

# HONG LEONG ASIA LTD.

Co. Reg. No. 196300306G  
(Incorporated in the Republic of Singapore)

Minutes of the Fifty-Ninth Annual General Meeting (“AGM” or the “Meeting”) of HONG LEONG ASIA LTD. (“HLA” or the “Company”) held on Thursday, 18 June 2020 at 10.00 a.m. by way of electronic means via live audio-visual webcast and live audio-only stream.

## AGM Attendance:

### **Board of Directors**

<i>Present</i>	:	Mr Kwek Leng Peck	- Executive Chairman
		Mr Tan Eng Kwee	- Executive Director and Chief Executive Officer (“CEO”)
<i>Present via video-conference</i>	:	Mr Ernest Colin Lee	- Lead Independent Director and Chairman of the Remuneration Committee, the Nominating Committee and the Hong Leong Asia Share Option Scheme 2000 Committee
		Ms Kwong Ka Lo @ Caroline Kwong	- Independent Director
		Mr Ng Sey Ming	- Independent Director
		Mr Tan Chian Khong	- Independent Director and Chairman of the Audit and Risk Committee
<i>Attended via live webcast</i>	:		
Company Secretaries	:	Ms Jaslin Ng Siew Ping Ms Joanne Yeo Swee Gim	
Auditors	:	<u>Ernst &amp; Young LLP</u> Mr Tan Swee Ho Ms Belinda Teo	- Partner - Manager
Legal Advisor	:	<u>Allen &amp; Gledhill LLP</u> Mr Alvin Zhuang	- Counsel
Independent Scrutineers	:	<u>DrewCorp Services Pte Ltd</u> Ms Cheah Xiao Chien	- Executive

The full attendance list of shareholders and observers who were attended the AGM via live audio-visual webcast and audio conference is separately maintained by the Company Secretary.

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

**CHAIRMAN'S WELCOME**

Mr Kwek Leng Peck, the Executive Chairman of the Board of Directors ("**Board**") of the Company, welcomed the shareholders to the AGM of the Company. He informed shareholders that the AGM had been convened and was being held by electronic means via live audio-visual webcast and live audio-only stream in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

There being a requisite quorum, he called the Meeting to order and introduced Mr Tan Eng Kwee, also a Board member and the CEO, who was present in person with him at the site of the webcast. He also introduced the other members of the Board who were participating in the Meeting remotely via video-link-ups.

The Chairman informed the Meeting that the Company Secretaries, together with the representatives of the Company's external auditor, Ernst & Young LLP ("**EY**"), and the Company's Legal Advisors, Allen & Gledhill LLP, were also in attendance online at the Meeting.

Shareholders accessing the Meeting via electronic means would be recorded in the minutes of the Meeting as having attended the Meeting.

**NOTICE**

The Notice convening the Meeting ("**AGM Notice**") which had been made available to all Shareholders by electronic means via publication on the Company's website and on the SGXNET was taken as read.

**QUESTIONS AND ANSWERS**

The Chairman further informed the Meeting that the Company had published its responses to all the substantial and relevant questions submitted by shareholder(s) in advance of the AGM, on its corporate website and on the SGXNET earlier that day, a copy of which is annexed to these minutes as Annexure A.

**PRESENTATION BY THE CEO**

The Chairman called upon the CEO to brief the shareholders on the Group's business and financial performance for the financial year ended 31 December 2019. The CEO provided the update by way of a slides presentation, a copy of which was released via SGXNET after the Meeting on 18 June 2020, and has also been uploaded onto the Company's corporate website and is annexed to these minutes as Annexure B.

**VOTING**

The Chairman thanked shareholders who had taken the effort to submit their proxy forms to cast their votes for the resolutions as contained in the Notice of the Meeting and informed that each of the resolutions would be taken as duly tabled, proposed and seconded for voting. As the Chairman had been appointed as proxy for these shareholders, he had voted on all the resolutions in accordance with their specific instructions.

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

The Company had appointed Trusted Services Pte Ltd as the polling agent and DrewCorp Services Pte Ltd as the independent scrutineers. All proxy votes cast had been reviewed by the polling agent and verified by the scrutineers.

The Chairman proceeded to announce the results of the votes cast for each of the resolutions contained in the Notice of the Meeting.

**ORDINARY BUSINESS:**

**1. DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2019 AND THE AUDITOR'S REPORT THEREON**

1.1 The Annual Report 2019 of the Company ("AR") had been published on the Company's website and on the SGXNET.

1.2 IT WAS RESOLVED:

That the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2019 together with the Auditor's Report thereon be and are hereby received and adopted.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	590,758,788	99.97	172,100	0.03

The Chairman declared the resolution carried.

**2. FIRST AND FINAL DIVIDEND**

IT WAS RESOLVED:

That a first and final one-tier tax exempt dividend of 1 cent per ordinary share in respect of the year ended 31 December 2019 as recommended by the Directors be and is hereby declared for payment on 8 July 2020 to the shareholders registered on 25 June 2020.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	590,930,888	100	0	0

The Chairman declared the resolution carried.

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

**3. DIRECTORS' AND AUDIT AND RISK COMMITTEE'S ("ARC") FEES**

IT WAS RESOLVED:

That the Directors' Fees of \$414,685 for FY 2019; and the ARC Fees comprising \$58,000 payable to the ARC chairman and \$38,000 payable to each ARC member for FY 2020, with payment of the ARC Fees to be made quarterly in arrears at the end of each calendar quarter except for the first quarter of 2020 which shall be made upon the approval by the shareholders at the Meeting, be and are hereby approved.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	590,930,888	100	0	0

The Chairman declared the resolution carried.

**4. RE-ELECTION OF DIRECTORS**

4.1 The Chairman informed the Meeting that Mr Ng Sey Ming and himself were due to retire by rotation in accordance with the Company's Constitution at the AGM and being eligible, had offered themselves for re-election. Information on the Directors seeking re-election could be found in the AR and the AGM Notice. The Nominating Committee had recommended their re-election as Directors.

4.2 IT WAS RESOLVED:

That Mr Kwek Leng Peck who is due to retire at this Meeting, be and is hereby re-elected as a Director of the Company.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
587,104,288	581,532,226	99.05	5,572,062	0.95

The Chairman declared the resolution carried.

4.3 IT WAS RESOLVED:

That Mr Ng Sey Ming who is due to retire at this Meeting, be and is hereby re-elected as a Director of the Company.

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	585,358,826	99.06	5,572,062	0.94

The Chairman declared the resolution carried.

**5. RE-APPOINTMENT OF AUDITOR**

5.1 The Meeting noted that the ARC had recommended the re-appointment of EY as Auditor of the Company and EY had expressed their willingness to accept re-appointment.

5.2 IT WAS RESOLVED:

That Ernst & Young LLP, Public Accountants and Chartered Accountants, be and is hereby re-appointed as Auditor of the Company to hold office until the conclusion of the next AGM and that the Directors be authorised to fix their remuneration.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	590,930,888	100	0	0

The Chairman declared the resolution carried.

**SPECIAL BUSINESS:**

**ORDINARY RESOLUTIONS**

**6. AUTHORITY FOR DIRECTORS TO ISSUE SHARES AND/OR MAKE OR GRANT OFFERS, AGREEMENTS OR OPTIONS PURSUANT TO SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE AND THE LISTING MANUAL OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

6.1 The Chairman informed the shareholders that the resolution under item 6 of the AGM Notice related, *inter alia*, to the grant of authority for Directors to issue shares and/or make or grant Instruments that might require shares to be issued up to a number not exceeding 100% of the Company's total number of issued shares, excluding treasury shares and subsidiary holdings, with a limit of 20% for any issue of shares not made on a *pro rata* basis to shareholders. This authority would expire at the next AGM of the Company, unless revoked or varied at a general meeting.

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6.2 IT WAS RESOLVED:

That authority be and is hereby given to the Directors to:

- (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 100% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares, excluding treasury shares and subsidiary holdings, shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time this Ordinary Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of SGX-ST;

- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being

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in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,930,888	585,311,034	99.05	5,619,854	0.95

The Chairman declared the resolution carried.

**7. AUTHORITY FOR DIRECTORS TO OFFER AND GRANT OPTIONS TO ELIGIBLE PARTICIPANTS UNDER THE HONG LEONG ASIA SHARE OPTION SCHEME 2000 (THE “SOS”) OTHER THAN PARENT GROUP EMPLOYEES AND PARENT GROUP NON-EXECUTIVE DIRECTORS AND TO ISSUE SHARES IN ACCORDANCE WITH THE PROVISIONS OF THE SOS**

7.1 The Chairman informed the Meeting that the resolution under item 7 related to the grant of authority for Directors to offer and grant options to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors.

