

UPDATE ON THE RESTRUCTURING EXERCISE OF THE CONSUMER PRODUCTS UNIT

On 30 October 2017, the Board of Directors (the “**Board**”) of Hong Leong Asia Ltd. (“**HLA**” or the “**Company**”) and together with its subsidiaries, the “**Group**”) announced (the “**Announcement**”) that as a result of a strategic review of the Consumer Products Unit (“**Xinfei**”), the Board has approved for Xinfei to undertake the Restructuring Exercise (as defined in the Announcement).

Further to the Announcement, the Board wishes to provide an update on the Restructuring Exercise. With the cessation of the manufacturing and production activities of Xinfei which comprises three subsidiaries, namely Henan Xinfei Electric Co., Ltd., Henan Xinfei Household Appliance Co., Ltd. and Henan Xinfei Refrigeration Appliances Co., Ltd., in early November 2017, the Xinxiang Intermediate Court held a first creditors’ meeting on 19 January 2018 (“**First Meeting**”), which was attended by the representatives of the Group and the creditors of Xinfei. The purpose of the First Meeting was for King & Wood Mallesons (Beijing) (“**KWM**”), which was appointed as an administrator for the Restructuring Exercise, to provide an interim update. KWM had reported as follows:

- (a) It will carry out its responsibility for the Restructuring Exercise independently in accordance with the provisions of the relevant law in China. It will supervise the operations of Xinfei with the support of the management to deal with customers, perform audit and valuation, conduct creditors’ claim registration and work out a restructuring plan for Xinfei.
- (b) It has already commenced preliminary work on the above. KWM, with the support from the management, has worked on collections of accounts receivables, sale of inventories, stabilization of the sales network, conduct of audit and valuation so as to protect the assets and brand equity of Xinfei.
- (c) It has started the solicitation of potential partners / investors for the Restructuring Exercise so that, with strong partners / investors, it will help Xinfei to overcome its current challenging situation and better position Xinfei for post restructuring recovery. As at 18 January 2018, KWM has received proposals from 10 potential interested partners / investors and will evaluate their proposals fairly and expeditiously.
- (d) It will (i) work on creditors’ claim registration, (ii) analyze financial position for repayments, (iii) expedite the evaluation of potential partners / investors for the Restructuring Exercise, and (iv) work on the restructuring plan for Xinfei.

In addition, as part of the required procedure, the Company has registered its interest (in its capacity as the ultimate major shareholder and major creditor of Xinfei), through a letter of intent, to participate in the restructuring plan for Xinfei, which will allow the Company to facilitate the process for the solicitation of potential partners / investors.

As the details of the Restructuring Exercise are still being worked out, it would be premature for the Company at the current moment to provide an estimate of its financial impact to the Company and the Group. Further announcement will be issued by the Company when there is more information on the Restructuring Exercise.

By Order of the Board
HONG LEONG ASIA LTD.

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Company Secretaries

22 January 2018
Singapore