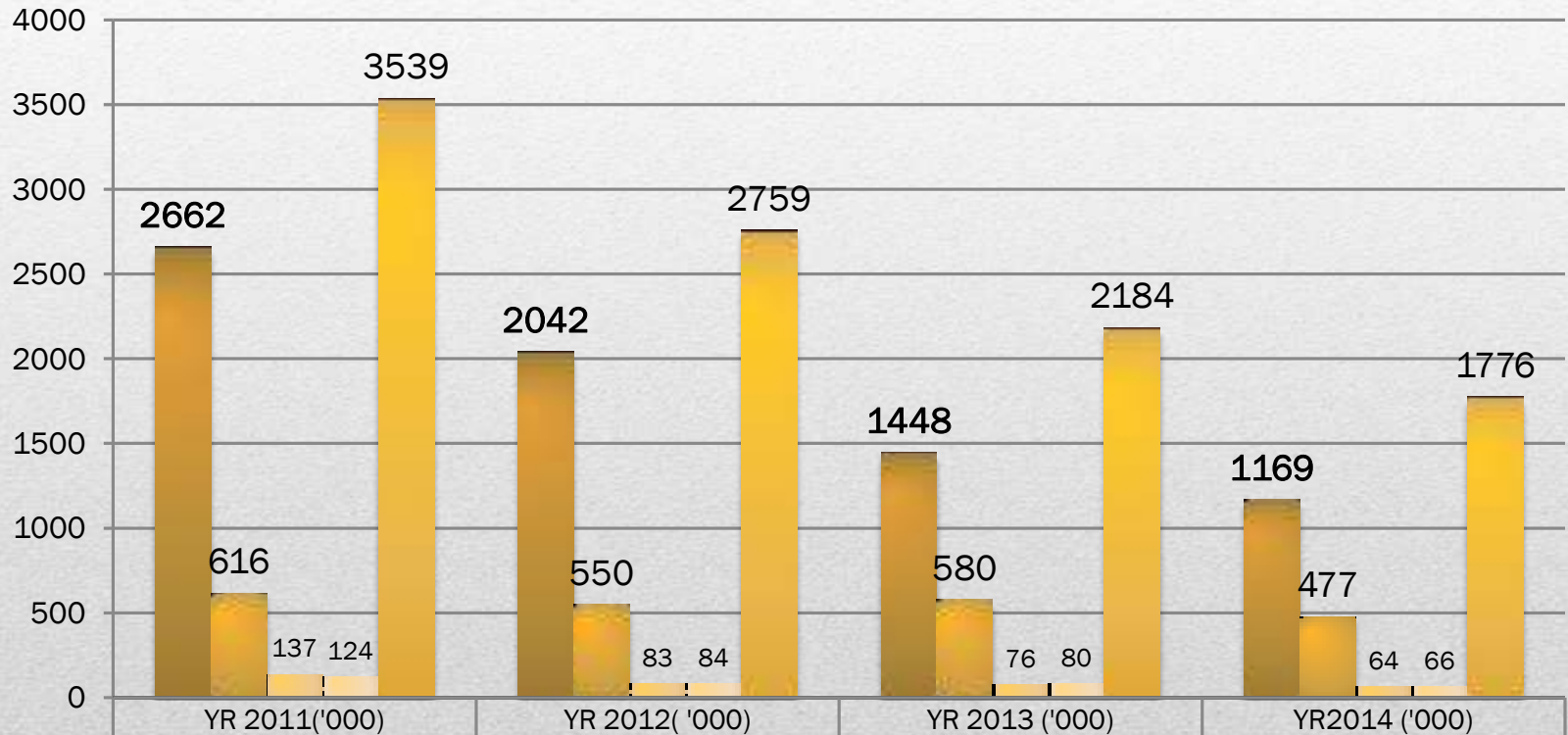
Vip.com

E-Commerce – T Mall



- Joined Since: July 2011
- Online Flagship store on Tmall
- Models Online Qty : 5 models
- Operated by : Frestec Xinfei Self-managed
- Logistics: Cainiao Network Technology

Xinfei- Unit Sales: 2011- 2014



■ Refrigerators	2662	2042	1448	1169
■ Freezers	616	550	580	477
■ Washing Mahines	137	83	76	64
■ Export	124	84	80	66
■ Total	3539	2759	2184	1776

Sales & Distribution Network



- Sales network
 - More than **10,809** sales points, including 1564 hypermarkets
- After-sales service
 - Nationwide after-sales service network with 29 service centres and 2,814 after-sales service points
 - 24-hour toll free hotline
- Distribution network
 - 55 warehouses in almost every province(except Tibet)
- Online Mall (Xinfei Tmall, JD, Suning) - Due to increase online shopping usage in China.



