

ANNOUNCEMENT

RESTRUCTURING EXERCISE OF THE CONSUMER PRODUCTS UNIT

1. INTERIM UPDATE

- 1.1 The Board of Directors ("**Board**") of Hong Leong Asia Ltd. ("**HLA**" or the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 30 October 2017, 22 January 2018 and 13 April 2018 (collectively, the "**Previous Announcements**") in relation to the Restructuring Exercise (as defined in the Previous Announcements) undertaken by the Company's Consumer Products Unit ("**Xinfei**").
- 1.2 Further to the Previous Announcements, the Board wishes to update that the Xinxiang Intermediate Court held a second creditors' meeting on 18 May 2018 ("**Second Meeting**"), which was attended by representatives of the Group and the creditors of Xinfei. The purpose of the Second Meeting was for King & Wood Mallesons (Beijing) (in its capacity as administrator for the Restructuring Exercise) ("**KWM**"), to provide an interim update as well as for the creditors to vote on a new draft restructuring plan which was presented by KWM ("**New Restructuring Plan**").
- 1.3 KWM had reported as follows:
- (a) it has received registrations for claim amounts from the creditors of Xinfei and has submitted to the Xinxiang Intermediate Court for approval of the undisputed creditor claims;
 - (b) the Xinxiang Intermediate Court has appointed an accounting firm and a valuation firm to perform audit and valuation work respectively on the book value and market value of the Xinfei assets;
 - (c) the key terms of the New Restructuring Plan are as follows:
 - (i) the equity holdings of the existing shareholders of Xinfei shall be transferred to a new investor via a tender process;
 - (ii) the new investor is required to be a corporation in the People's Republic of China ("**PRC**") and it must have experience in either home appliances manufacturing or home appliances sales and distribution, and in the event of a joint bid, one of the bidders must meet the aforesaid conditions; and
 - (iii) creditors of Xinfei which are owed small amounts (up to RMB150,000) will be paid in full while the repayment of other creditors will depend on the amount of proceeds which can be realised in accordance with PRC laws;
 - (d) the majority of the creditors (including the Group) of Xinfei voted in favour of the New Restructuring Plan and pursuant to PRC laws, the New Restructuring Plan has obtained approval from the creditors' meeting; and
 - (e) the implementation of the New Restructuring Plan is to be carried out by Xinfei, to be supervised by KWM.

The New Restructuring Plan will have to be formally approved by the Xinxiang Intermediate Court.

2. FRAMEWORK AGREEMENT

- 2.1 On 13 April 2018, the Company had announced that it had entered into a Framework Agreement with certain unrelated local partners in China (the "**Purchaser**") in relation to its equity interest in Xinfei (the "**Framework Agreement**") and that certain of the terms in the Framework Agreement relate to the reorganization plan for Xinfei which has to be approved by the Xinxiang Intermediate Court (the "**Previous Draft Plan**").
- 2.2 As the Previous Draft Plan was not approved by the Xinxiang Intermediate Court, the Company will, in consultation with the Purchaser, take the necessary steps to terminate the Framework Agreement.

HONG LEONG ASIA LTD.
BY ORDER OF THE BOARD

Ng Siew Ping, Jaslin
Yeo Swee Gim, Joanne
Company Secretaries

22 May 2018
Singapore