



HONG LEONG ASIA

AGM Presentation
25 April 2014

Mr. Philip Ting
Chief Executive Officer

Business Segments



Consumer
Products
Unit

Diesel
Engines
Unit

Building
Materials
Unit

Industrial
Packaging
Unit

Air-conditioning
Systems and
Distribution Unit





- According to China Market monitor research, in 2014, the overall China white goods market will potentially reach RMB 89.4B, Y-o-Y amount increase of 3.5% . Retail sales volume 33.89 million units, y-o-y decreased by 2%. Market continue to remain stable but very competitive.
- Due to China's urbanization policy, more people moving from rural areas to Tier 1 and Tier 2 cities. There has been increasing demands for mid- high end design and product lines. Larger capacity refrigerators (600 Litres) side- by- side and Multi-door fridges continue to gain rising demands from Chinese consumers.



Libra 2.0 - “When Western Elegance Meets Eastern Beauty”

Chinese traditional patterns are balanced with western simplicity



Tranquility from west to east - New aesthetic harmony of Libra 2.0

Achievements



← Frestec's new Libra range of refrigerators received merit recognition at the Design for Asia Award held In Hong Kong in Dec 2013.



← Frestec was amongst the first to receive the CQC certification from the China Quality Certification Centre



On the ONE-BUTTON SWITCH(“一键转换”), with a click of a switch, you can change the centre compartment of the fridge from freezer to chiller and vice versa depending on the seasons.



Revitalized Website

Frestec Revamped Website: www.frestec.com



Sales & Distribution Network



- **Sales network**

More than 13,651 sales points, including 2000 hypermarkets

- **After-sales service**

Nationwide after-sales service network with 32 service centres and 2,615 after-sales service points

24-hour toll free hotline

- **Distribution network**

61 warehouses in almost every province(except Tibet)

- **Online Mall (Frestec Tmall and Suning Online Sales)** - Due to increase online shopping usage in China.





China Yuchai International Limited



Key Investment Highlights



China Yuchai International Limited

- Consistently ranked as one of the top engine maker by “China Association of Automobile Manufacturers” with 500,756 units sold in 2013- increase of 16.1%.
- Yuchai’s revenue increased by 22.5% primarily attributed to higher unit sales of truck, bus and agricultural engines.
- Launched 8 new engine models to further increase its leadership in the engine market in 2014. Have launched 20 new engine models since 2013.
- New Nanning R&D centre started operation in September 2013. Full operation to start in May 2014. It will focus on development and testing of new engine products and components, especially emission control and fuel saving systems and improvement of product quality.
- 2013 China Top 500 Manufacturing Enterprise : Ranked No. 17
- 2013 Guangxi Best Ten Enterprises Award
- 2013 YC6K was accredited the Euro E-mark certification
- 2013 YC6L was awarded “Trustworthy Products for Public Transport Industry”