7.2 Shareholders who were eligible to participate in the SOS and were not Parent Group Employees and Parent Group Non-Executive Directors had abstained from voting on this resolution.

7.3 IT WAS RESOLVED:

That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Hong Leong Asia Share Option Scheme 2000 (the “**SOS**”) to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors (each as defined under the terms of the SOS) and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of the options granted under the SOS, provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) from time to time.

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
587,023,288	576,169,316	98.15	10,853,972	1.85

The Chairman declared the resolution carried.

**8. EXTENSION OF THE SOS**

8.1 The Chairman informed the Meeting that the resolution under item 8 related to the extension of the duration of the SOS for a further period of 10 years from 30 December 2020 to 29 December 2030.

8.2 Shareholders who were eligible to participate in the SOS together with the Directors and companies under the Company's holding company, Hong Leong Investment Holdings Pte Ltd ("**HLIH**") that held shares in the Company had abstained from voting on this resolution.

8.3 IT WAS RESOLVED:

That approval be and is hereby given, pursuant to Rule 16.1 of the rules of the SOS, for the extension of the duration of the SOS for a further period of 10 years from 30 December 2020 to 29 December 2030.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
23,358,631	12,617,059	54.01	10,741,572	45.99

The Chairman declared the resolution carried.

**9. RENEWAL OF SHARE PURCHASE MANDATE**

9.1 The Chairman informed the shareholders that the Share Purchase Mandate, which was renewed at the last AGM of the Company held on 26 April 2019, would expire at this AGM.

9.2 The Share Purchase Mandate is intended to empower the Directors to purchase or acquire issued shares of the Company from time to time. Such authority would continue in force until the next AGM of the Company, unless previously revoked or varied at a general meeting.



**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

9.3 IT WAS RESOLVED:

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchase(s) on SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”); and/or
- (ii) off-market purchase(s) (if effected otherwise than on SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may, in their absolute discretion, deem fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Ordinary Resolution:

“Average Closing Price” means the average of the closing market prices of a Share for the five consecutive market days on which the Shares are transacted on SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of SGX-ST for any corporate action which occurs during the relevant five-day period and the day on which the purchase is made;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the

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Maximum Price) for each Share, and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of SGX-ST)) as at the date of the passing of this Ordinary Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties (if applicable), commission, applicable goods and services tax and other related expenses (if applicable)) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
590,774,444	590,774,444	100	0	0

The Chairman declared the resolution carried.

**10. RENEWAL OF SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS (“IPT”)**

10.1 The Chairman informed the shareholders that the IPT Mandate, which was last renewed on 26 April 2019, would expire at this AGM. The IPT Mandate if approved, would continue in force until the next AGM of the Company, unless revoked or varied at a general meeting.

10.2 The Chairman further informed that the Directors, CEO and those companies under the HLIH group that held shares in the Company as well as the controlling shareholders of the Company and their associates had abstained from voting on this resolution.

10.3 IT WAS RESOLVED:

- (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Letter to Shareholders dated 27 May 2020 (the “**Letter to Shareholders**”) with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders; provided that such transactions are entered into in accordance with the review procedures for

**Minutes of the 59<sup>th</sup> Annual General Meeting held on 18 June 2020 – cont'd**

Interested Person Transactions as set out in the Letter to Shareholders, and that such approval (the “**IPT Mandate**”), shall unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company; and

- (b) That the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
23,917,631	23,917,631	100	0	0

The Chairman declared the resolution carried.

As there was no other business, the Meeting was declared closed at 10.30 am.

Read and signed as correct

(Signed by Mr Kwek Leng Peck)

.....  
Chairman

**HONG LEONG ASIA LTD.**  
 (Company Registration No. 196300306G)  
 (Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 18 JUNE 2020  
 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Hong Leong Asia Ltd. (“**HLA**” or the “**Company**”) refers to its announcement of 27 May 2020 on the alternative arrangements for the AGM, and in particular to the invitation to shareholders to submit questions in advance of the AGM.

The Company has received questions from one shareholder and would like to thank the shareholder for the same. The Company’s responses to the questions received that are relevant to the AGM resolutions and the business of the Company are set out below.

No.	Question	Response
1.	This year was supposed to be a very good year for the construction industry. Has HLA resumed business activities to 100% for Malaysia and Singapore? If not, when is it likely?	<p>Please refer to page 7 of the Chairman’s Message in our Annual Report 2019 which made reference to the impact from the measures imposed under the Circuit Breaker in Singapore and the Movement Control Order in Malaysia on the business of our Building Materials Unit in these countries.</p> <p>Prior to the onset of the COVID-19 pandemic, the Singapore Building &amp; Construction Authority had on 8 January 2020 stated that total construction demand was expected to range between \$28 billion and \$33 billion in 2020, However, the Singapore Ministry of Trade &amp; Industry (“<b>MTI</b>”) had on 26 May 2020 announced that the construction sector had contracted by 4.0 per cent year-on-year, a reversal from the 4.3 per cent expansion in the previous quarter. In the same media release, MTI also stated that on a quarter-to-quarter seasonally adjusted annualized basis, the sector contracted by 21.8 per cent, a significant turnaround from the 5.3 per cent growth in the fourth quarter of 2019. In addition, the construction sector in Singapore has been adversely affected by manpower shortages due to the outbreak of infections among foreign workers, especially those living in the dormitories.</p> <p>The Department of Statistics, Malaysia, had on 12 May 2020, posted on its official website that the value of construction work done in the first quarter of 2020 contracted by 6.3 per cent on a year-on-year basis.</p>

		<p>Given the current situation with economic uncertainty and business and supply chain disruptions due to the escalation of the COVID-19 outbreak worldwide, which gave rise to constraints (including availability of workers when needed) and uncertainty, it would be difficult for us to advise when the construction sectors in Singapore and Malaysia are likely to resume 100 per cent of their activity levels.</p>
<p>2.</p>	<p>Any updates on M&amp;A (merger and acquisition) plans to buy other concrete/cement players in Singapore/Malaysia? Are there candidates identified? How is the technology push for our cement operations? I'm impressed with Pan-United command center. Could you look at similar technologies?</p>	<p>As and when we have any updates on M&amp;A activities, we will announce via SGXNET to inform all shareholders.</p> <p>The cement market in Singapore is predominately a bulk market with the majority of imports flowing into ready-mix concrete operations (“<b>RMC</b>”). As most RMCs have their own in-house cement supply, sales of cement to independent RMCs operations are minimal.</p> <p>Our cement operation is highly automated and had the second largest cement throughput of 1.15 million tons in 2019, serving almost entirely our RMC operation.</p> <p>While we are not in a position to comment on the use of technology of other cement players in Singapore, we wish to advise that our RMC operation has its own command centre (“<b>CCC</b>”). Commissioned in July 2017, our CCC’s main focus is to streamline ‘order to delivery’ process. It has provided customers with a very convenient one stop contact point for their daily orders. Equipped with CCTVs strategically located at all our batching plants and with real time GPS tracking on more than 200 delivery trucks operating each day, the CCC is the nerve center of our daily operations, optimizing resources on a real time basis. Our plants have been operating at high capacity prior to the imposition of measures under Circuit Breaker.</p> <p>We will continue to evaluate the use of technology in all our business units to improve efficiencies including productivity and effectiveness of our operations, and our Building Materials Unit is no exception.</p>

3.	For Yuchai, it has been undervalued and under-noticed in NYSE (New York Stock Exchange) compared to its peers in Hong Kong Exchange. Can the management consider possible delisting since many Chinese companies are taking steps to delist from US and seek IPO in Hong Kong Exchange.	We will continue to look at various options to enhance the value of our businesses and we will make the relevant announcement to update shareholders via SGXNET as and when appropriate.
4.	Also on Yuchai, my comment is that it is such a cyclical and capital R&D (research and development) intensive business and given your long standing relationships with the Chinese partners, would the Company consider selling Yuchai?	We will continue to look at various options to enhance the value of our businesses and we will make the relevant announcement to update shareholders via SGXNET as and when appropriate.
5.	Any plans to sell REX and Airwell, both have been losing money for many years?	Please refer to page 6 of the Chairman's Message of our Annual Report 2019 wherein it was stated that the Group is exploring various options on the future direction of Rex and Airwell. As and when these options materialize, we will make the relevant announcements to update shareholders via SGXNET.
6.	What if the delisting plans for Tasek Corporation Berhad fails? Can the Company elaborate why it is seeking to delist it again for a second time?	As at 17 June 2020, we have already secured more than 90% of the ordinary shares (excluding treasury shares) of Tasek. The reasons for this acquisition exercise were stated in the offer document which we sent to the shareholders of Tasek on 2 June 2020, viz., (a) dispensation of compliance costs associated with the listing status of Tasek and (b) to allow flexibility to implement measures to streamline and improve the operational efficiency of Tasek.
7.	Thank you for restoring dividends this year and for your hard work. Hong Leong is an established business in Singapore, I hope the company can continue to distribute dividends for shareholders every year.	We thank you for being a shareholder of the Company. We will continue to work hard and strive to grow the businesses of the Group.