China Yuchai International Limited

Diesel Engines

China Yuchai International (“CYI”)





China Yuchai International Limited



CYI Video

玉柴机器 中国动力

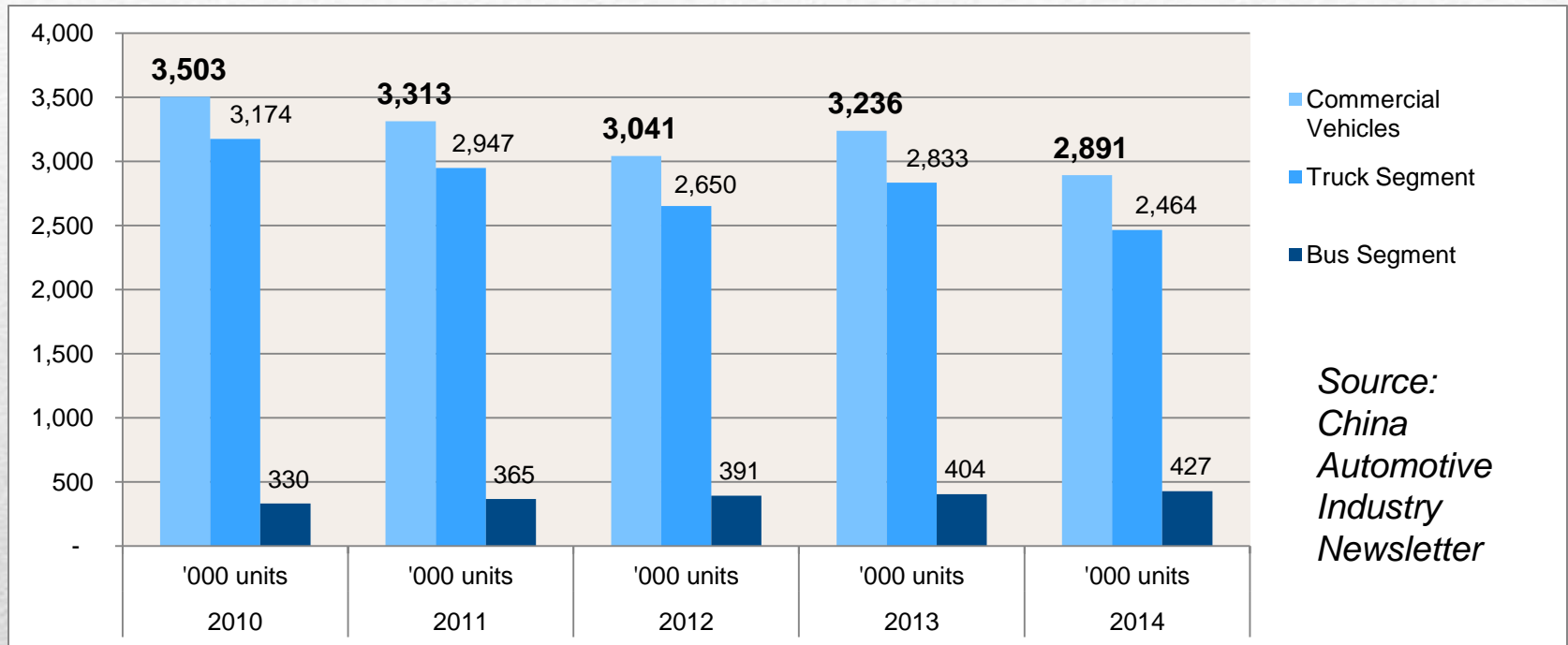
玉柴机器 中国动力

Key Business Highlights

- Consistently ranked as one of the top engine maker by “China Association of Automobile Manufacturers”
- Sales with 483,485 units sold in 2014, decrease of 3.4%. The China Commercial Vehicle sales declined by 10.8% (Excluding gasoline-powered engines) in 2014.
- Yuchai’s revenue increased by 3.4% although sales units declined. This was primarily attributed to more sales to higher emission standard engines (National 4 engines)
- Launched 10 new engine models to further increase its leadership in the engine market in 2015. Have launched 30 new engine models since 2013.