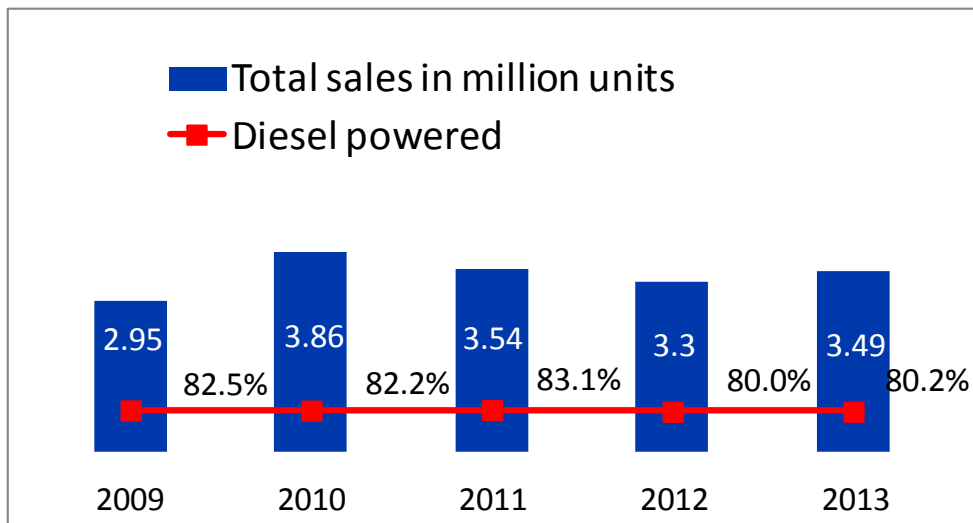


Market Overview: Commercial Vehicles

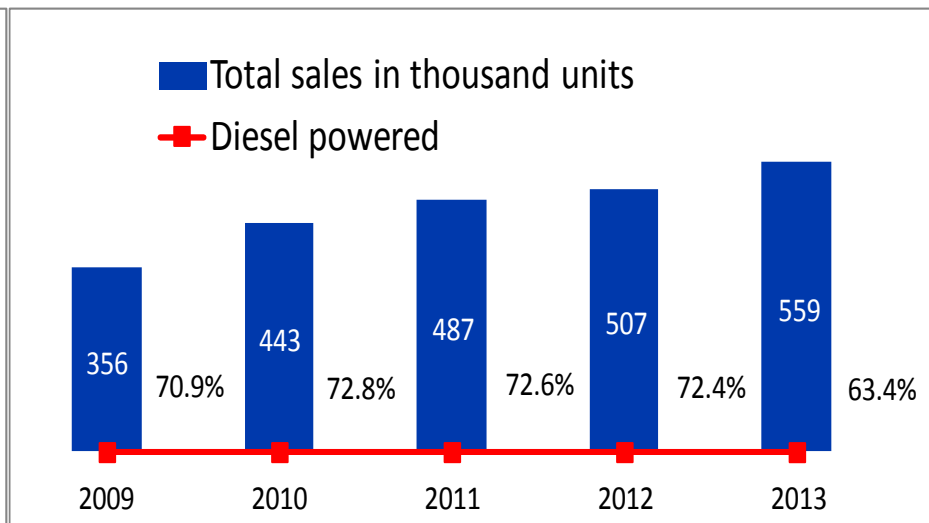


China Yuchai International Limited

China Truck Market



China Bus Market



Truck Market Drivers

- China's economic growth
- Infrastructure projects
- Urbanization
- Logistics Networks
- Stringent emission standards

