



# HONG LEONG ASIA

57<sup>th</sup> Annual General Meeting Presentation  
27 April 2018

Mr. Philip Ting  
Chief Executive Officer

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# Hong Leong Asia

## Overview

- Hong Leong Asia (HLA) is the industrial manufacturing and distribution division of Hong Leong Group Singapore.
- It is one of the largest diversified industrial conglomerates in China and Southeast Asia.
- Listed on the Singapore Stock Exchange since 1998, HLA has five core business segments.
- Key shareholder: Hong Leong Corporation Holdings Pte Ltd (62.31% as at 5 March 2018)



# Hong Leong Asia

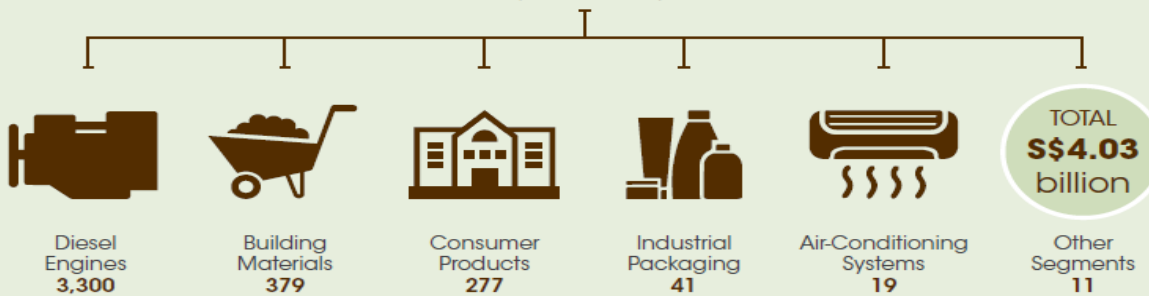
## Financial Highlights

### REVENUE (in S\$ million)



Revenue for the Group was **\$4.027 billion** in FY2017, an increase of \$301.9 million or **8.1%**, from \$3.725 billion in FY2016.

### REVENUE BY BUSINESS SEGMENT (in S\$ million)





# Hong Leong Asia

## Core Business Segments

- **Main Business Units:**
  1. Diesel Engines (“Yuchai”)
  2. Building Materials (“BMU”)
  3. Consumer Products (“Xinfei”)
- **Other Business Units:**
  4. Industrial Packaging (“Rex”)
  5. Air-Conditioning Systems and Lifestyle Consumer Appliances (“Fedders & Airwell”)



# 1. Diesel Engines Unit (“Yuchai”)

## China Top Diesel Engine Makers

- China Yuchai International Ltd is listed on New York Stock Exchange (“NYSE”) in 1994.
- Yuchai’s principal operating subsidiary Guangxi Yuchai Machinery Company Limited (“GYMCL”) is one of the top engine manufacturers in China.
- Location: China (Yulin, Guangxi)
- Products: Diesel engines for various applications, namely trucks, buses, construction, power generator, marine and agriculture application.
- Production capacity: 600,000 units per annum





# 1. Diesel Engines Unit (“Yuchai”)

## China Top Diesel Engine Makers

### FY2017 Review

- Revenue: \$3.3 billion (2016: \$2.8 billion)
- No. of engines units sold: 367,097 (2016: 320,424)
- Profit before income tax: \$242.6 million (2016: \$183.0 million)
- Profit after income tax: \$197.8 million (2016: \$150.2 million)
- Highlights:
  - Unit sales increased by 46,673 units, or 14.6% .
    - Rebound of Truck and Agriculture markets.
    - Offset by competition from Electric Vehicles.
  - Export market: Broke 10,000-unit mark at 12,173 units for FY2017.
    - Myanmar: Initial order for 2,000 units and additional 1,000 units for Rangoon’s upgraded public transportation system.
    - Cambodia: 98 Yutong buses powered by Yuchai’s engines were exported to Phnom Penh.
    - Kuwait: 598 school buses by Yuchai’s engines were also delivered to Kuwait Public Transport Company.