By Order of the Board  
**HONG LEONG ASIA LTD.**

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

18 June 2020



# HONG LEONG ASIA LTD

## 59<sup>th</sup> Annual General Meeting

18 June 2020 | Mr Tan Eng Kwee - CEO



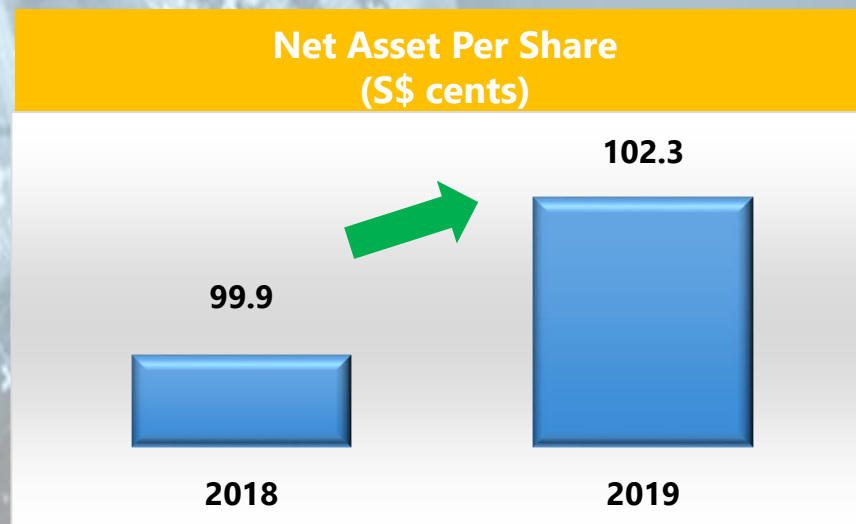
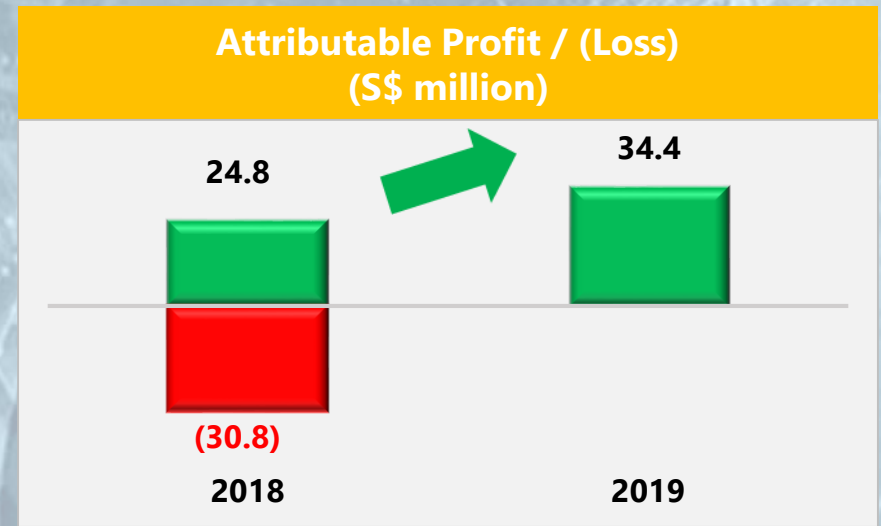
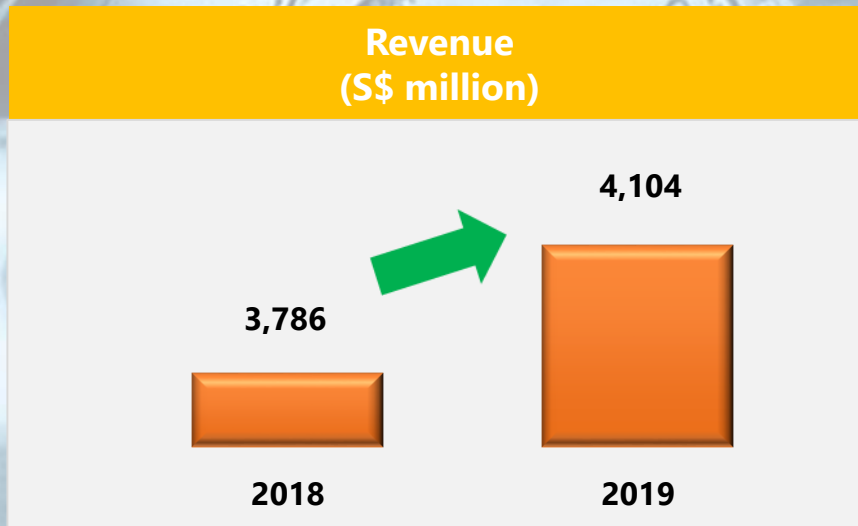
# HLA Group Financials





# PATMI rose 39% YoY to S\$34.4m

(continuing business only)





# Macroeconomic Factors and Business Environment



# Microeconomic Factors & Business Environment

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The business environment across all sectors of the Group's businesses were challenging, affected by several macroeconomic factors