- New gas engine testing centre was completed in late 2014, which extended gas engine testing capability for growing market in commercial vehicle segment.
- Awards / Accolades 2014:
 - China Top 500 Enterprise - No. 278
 - China Top 500 Manufacturing Enterprise - No. 17
 - Guangxi Best Ten Enterprises Award
 - GYMCL launched Plug-in Hybrid system in bus market
 - YC6MK wins *The Best Environmental Technology Award*
 - GYMCL wins *The National Advance Enterprise on Quality Inspection Award* from China Association for Quality Inspection



Market Overview: Commercial Vehicles



(Powered by Diesel and Others)

China Truck Market Drivers

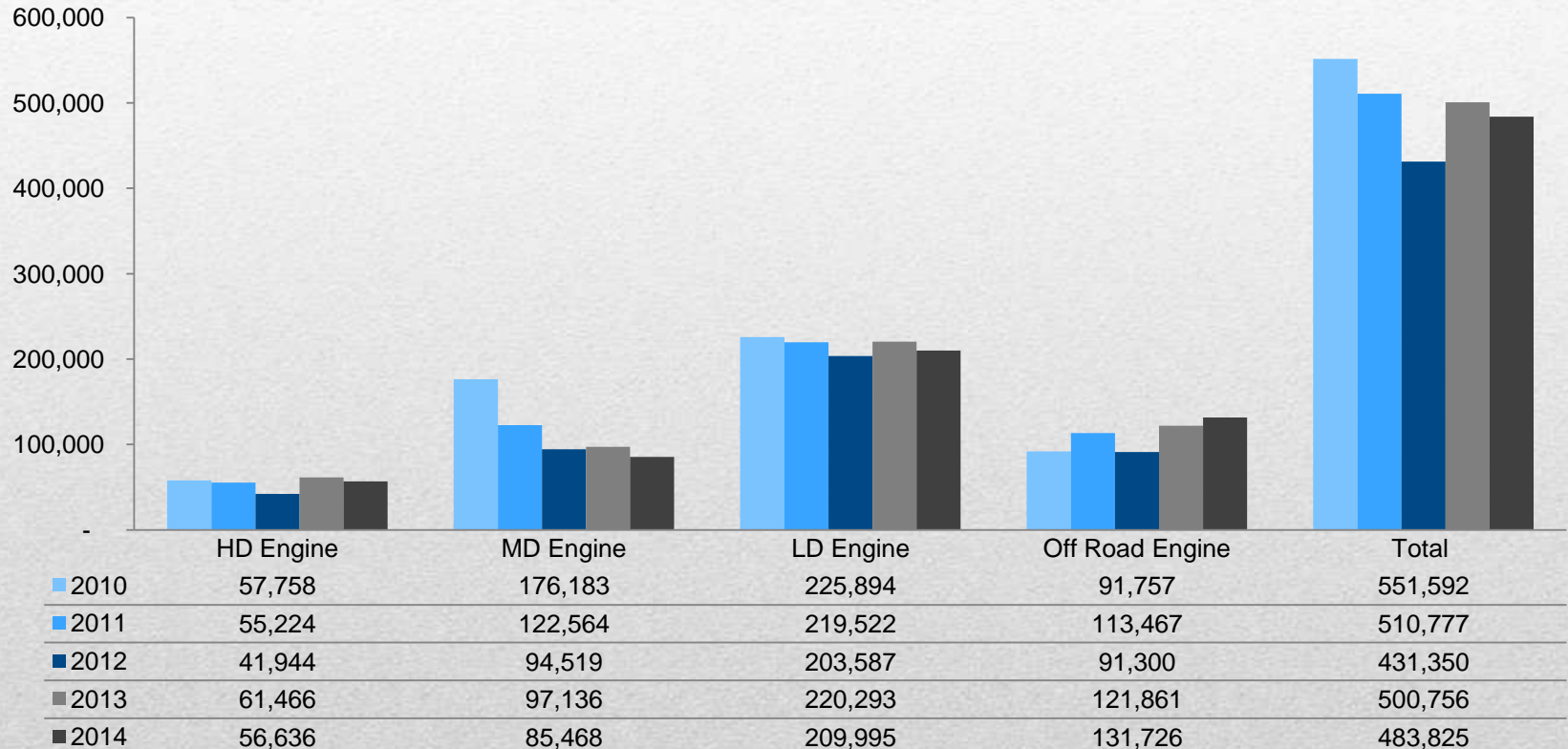
- China's economic growth
- Infrastructure projects
- Urbanization / logistics networks
- Stringent emission standards