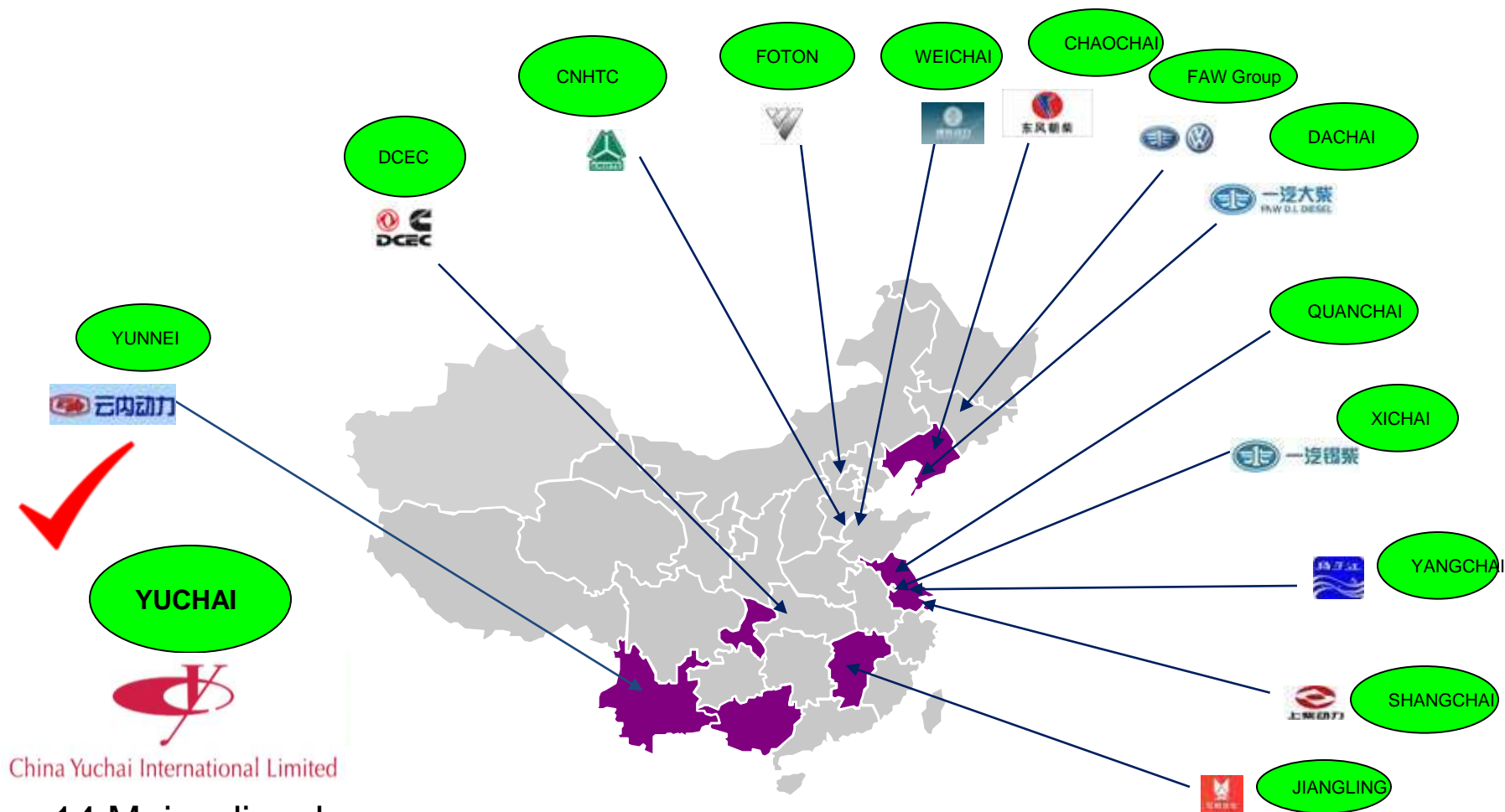
Bus Market Drivers

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

China Top Diesel Engine Makers



China Yuchai International Limited



14 Major diesel
Engine manufacturers



China Distribution Network



China Yuchai International Limited



China Distribution Network

- 2,900 services stations in China
- 32 regional sales center

** As of December 2013*

Investment Upsides



China Yuchai International Limited

- Maximize shareholders' value. Market Cap of CYI -USD 800M
- Launch new gas engines to address increasing gas application demand.
- Expand into HD products, in construction, marine and power gen markets.
- Continue to ensure all products meet stringent emission standards.
- Grow international business..
- Implement and cost reductions through Lean Six Sigma manufacturing.
- Strategic partnership with CIMC-Chery and Norinco (via Beifang Chuangye).





Building Materials



Tasek



Key Investment Highlights



- Maintain market leadership positions: No.1 in Precast and No. 2 in Ready Mix Concrete.
- Revenue declined mainly due to lower sales from the “precast” division. This was due to project delays caused by shortage in foreign labour. However it was mitigated by higher sales from the ready-mixed concrete and trading divisions.
- Strong presence in Singapore’s construction sector. One of the largest suppliers of essential building materials to the construction industry in Singapore.
- Total Singapore construction demand in 2013 attained a preliminary estimate of \$35.8b, exceeding the earlier BCA’s forecast of \$28-\$34b. Total construction demand in 2014 is forecasted to be between \$31b and \$38b.
- Tasek Corporation Berhad (listed in Bursa Malaysia) is one of the largest integrated cement suppliers in Malaysia with a production capacity of 2 million tones of cement/year. It holds a market share of 11%, FY 2013. reported profit after tax is RM94M.



Investment Upsides



- Proactive Singapore & Malaysia government policies on construction sector.
- Mega projects such as Kuala Lumpur My Rapid Transit (“MRT”) & Light Rail Transit (“LRT”) extension are expected to keep the construction activities’ momentum going for the next few quarters.
- All units of BMG will have adequate orders in hand for the short & medium term.
- BMG is strategically located across Malaysia and Singapore.