**R**

Regulatory – permits, licences, emission standard, labour, taxes, subsidies

**O**

Oil - Saudi–Russia spat, shale oil boom, economic slowdown \*

**S**

Supply Chain – trade tension, global trade decoupling

**F**

Foreign Exchange – weaknesses of regional currencies \*

**E**

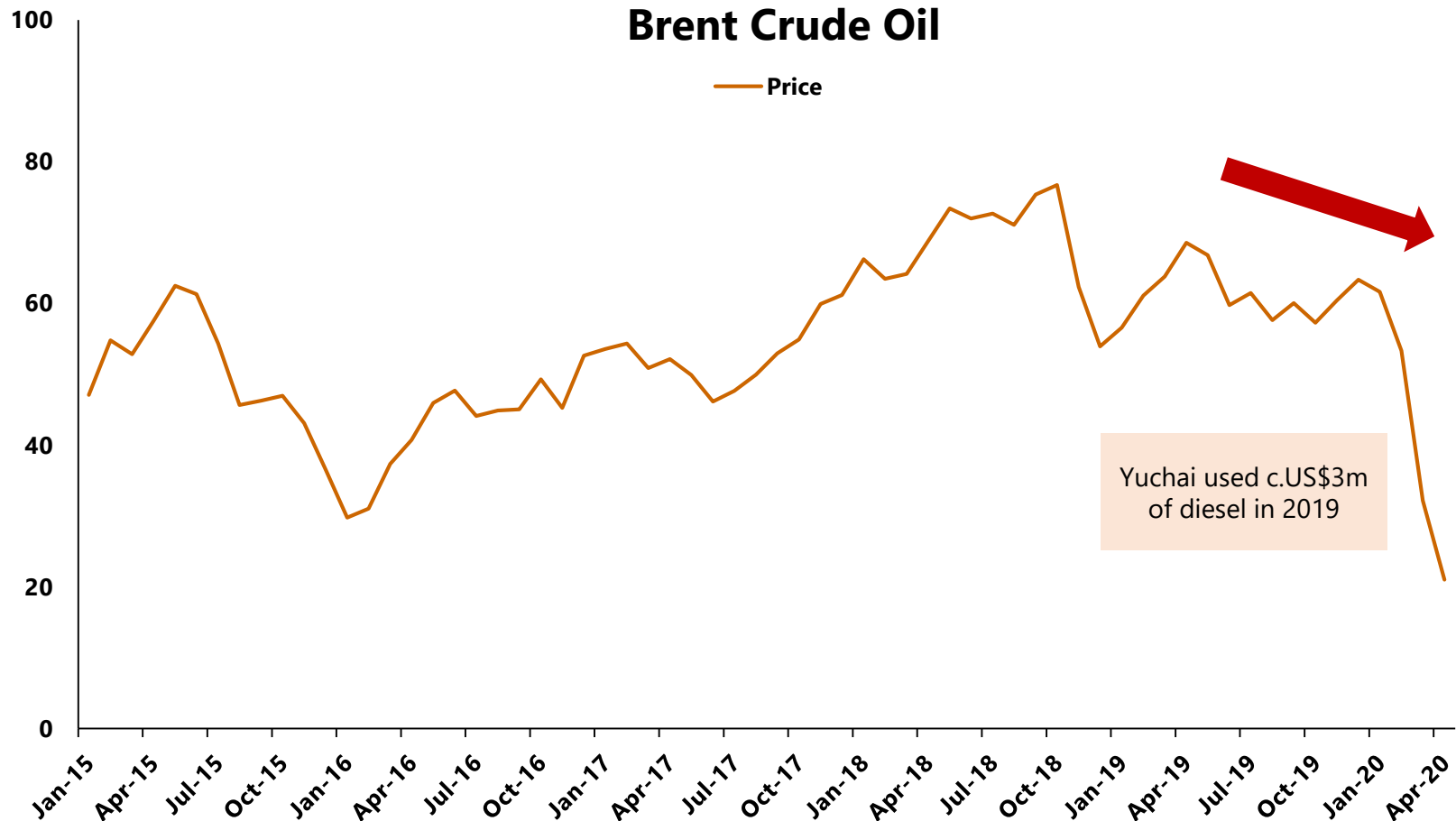
Economy – slowdown, employment \*

**D**

Demand – low disposal income, high household debt, property overhang, uncertainty

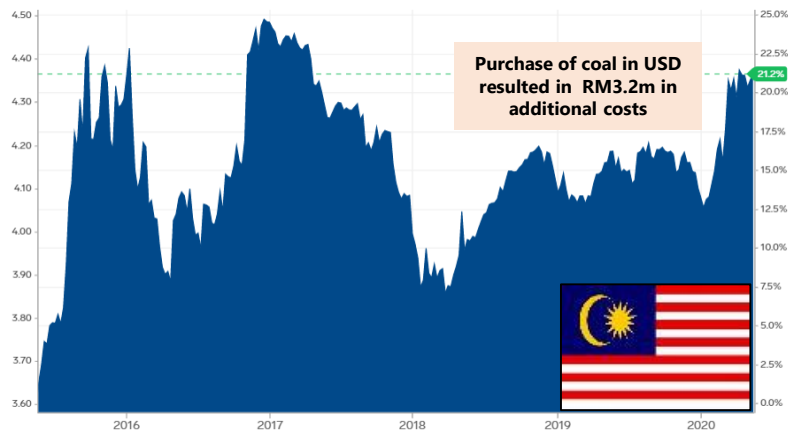
# Crude Oil Prices from 2015 to April 2020

Economic slowdown, shale oil and Saudi-Russia spat resulted in supply of oil exceeding demand which caused a sharp decline in price of crude oil



# Exchange Rates

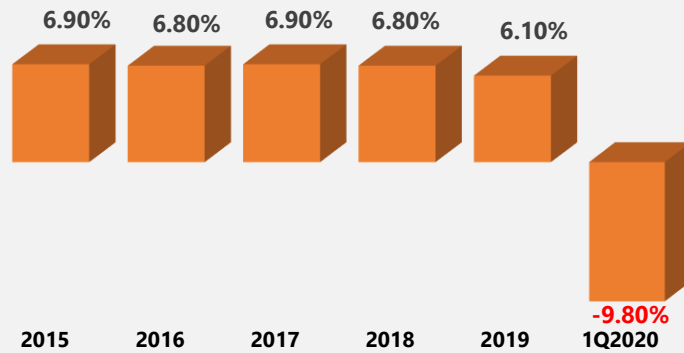
## Regional currencies weakened against the USD



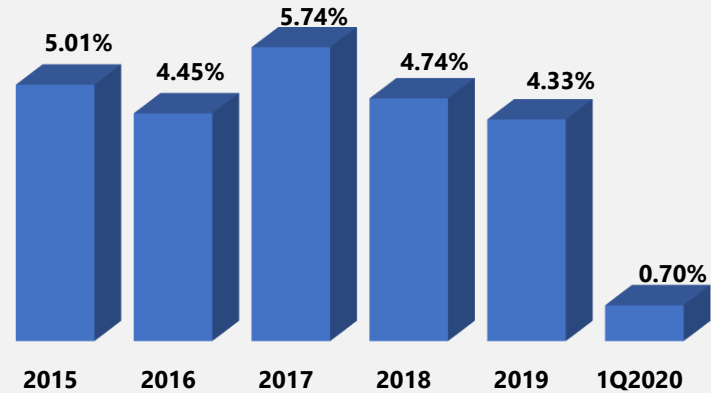
# Growth Rate: China, Malaysia and Singapore

