

HOE LEONG CORPORATION LTD.
(the "**Company**")
(Company registration number 199408433W)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX-ST QUERY ON INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2017**

The Board of Directors (the "**Board**") of the Company refers to a query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 12 April 2018 in relation to Company's announcement on 10 April 2018 (the "**10 April 2018 Announcement**"), that the independent auditors, KPMG LLP (the "**Auditors**"), had included an Emphasis of Matter with respect to the material uncertainty related to going concern in their report (the "**Independent Auditor's Report**") on the financial statements of the Group for the financial year ended 31 December 2017 (the "**2017 Financial Statements**").

SGX-ST's Query (Extracts):

With reference to Listing Rule 1303 (3) which states that where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, trading of the listed securities of the issuer may be suspended, please disclose:

- (i) The Board's opinion of the Group's ability to continue as a going concern; and
- (ii) The Board's opinion as to whether trading in shares of the Company should be suspended pursuant Listing Rule 1303(3)."

Company's Response:

The Company has embarked on a restructuring plan in relation to its liabilities towards the Group's financial creditors and its controlling shareholder ("**Scheme Creditors**"). Please refer to our Company's announcement dated 10 April 2018 and to Note 2 to the 2017 Financial Statements for the details of the Scheme.

On 10 April 2018, the Company received the approval-in-principle from SGX-ST for the dealing in, listing of, and quotation of the Scheme Shares. The approval-in-principle from the SGX-ST is not to be taken as an indication of the merits of the Scheme. The Scheme is only subject to the approval from the independent shareholders to be held at the forthcoming Extraordinary General Meeting on 27 April 2018 prior to its implementation. The Scheme would allow for a restructuring of its debts and liabilities to enable the Group to strengthen and rebuild its financial position and cash flows, as well as facilitate the possibility of a merger or acquisition of new profitable businesses by the Company going forward. The Board of Directors is of the view that following the reduction of its financial debt to a sustainable level, the Company will be a viable going concern. Further, the Scheme will better preserve the value of the Company for all stakeholders as compared to a liquidation scenario.

The Board is of the opinion there are reasonable grounds to believe that the Company can continue as a going concern and further believes that sufficient information has been disclosed by the Company to enable trading to continue in an orderly manner.

ON BEHALF OF THE BOARD

Kuah Geok Lin
Chairman and Chief Executive Officer
13 April 2018