

HONG LEONG ASIA LTD.
(Co. Reg. No. 196300306G)
(Incorporated in the Republic of Singapore)

NEWS RELEASE

Hong Leong Asia Ltd. Group Reports Higher Attributable Net Profit of S\$40.7 million for the Half Year ended 30 June 2021

- Attributable net profit to shareholders rose 110.4% year-on-year (“YoY”) to S\$40.7 million for the half year ended 30 June (“1H”) 2021.
- All businesses recorded higher volume sales and higher revenue in 1H 2021.
- Diesel Engines Unit (“Yuchai”) benefitted from strong 33.8% YoY growth in engine units ahead of China’s transition to National VI compliant engines.
- Demand for concrete and related products in Singapore and Malaysia rebounded as the construction sector recovered from a low base in 2020.
- Hong Leong Asia Ltd. (“HLA” or the “Company”) together with its subsidiaries (the “Group”) with its conservative balance sheet and net cash position remains steadfast as it actively manages risks rising from the impact of the COVID-19 pandemic.

	Half year ended 30 June 2021	Half year ended 30 June 2020	+/-
	S\$'000	S\$'000	%
Revenue	2,838,742	2,137,155	32.8%
Profit before Income Tax from Continuing Operations	111,443	105,310	5.8%
Profit from Continuing Operations, Net of Tax	90,338	80,159	12.7%
Total Attributable Net Profit (PATMI)	40,737	19,365	110.4%
Earnings per share (cents)	5.45	2.59	110.4%

* NM: Not meaningful

Singapore, August 12, 2021 – HLA, the listed trading and manufacturing arm of the Hong Leong Group, Singapore is pleased to announce that PATMI rose 110.4% YoY to S\$40.7 million for the half year ended 30 June 2021 as the Group’s revenue rose 32.8% YoY to S\$2,838.7 million.

The Group's key businesses recorded higher volume sales and higher revenue in 1H 2021.

Yuchai's revenue rose by 31.9% YoY to Renminbi ("**RMB**") 12.6 billion (S\$2.6 billion) as it benefitted from strong sales of 285,342 engine units, representing growth of 33.8% YoY ahead of China's transition to National VI compliant engines. The business chalked up double-digit volume growth in all the segments that the Group is present in, and in particular strong growth was registered in both the heavy-duty truck and off-road segments. Yuchai's pre-tax profit declined 16.7% YoY to S\$92.1 million on higher input costs.

The building materials unit's ("**BMU**") revenue increased by 46.4% YoY to S\$222.9 million with pre-tax profit rebounding to S\$13.9 million given the recovery of the construction sector from a low base in FY 2020, driving the demand for concrete and related products in Singapore. Demand for Precast products under BMU in Singapore was boosted by the substantial increase in government tenders for dwelling units. The Ready Mix Concrete business also performed satisfactorily in 1H 2021 although the shortage of workers in most construction companies had caused delay to many projects.

The operating environment in Malaysia has been challenging as the rising infection cases and re-imposition of Malaysia's Full Movement Control Order ("**MCO**") since 1 June 2021 have reduced all activities in the local construction industry and are likely to delay its recovery to pre-COVID level. The BMU in Malaysia (Tasek) managed a double digit volume sales growth but still reported a loss for 1H 2021.

1H 2021 saw a tight market condition with labour shortages and rising costs pressures amid measures put in place to control the pandemic. Input costs in raw material prices, packaging materials and transportation costs had all risen. The Group has responded with measures to improve its operational efficiencies further to absorb these costs pressures.

As previously announced, the Group in managing the business risks, had completed the assignment of the debt outstanding from the Xinfei Companies and realised a pre-tax gain of approximately RMB 48.7 million (equivalent to approximately S\$10.0 million) in 1H 2021.

Market Outlook

In China, Yuchai has in place a complete portfolio of National VI diesel and natural gas engines to meet the needs of its customers. However, Yuchai expects the market of commercial vehicle engines to slow after a strong pre-buying in 1H 2021.

In Singapore, BMU's order books for Precast and Ready Mix Concrete businesses remain strong. The construction of the Group's Integrated Construction and Prefabrication Hub manufacturing facility, when ready in the second half of FY 2022 will introduce higher automation and help improve productivity. In Malaysia, Tasek with its integrated cement plant and ready-mix batching plants continues to work on operational improvements and cost discipline to counter the industry's tough

conditions, including challenges presented by the MCO. The MCO having disrupted the progress of construction projects in Malaysia has also interrupted the production of precast concrete components for construction work in Singapore.

The Group with its conservative balance sheet and net cash position remains steadfast as it actively manages risks arising from the impact of the COVID-19 pandemic. The Group's businesses have also put in place operational improvements and measures to counter the risks from labour shortages, rising costs pressures from higher input and material costs as well as to minimise the impact of disruption in the supply of precast concrete components should Malaysia's MCO remain extended. These, together with the Group's effort in seeking opportunities to strengthen its market position will lead the Group to emerge stronger from the pandemic.

About Hong Leong Asia Ltd.

Hong Leong Asia Ltd. has been listed on the mainboard of Singapore Exchange Securities Trading Limited since 1998. It is part of the Singapore-based conglomerate, Hong Leong Group, one of the largest and most successful globalised corporations in Asia. Over the years, we have grown from a building materials supplier to a diversified Asian multinational known for our market leadership and financial strength. We work closely with our customers across the rapidly urbanising Asia to develop and deliver innovative solutions that will improve quality of life and drive sustainability for the cities of the future

For more information on the Group, please visit our website at www.hlasia.com.sg

For queries on this News Release, please contact:

Ms. Kwek Pei Xuan

Head of Sustainability & Corporate Affairs

Email: pxkwek@corp.hla-grp.com

Mr. Patrick Yau

Chief Investment Officer

Email: patrickyau@corp.hla-grp.com