## 2. Building Materials Unit (“BMU”)



- Building Materials Group is one of the largest suppliers of essential building materials to the construction industry, in Singapore and Malaysia
- Location:
  - Singapore
  - Malaysia (Tasek; listed on Bursa Malaysia)
- Products:
  - Quarry
  - Ready-Mix Concrete
  - Precast Concrete
  - Cement
  - Trading





## 2. Building Materials Unit (“BMU”)

### FY2017 Review

- Revenue: \$379.4 million (2016: \$463.3 million)
- Loss before income tax: \$6.3 million (2016: Profit of \$41.0 million)
- Loss after income tax: \$5.8 million (2016: Profit of \$33.9 million)
- Highlights:
  - Singapore:
    - Construction industry declined 8.4% in FY2017 (growth at 1.9% in FY2016).
    - Intense price competition and lower demand for cement.
    - BMU remains as one of the top precast suppliers in Singapore.
  - Malaysia (Tasek):
    - Intense price competition and lesser private property projects.
    - Tasek continues to be one of Malaysia’s trusted suppliers.





### 3. Consumer Products Unit (“Xinfei”)

- The Consumer Products Unit markets under the brand names of Xinfei and Frestec.
- It designs, manufactures and distributes fridges and freezers.
- Location: China (Xinxiang, Henan)
- Products:
  - Fridges
  - Freezers
  - Washing machines



### 3. Consumer Products Unit (“Xinfei”)

#### **FY2017 Review**

- Revenue: \$276.6 million (2016: \$370.6 million)
- No. of units sold: 1.2 million (2016: 1.5 million)
- Loss before income tax: \$120.7 million (2016: \$130.5 million)
- Loss after income tax: \$120.7 million (2016: \$128.5 million)
- Highlights:
  - Highly competitive fridge and freezer market and excess capacity.
  - China Market Monitor reported that the fridge and freezers unit sales in China declined 11.4% and 13.6% respectively for FY2017.
  - Restructuring Exercise: It was announced in October 2017. It involves the cessation of Xinfei’s manufacturing and production activities, and the exploration of strategic participation with potential partners.

## 4. Industrial Packaging Unit (“Rex”)

- Rex manufactures and distributes a wide range of rigid plastic packaging products for the industrial and consumer markets.
- Location: China (Dongguan and Tianjin)
- Products: Packaging products for key markets such as personal care, household, food and beverage, lubricant and chemicals.



### FY2017 Review

- Revenue: \$40.5 million (2016: \$38.8 million)
- Loss before income tax: \$4.0 million (2016: \$5.8 million)
- Loss after income tax: \$4.0 million (2016: \$5.8 million)
- Highlights:
  - It is a highly competitive market.
  - Malaysia business was disposed in end 2017.



# 5. Air-Conditioning Systems and Lifestyle Consumer Appliances Unit (“Fedders & Airwell”)

- The business unit is engaged in the design, manufacture and distribution of air-conditioning systems. It markets under the Airwell & Fedders brand names.
- Location: China (Taicang, Jiangsu)
- Products:
  - Air-conditioning for residential and industrial buildings.
  - Central AC systems, multi-split, residential heat pump, floor heating, variable refrigerant flow systems (VRF), fan coil, air cooled & water cooled chillers and air handling units.

## FY2017 Review

- Revenue: \$18.9 million (2016: \$18.3 million)
- Loss before income tax: \$3.9 million (2016: \$11.1 million)
- Loss after income tax: \$3.9 million (2016: \$11.1 million)



# Others - Developments

- Major Disposal:
  - Our subsidiary, HL Global Enterprises Limited (HLGE; listed on SGX) successfully disposed its equity stake in hotels in Qingdao and Shanghai.
  - Disposal gain of \$66.3 million was recorded.



**Thank You**  
**谢谢**

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