



THE MARKET

Axe Brand products have been stimulating mankind with the value of natural therapy for over 70 years. In Southeast Asia, Axe Brand Universal Oil has carved a niche in the market as a handy cure-all for the family at home and when

1,000 Brands in 2004, bearing testimony to quality and management standards.

Securing product registration in countries such as US, Canada, Australia, China, Saudi Arabia and Malaysia has paved the way for the entry of Axe Oil into many other countries.



travelling. With a deep-rooted popularity throughout Southeast Asia, Leung Kai Fook Medical Company, the manufacturer of Axe Brand, found a ready market in the southern provinces – Guangdong, Guangxi, Fujian, and Hainan – when it officially entered China in 1987. Today, Axe Brand products can be found in most major cities within China. By combining marketing activities with a reputation for excellence and quality, Axe Brand is penetrating the minds of consumers across the country.

More recently, the company has opened channels to the Middle East and is preparing for its entry into European markets.

ACHIEVEMENTS

Leung Kai Fook was awarded GMP certification (in accordance with World Health Organization standards) in 1991, and ISO:9000 certification in 1992.

The company was named one of Asia's Top

HISTORY

Leung Kai Food Medical Company is one of the oldest medical companies in Singapore. It all started in 1928 when founder Leung Yun Chee met a German traveller in Singapore who presented him with the formula for medicated oil as a gesture of good will. Thus, the company was born. Now, with the second generation of the Leung family, the company is doing better than ever. In 1987, Axe Brand products officially entered China. For many decades most overseas Chinese would include some Axe Brand products in the parcels they sent to their relatives in China,

or brought to them as gifts while travelling there. When the company obtained its first import permit and appointed a distributor in China, its reputation and brand image had already been established, especially in the southern provinces.

Today most travel guides and websites published in China include Axe Brand Medicated Oil in their must-buy advice to those traveling to Singapore.

In fact, the company's first China project had nothing to do with medicated oil. The company felt that in order to be successful in China, it would need a physical presence. So when China Travel Service of Guangdong approached the company in 1987 for a joint venture partner in a hotel development, the company saw it as an opportunity to set foot in China. Four years later, when the 39-storey Hotel Landmark Canton was finally completed in Guangzhou, the company



had indeed found a convenient and comfortable base from which to extend its network within China.

THE PRODUCT

Axe Brand products are known as medicated oils. They use essential oils from flowers and grasses, trees and leaves, that have healed, soothed and stimulated sufferers for centuries. The original Axe Brand Universal Oil is made from a unique formula that has now been used throughout the world for nearly 70 years to treat giddiness, headaches, travel sickness, stomach-ache, insect bites, rheumatic pain, muscular pain, stuffy nose and colds in both children and adults.



The three most popular products produced by the company in China are the original Universal Oil (Qu Feng You), Red Flower Oil (Hong Hua You) and Gold Medal Medicated Oil (Feng You Jing). Universal Oil is the undisputed market leader in this category. Red Flower Oil is a red liquid for the relief of rheumatic and muscular pain and is the market leader in the premium segment of this category. Gold Medal Medicated Oil is a green liquid with similar indications as Universal Oil, but with a very pleasant fragrance. Gold Medal Medicated oil is the market leader in the premium segment of this category.

RECENT DEVELOPMENTS

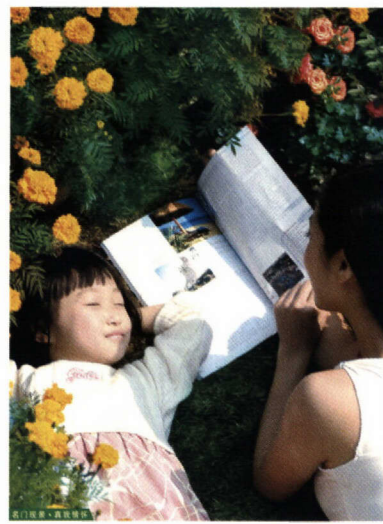
With China developing rapidly, the company is ready to penetrate into new areas that were once less affluent and therefore not a prime business target. Due to its higher prices compared to most of its competitors, Axe Brand products have been most successful in the more affluent parts of the country such as first and second-tier cities and their surrounding areas.

A new factory was recently completed in Vietnam to complement the existing South-east Asian manufacturing facilities in Singapore, Cambodia and Myanmar.

PROMOTION

The founder of the company believed in

advertising being the ultimate tool to promote brand awareness. The company is very cautious in placing advertisements to ensure that the placements are effective. Advertisements are placed strategically to coincide with promotional activities, or to fulfill marketing objectives for a given region. The company uses a combination of TV, newspaper and radio depending on the nature of the activity and the habits of the target consumers. There is no single advertising strategy for the whole of China; different strategies are developed for different regions within China.



The first marketing office in Guangzhou was set up in 1992. Today there are more than 15 marketing offices in major cities within China, and the number is expanding rapidly. The marketing offices conduct promotional and marketing activities and collect market information. This helps the company's network of sales agents to promote their products. The



marketing offices organise training sessions for the sales personnel of the retailers, conduct special promotional campaign for the customers of selected chain stores, and take part in various community and charity activities that heighten product awareness.

BRAND VALUES

The company's true brand value is without a doubt also its greatest strength and which lies within every one of its products – products that have renowned efficacy and excellent quality, and are used by satisfied customers all over the world.

In China, as in other parts of the world, Axe Brand products have always enjoyed a reputation for excellent quality. The quality is reflected in the product pricing – it is not the lowest because the company does not believe in sacrificing quality for price. Likewise, it is not the most expensive, because high prices and lavish advertising campaigns do not guarantee a quality product. What sets this successful company apart from others is its strict adherence to quality, and its commitment to offering quality products at reasonable prices.

Axe Brand products represent good value. This concept has been handed down from the founder of the business. It is still and will always be the essential guideline of the company.

THINGS YOU DIDN'T KNOW ABOUT AXE BRAND

- Leung Yun Chee, the founder of Axe Brand, received the formula for medicated oil in 1928 from a visitor to Singapore, German physician Dr Schmeidler, as a gesture of goodwill
- The factory in China was set up in 1993 at Shunde, Guangdong Province, which is the birthplace of the company's founder
- Axe Brand Medicated Oil is used by people all over the world including Chinese, Malays, Indians, Caucasians, Arabs and Africans. It is sold in more than 50 countries on five continents
- Axe Brand Medicated Oil can be used to remove ink stains on hands and to clear fingerprints on name cards