China Bus Market Drivers

- Rapid expansion into rural areas
- Booming tourism
- Highway expansion
- Continued urbanization



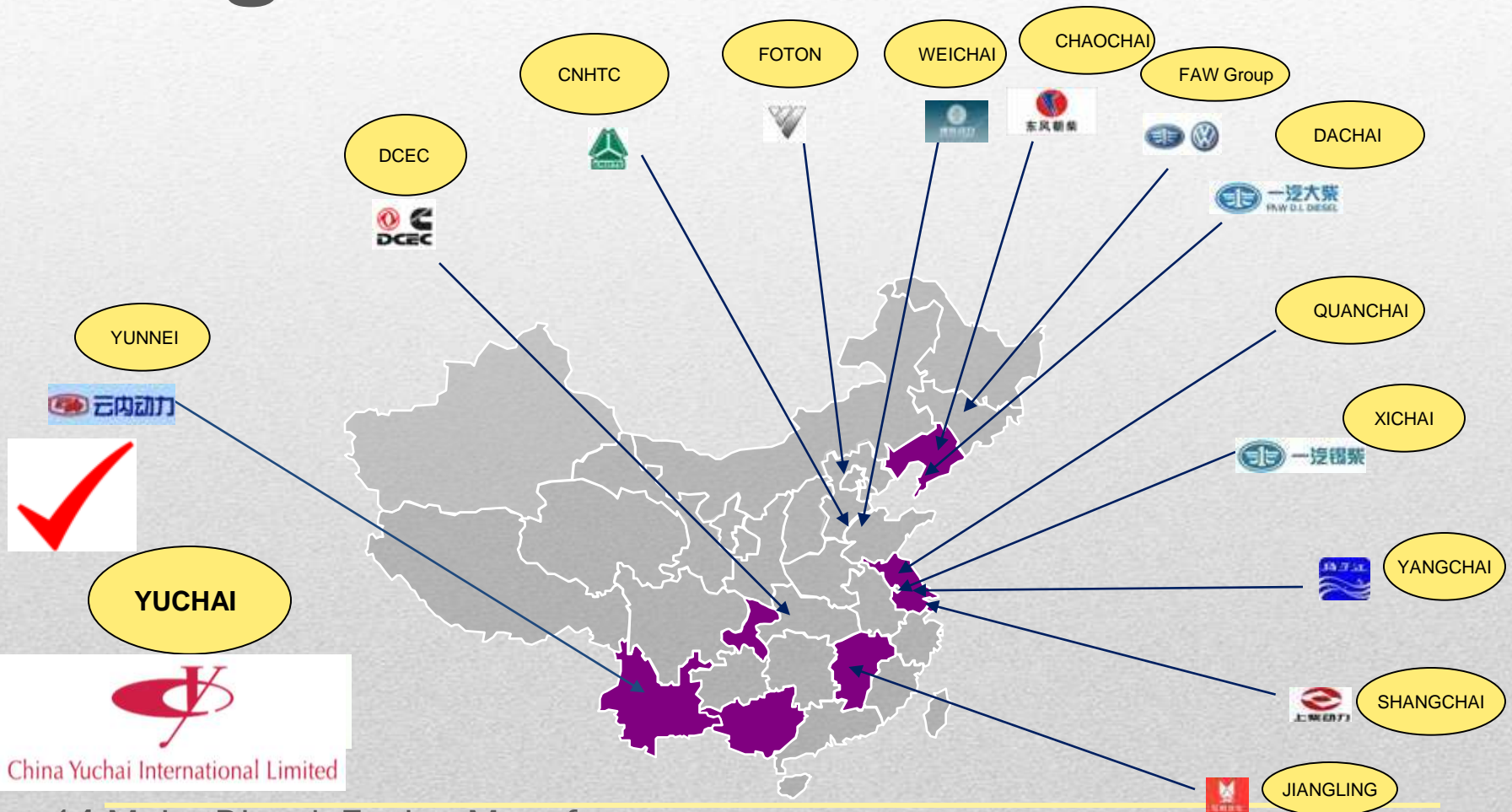
China Yuchai Unit Sales: 2010-2014



Sales from 2010 to 2014

- Effect of RMB 4 trillion stimulus package implemented in 2008 continued into 2010
- National 4 Emission Standards implemented on 1st July 2013, but enforced gradually nationwide from 1st July 2013 to 31st December 2014