Growth continued to slow in the countries where the Group operates

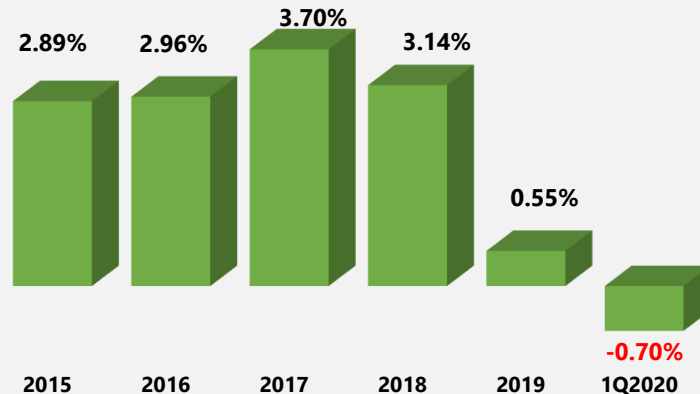
### China GDP



### Malaysia GDP



### Singapore GDP



卓越动

# Diesel Engines

**China Yuchai  
International**



# Diesel Engines

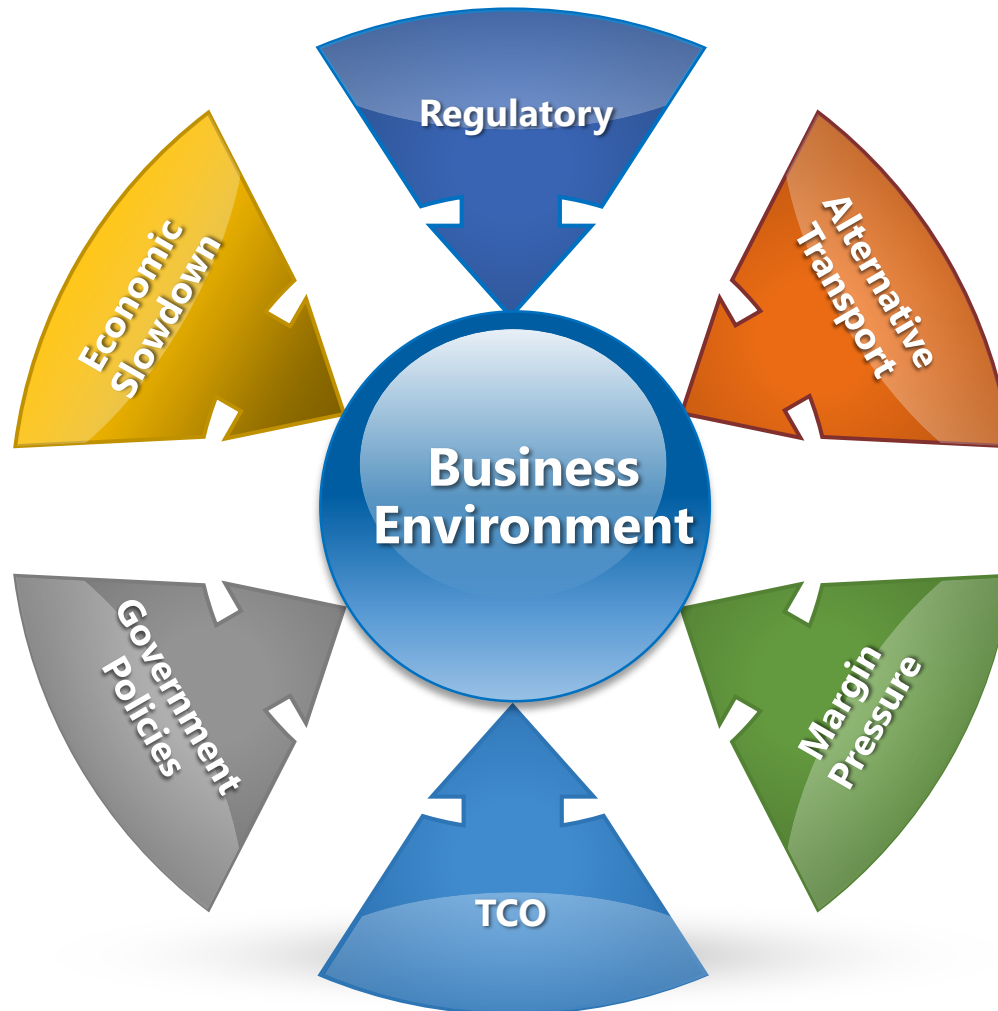
## BUSINESS ENVIRONMENT





# Business Environment

The diesel engine industry faced challenging business conditions but favourable government policies, imminent change in emission standard & lower TCO were positive developments



# Diesel Engines

**SALES  
PERFORMANCE**

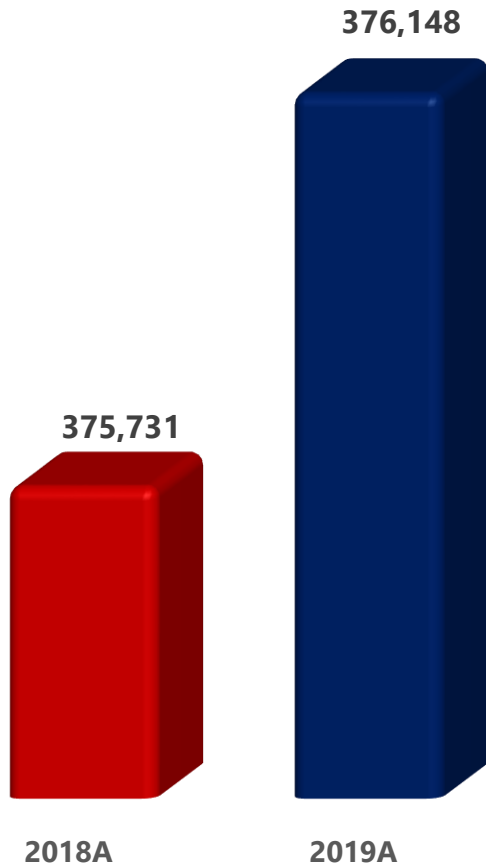
国际玉柴

A wide-angle photograph of a large industrial factory floor. The ceiling is high with numerous fluorescent lights. In the background, large blue Chinese characters "国际玉柴" (International Yuchai) are mounted on the wall. The floor is polished and reflects the lights, with a prominent green and yellow safety line. Several workers in blue uniforms are visible, moving around the area. There are various pieces of machinery, including what appears to be a large engine component on a stand in the foreground. The overall atmosphere is one of a busy, modern manufacturing environment.

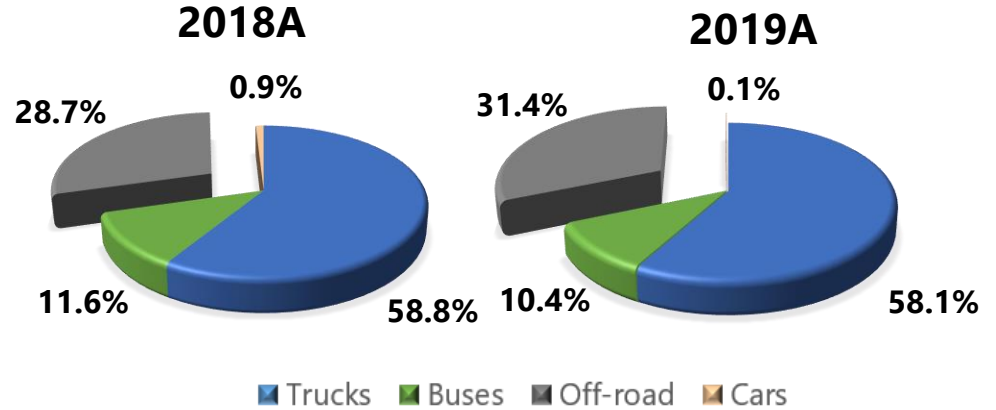
# Sales Mix

Unit sales rose marginally with weaker domestic demand on-road CV more than compensated by higher exports & sales of off-road engines

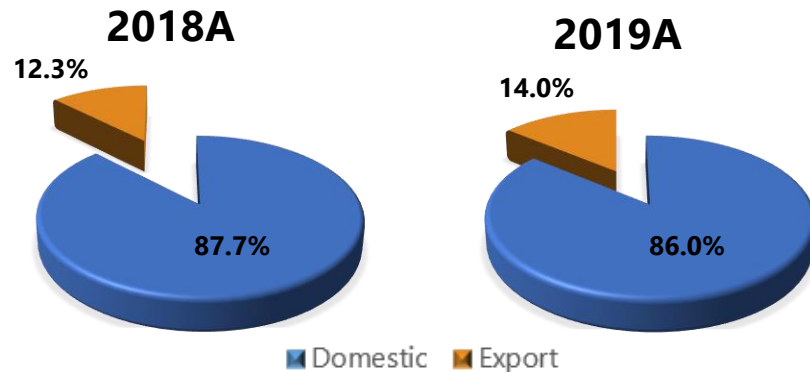
## Unit Sales



## Sales Mix



## Local Sales vs Export Sales (included packaged sales)



Note : A refers to Actual

# Diesel Engines

## INVESTMENT UPDATES

国际玉柴



# Investment Updates

Yuchai continued investments into technological improvements, marketing, supply chain self-reliance and process improvements enhance its competitiveness

**N6/T4 Investments  
(RMB1.3b)**



**Large Casting Foundry  
(RMB 250m)**



**Phase 2 component parts  
production facility  
(RMB 150m)**



# Investment Updates

Yuchai continued investments into technological improvements, marketing, supply chain self-reliance and process improvements enhance its competitiveness