Key Investment Highlights



- For China market, we are switching our business focus from bottle to Jerry can as Jerry can has higher GP, Rex is the only Jerry can manufacturer with presence in 3 strategic location, Shanghai and Guangdong area have relatively big Jerry can demand.
- REX China and REX Malaysia are well equipped with advanced technologies and machines to produce high quality products such as plastic bottles, jerry cans, multi-functional plastic closures and caps. It uses advanced machines for manufacturing products through the following processes such as injection moulding, blow moulding or injection-blow moulding.
- Higher raw material costs/labour costs in PRC – a direct impact on the bottomline from crude oil price hike and the Chinese legislation on increasing min wage rate every 2 years.
- Continuously looking at manufacturing improvements and cost reductions through lean manufacturing.





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



Key Investment 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.
- New sleek VRF design to differentiate ourselves from the competitors . Will showcase the VRF at one of the largest Air-con trade exhibition in 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.



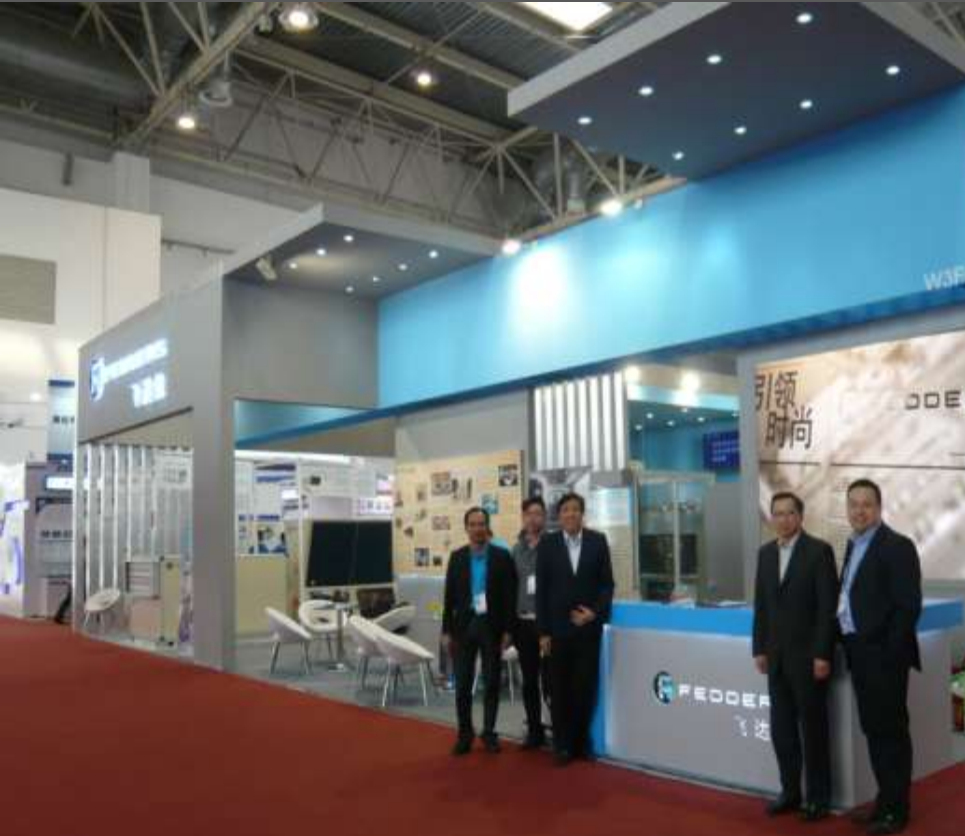
FEDDERS Booth at China Refrigeration

9-11 April 2014



FEDDERS™

SINCE 1896



Product Innovation – VRF

Old design



New Sleek contemporary design



Revitalized Website For FEDDERS (For China market)



FEDDERS™

SINCE 1896



FEDDERS China Website- www.feddersasia.cn



In Summary



- 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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