China Top Diesel Engine Makers



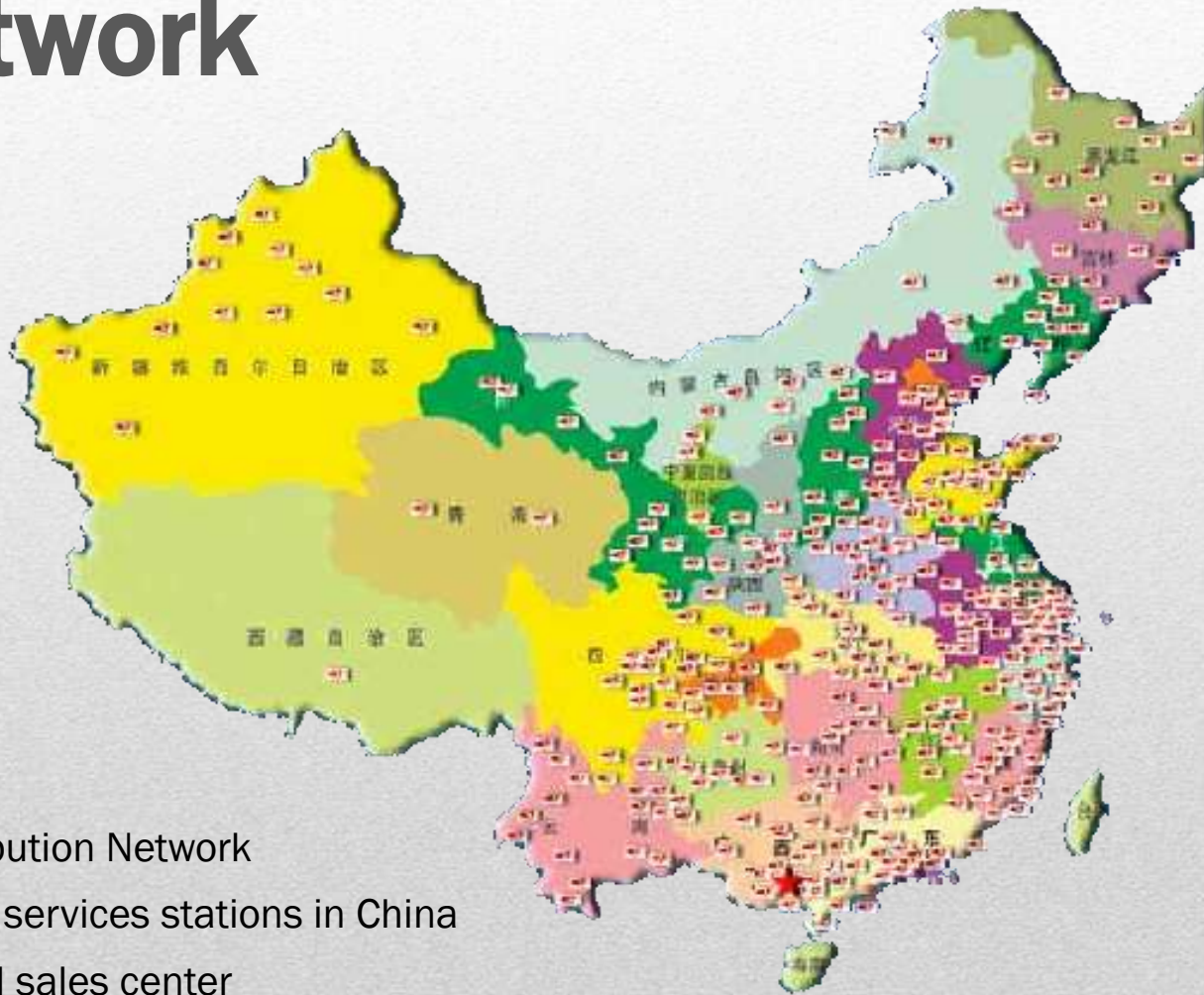
14 Major Diesel Engine Manufacturers



China Yuchai International Limited



China Distribution Network



China Distribution Network

- Over 2900 services stations in China
- 35 regional sales center

•As of 31st December 2014



China Yuchai International Limited

Investment Upsides

- Maximize shareholders' value. Market Cap of CYI -USD 800M
 - Strong R&D capability to develop efficient and reliable engine products
 - Continual product development
 - Continue to ensure all products meet stringent emission standards for both on-road and off-road applications
 - Successful launching plug-in gas hybrid power system
 - Launch new gas engines to address increasing gas application demand
 - Expand into HD products, in construction, marine and power gen markets
 - Grow international business
 - Implement and cost reductions through Lean Six Sigma manufacturing.
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Building Materials

Building Materials Unit (BMU)

Tasek Corporation





Key Business Highlights

- In BMG, revenue increased 13% y-o-y mainly due to increased deliveries in Precast, Ready Mix Concrete and Cement.
- Strong presence in Singapore's construction sector. One of the largest suppliers of basic building materials to the construction industry in Singapore with market leadership position: No.1 in Precast and No. 2 in Ready Mix Concrete.
- Total Singapore construction demand continued to expand to a preliminary estimate of \$37.7b in 2014, at the upper bound of BCA's demand forecast of \$31-\$38b. BCA's forecast for 2015 is between \$29b to \$36b and between \$27b - \$36b for 2016 & 17, backed by public sector projects.
- 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 holds a market share of 11%. FY 2014 reported profit after tax is RM105M.



Investment Upsides

- Mega projects such as Kuala Lumpur My Rapid Transit (“MRT”), MRT Line 2, Light Rail Transit (“LRT”) 3, High Speed Rail (“HSR”) linking KL to Singapore, Tun Razak Exchange (“TRX”) & etc are expected to keep the construction activities’ momentum going for the next few quarters despite the uncertainty from the implementation of the Goods & Services Tax (“GST”) from 1st April 2015.