**Eberspaecher  
(RMB 120m)**



**SAP Project  
(RMB85m)**



SAP Cloud Platform



SAP Concur 

**MTU localization  
program capex  
(RMB72m)**



**Yuchai Power  
showroom  
(RMB19m)**



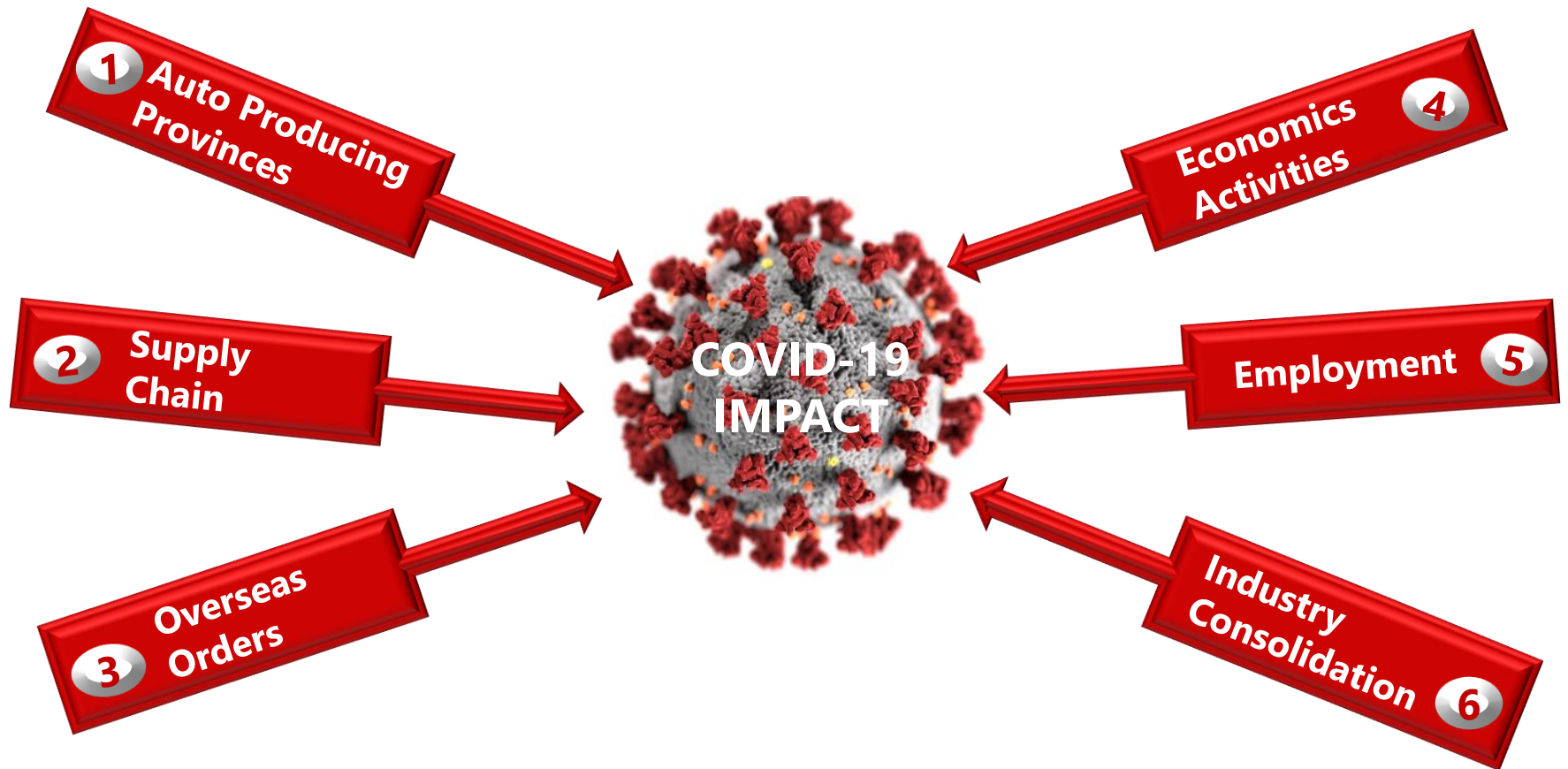
# Diesel Engines

## IMPACT OF COVID-19



# Impact of COVID-19

COVID-19 caused production stoppage which affected China's major auto manufacturing auto hubs badly & led to severe financial impact to nearly all economic sectors





# Diesel Engines

INVESTMENT  
UPSIDE

国际玉柴

A wide-angle photograph of a large industrial factory floor. The ceiling is high with numerous fluorescent lights. On the upper wall, the Chinese characters "国际玉柴" (International Yuchai) are displayed in blue. The floor is polished and reflects the lights, with a prominent green safety lane marked with yellow lines. Several workers in blue uniforms are visible, moving around the area. In the background, there are large pieces of machinery, possibly engine components, and overhead cranes. The overall scene depicts a busy manufacturing environment.

# Investment Upside

With its extended product range and its readiness for change in emission standard, Yuchai is well placed to compete & be amongst the market leaders in the diesel engine industry



Extended product range from LD to HD engines serving various industry sectors



Emission standard product readiness & strong pipeline of new products



Increased enforcement on over loading



Accelerated growth of e-commerce

# Investment Upside

With its extended product range and its readiness for change in emission standard, Yuchai is well placed to compete & be amongst the market leaders in the diesel engine industry

**Extended product range from LD to HD engines serving various industry sectors**

**Truck and Bus engines applications**



**Off road and Agriculture applications**



**Marine engines applications**



# Investment Upside

With its extended product range and its readiness for change in emission standard, Yuchai is well placed to compete & be amongst the market leaders in the diesel engine industry

National IV & Tier 4 readiness & strong pipeline of new products

## eCVT Hybrid



Integrated generator-motor power system (Range Extender)



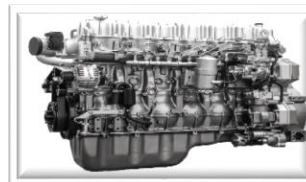
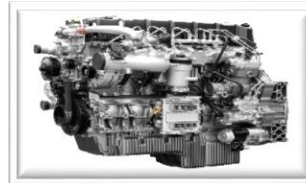
## YC Fuel Cell system



## LD and MD National 6 Engines



## MD and HD National 6 Engines



## HHP Marine and Power Generation Engines



# Investment Upside

With its extended product range and its readiness for change in emission standard, Yuchai is well placed to compete & be amongst the market leaders in the diesel engine industry

Increased enforcement means more commercial vehicles needed to meet the same volume of business



# Investment Upside

With its extended product range and its readiness for change in emission standard, Yuchai is well placed to compete & be amongst the market leaders in the diesel engine industry

e-Commerce will drive demand for trucks, which engines made up almost 60% of Yuchai's total sales



# Building Materials Unit



# Building Materials Unit

**BUSINESS  
ENVIRONMENT**





# Business Environment

While construction demand hit a 5-year high in Singapore with a 9.5% YoY growth to reach S\$33.4 billion in 2019, it stagnated in Malaysia with a mere 0.6% YoY growth to reach RM146.6 billion

## Singapore

*Dominant Public Sector*

*HDB Income Ceiling Relaxation*

*Excess Capacity*

*Raw Materials Supplies*

*Raw Materials Prices (NTS)*

*TOL Land*

*Manpower*

## Malaysia

*Dominant Private Sector*

*Fiscal Space*

*Property Overhang*

*Cement Prices*

*Manufacturers' concentration*

*SHE Enforcements*

*Manpower*

# Building Materials Unit

## SALES PERFORMANCE



# Strong Order Books

Singapore has strong order books in both precast and ready-mix & Malaysia has a strong order book for its ready-mix

(in months of capacity)

<b>Singapore</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
<b>Precast</b>	<b>12</b>	<b>22</b>	<b>21</b>
<b>Ready-mix</b>	<b>10</b>	<b>9</b>	<b>14</b>
<b>Malaysia</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
<b>Ready-mix</b>	<b>10</b>	<b>9</b>	<b>7</b>

1. These are approximate figures as deliveries of our products are not evenly distributed each month
2. Malaysia only supplies ready-mix to the central region

# Building Materials Unit

PROJECT  
UPDATES



# Project Updates

**ICPH: Our share of total land & construction cost expected to be in the region of S\$80+ million with construction expected to be completed by 1Q2022 and be operationally ready by 2Q2022**



**Integrated  
Construction  
Prefabrication  
Hub**



# Project Updates

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**Karimun Quarry: Purchase consideration of S\$13 million before capex and working capital requirement. At full capacity, quarry can produce up to 350k mt per month**

