

**ANNOUNCEMENT**

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**UPDATE ON THE DE-CONSOLIDATION OF THE CONSUMER PRODUCTS UNIT**

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**1. INTRODUCTION**

- 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, 13 April 2018, 22 May 2018, 26 June 2018, 24 July 2018 and 6 August 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**") and the de-consolidation of the Xinfei Companies as subsidiaries of the Group with effect from 21 May 2018 (the "**De-Consolidation of Xinfei**"). Unless otherwise defined herein, capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcements.
- 1.2 As stated in the Company's announcement dated 26 June 2018, the New Restructuring Plan projected a recovery rate ranging from 1.51% to 9.82% for the creditors under various liquidation scenarios for Xinfei. In view of uncertainty over the final recovery rate, full provision had been made in the Group's audited consolidated accounts for the financial year ended 31 December 2018, assuming zero recovery rate for the shareholders' loan and other advances previously granted by the Group to the Xinfei Companies that remained outstanding as at 31 December 2018 (the "**Debt**"). The Company had stated that any recovery in the future would be treated as income.
- 1.3 The Board wishes to announce that the Company, through its wholly-owned subsidiary, Hong Leong Electric Pte Ltd, has completed the assignment of the Debt, to a buyer in the People's Republic of China specialising in the acquisition of non-performing assets, for a cash consideration of approximately RMB48.7 million (equivalent to approximately S\$10.0 million based on an exchange rate of RMB4.8555 : S\$1.00 as at 25 March 2021) (the "**Assignment**"). With the Assignment and earlier rounds of disbursements to creditors in 2018, the recovery rate for the Group is 10.9%.

**2. FINANCIAL IMPACT OF THE ASSIGNMENT**

As a result of the Assignment, the Group will recognise approximately RMB48.7 million (before deducting any related costs) as income. The Assignment is expected to have a positive impact on the net asset value per share as at 31 December 2021 and the earnings per share of the Group for the current financial year ending 31 December 2021.

**3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Assignment (other than through their respective shareholdings in the Company, if any).

BY ORDER OF THE BOARD  
**HONG LEONG ASIA LTD.**

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

26 March 2021  
Singapore