- BMG is strategically located across Malaysia and Singapore.



Industrial Packaging

Rex Packaging Co., Ltd





Key Business Highlights

- Rex China operations are operating in a very challenging and competitive environment with multiple players and manufacturers in the market- margins are low and barriers to entry are low. Continuously looking at manufacturing improvements and cost reductions through lean manufacturing.
- Higher raw material costs/labour costs in PRC – a direct impact on the bottom-line from crude oil price hike and the Chinese legislation on increasing min wage rate every 2 years.



Air-Conditioning Systems and Distribution of Lifestyle Consumer Appliances

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



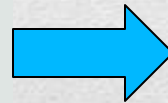
Key Business Highlights

- 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.
- New sleek VRF design to differentiate ourselves from the competitors . Have showcase the VRF at one of the largest Air-con trade exhibition in Beijing, China.
- Expanded our product availability in Philippines, Sri Lanka and Malaysia and potentially looking for more business partners in ASEAN.
- To develop FEDDERS as a one-stop home appliances solutions to dealers and end users.



Product Innovation – VRF

Old design



New Sleek contemporary design



New Product- H3



H3- To provide:

- Hot water
- Floor heating
- Air-conditioning within one system.

We are now marketing this new product , being one of the early leaders in this technology.



In Summary- Outlook

- Hong Leong Asia Group's core business is to continue to achieve reasonable revenue growth especially in the Diesel engine subsidiary – China Yuchai International. However the demand for consumer goods such Home Appliances (fridges and air-conditioning systems such as Airwell and FEDDERS) will expect to see lower growth and margin pressure.
- The Building Material Group and Tasek are expected to see good revenue growth in line with infrastructures and government related projects both in Singapore and in Malaysia.



Thank You
谢谢

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