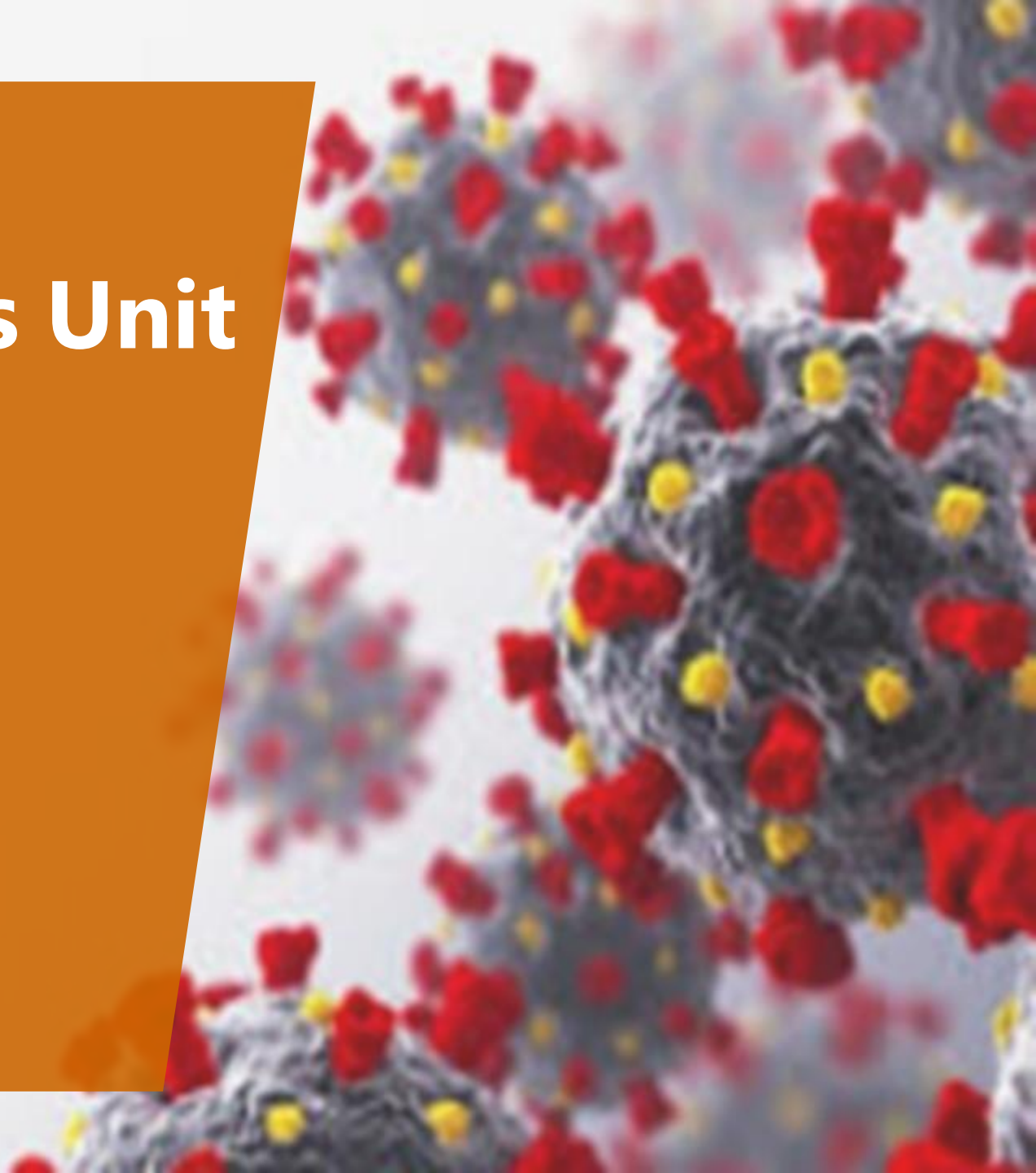


**Karimun  
Quarry**



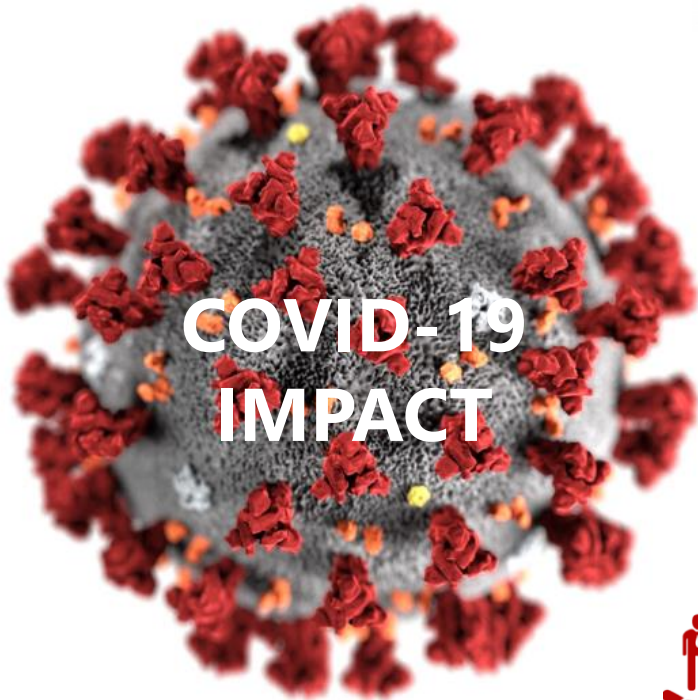
# Building Materials Unit

IMPACT OF  
COVID-19



# Impact of COVID-19

Construction activities were halted in Malaysia from 18 Mar and in Singapore from 7 Apr, both which just re-commenced recently and these caused sales to plunge to near zero revenue, with continued operating overheads



**Plants stoppage**



**Continued operating costs**



**FW living cost support**



**New SOPs**



**Manpower shortage**



**Credit deterioration**



# Building Materials Unit

INVESTMENT  
UPSIDE



# Investment Upside

With a reputation of being a reliable supplier of consistently good quality building materials, the Group is well placed to capitalise on any surge in the Singapore & Malaysian construction industry



Leadership roles with high market shares



Strong order books



Extensive market coverage in Spore & in Northern & Central Peninsula Malaysia



Good upstream integration with strong support from JV partners

# Investment Upside

With a reputation of being a reliable supplier of consistently good quality building materials, the Group is well placed to capitalise on any surge in the Singapore & Malaysian construction industry

Precast, Ready-mix & Cement business units are ranked in the top 3 in Singapore & Malaysian cement plant has consistently outpaced industry's growth rates



# Investment Upside

With a reputation of being a reliable supplier of consistently good quality building materials, the Group is well placed to capitalise on any surge in the Singapore & Malaysian construction industry

Resilient business with strong order books

(in months of capacity)

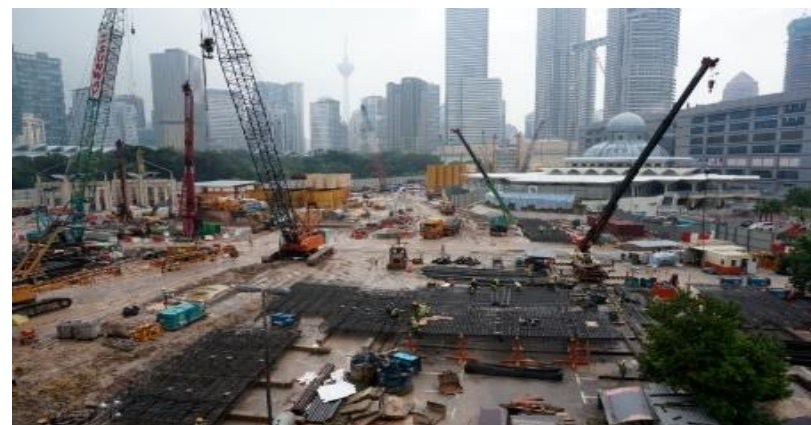
Singapore	31 Dec 2018	30 Jun 2019	31 Dec 2019
Precast	12	22	21
Ready-mix	10	9	14
Malaysia	31 Dec 2018	30 Jun 2019	31 Dec 2019
Ready-mix	10	9	7



# Investment Upside

With a reputation of being a reliable supplier of consistently good quality building materials, the Group is well placed to capitalise on any surge in the Singapore & Malaysian construction industry

Plants are well located in Singapore. Malaysia batching plants located @ high growth central region & integrated cement plant located in the northern region



# Investment Upside

With a reputation of being a reliable supplier of consistently good quality building materials, the Group is well placed to capitalise on any surge in the Singapore & Malaysian construction industry

Upstream integration & strong JV partnership provide ready supply sources of cement & aggregates



# Other Business Units

## REX



## Airwell



# Business Environment

The economic slowdown & shifts of factories away from China dampened demand & affected sales of consumer & industrial goods; Soft resin prices a positive development



**Slowdown in economic growth creating uncertainty and led to soft consumer demand**

**01**

**US-China trade tensions causing relocation of factories from China to other countries**

**02**

**Rising enforcements on SHE and requirements to strengthen SHE in factories**

**03**

**Staff attrition from unskilled labour**

**04**

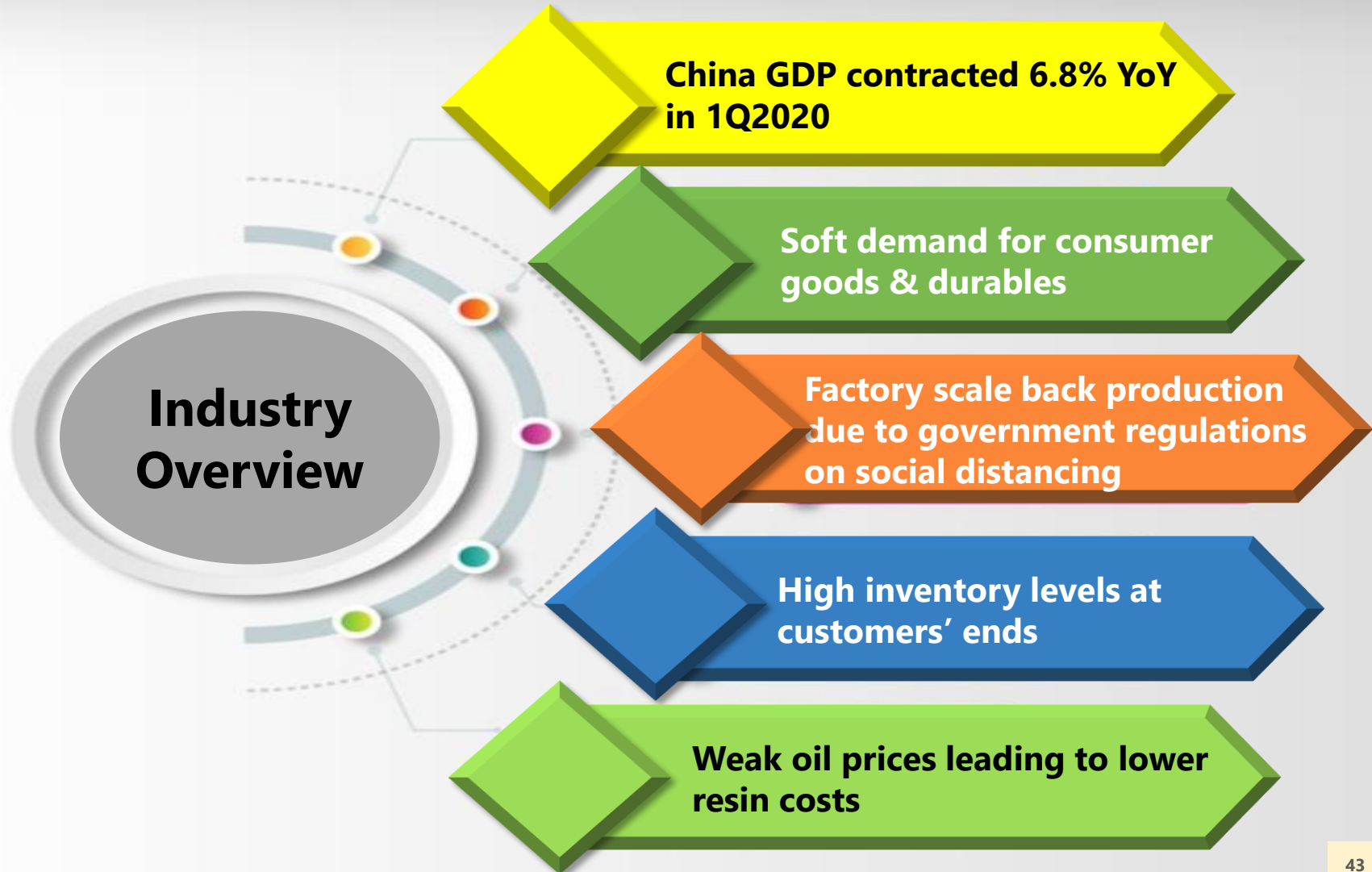
**Softness in resin prices seen recently**

**05**



# Industry Overview

The COVID-19 lockdown & slow economy led to lower disposable income & impacted demand for rigid plastic packaging products



# Products and Customers

Good product range and well-known customer base



# Other Business Units

IMPACT OF  
COVID-19



# Impact of COVID-19

Due to COVID-19 which caused even more tension between the US and China, consumer demand is likely to be dampened which will affect demand for rigid plastic packaging products & consumer durables



**Softness in  
consumer  
demand**



**Supply  
chain  
disruptions**



**Increased  
cost of  
operations**



**Lack of  
workers**

# SUSTAINABILITY INITIATIVES



# Sustainability Initiatives

Sustainability remained a key focus of the Group, centred on 4 core areas

## Community Engagement

1. Cement donation
2. Scholarships



## Health and Safety

1. Certification
2. Zero reportable incidents



## Carbon Emissions

1. Energy consumption
2. Solar energy
3. Awards
4. Dust Control



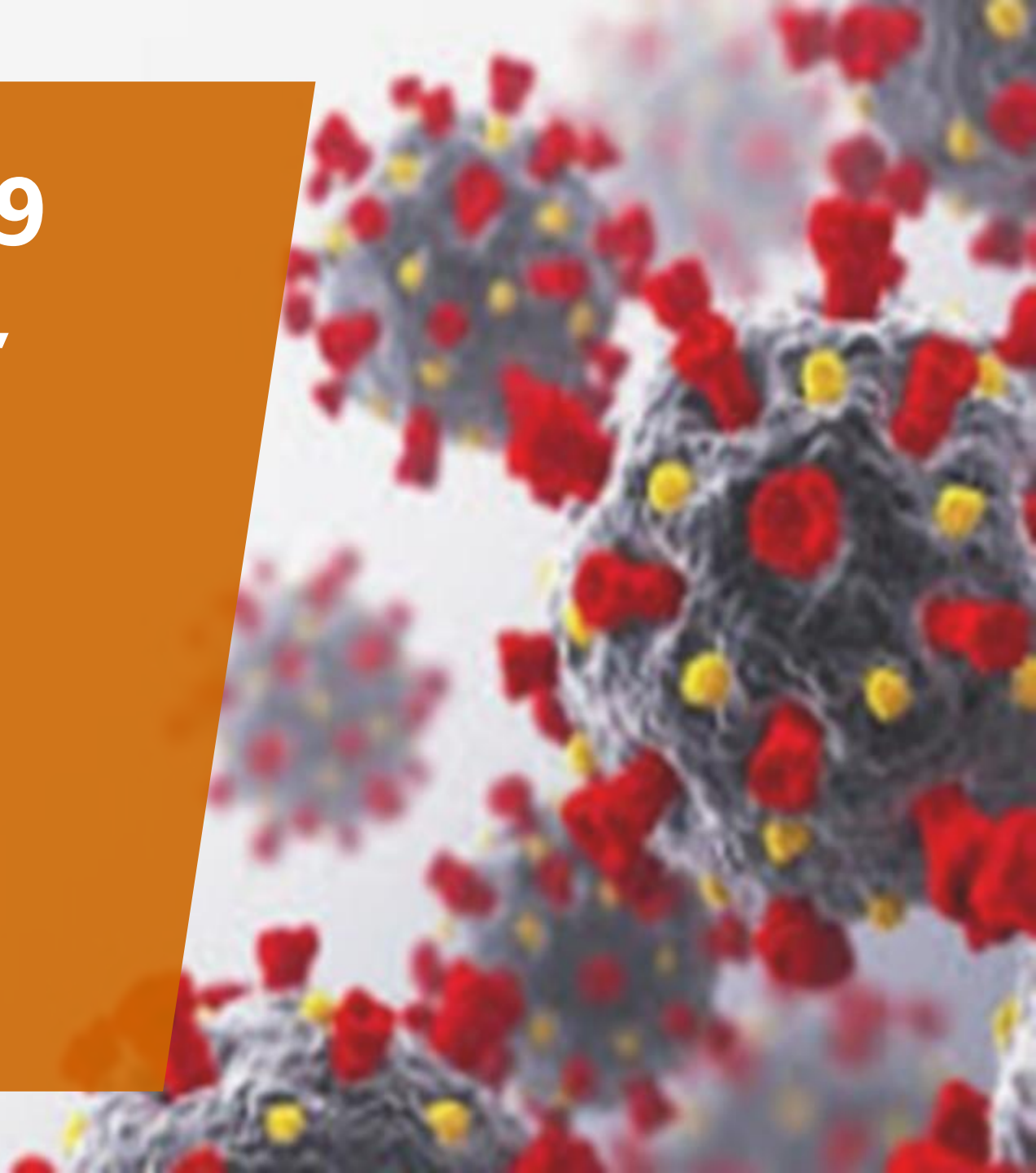
## Alternative Raw Materials

1. Increased usage
2. Adopted guidelines



**COVID-19**

**EMPLOYEES'  
SAFETY  
MEASURES**



# Actions on COVID-19

The Group takes seriously the well-being of its employees and have instituted various measures arising from COVID-19 pandemic

Health  
&  
Safety



**Masks**



**Hand sanitisers**



**Disinfectants for personal devices & work desk**



**General disinfecting exercise for work areas**



**Temperature taking**



**SafeEntry**



**WFH / Separation of work teams**



**Travel bans – video/audio conferencing**



**BCP**





# THANK YOU

**HONG LEONG ASIA LTD**

16 Raffles Quay #26-00 Hong Leong Building Singapore 048581

T: +65 6322 6220

F: +65 6220 8411

[www.hlasia.com.sg](http://www.hlasia.com.sg)