

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

Litigation against Sumatec Resources Berhad

The board of directors ("**Board**") of Hoe Leong Corporation Ltd. ("**Company**") refers to the Company's unaudited financial statements announced on 12 May 2017, 11 August 2017, 10 November 2017 and 1 March 2018, and the Company's announcement dated 4 December 2017 (collectively, the "**Announcements**") on:

1. Singapore High Court Suit No. 534 of 2016 including the CA Appeal ("**Suit 534**");
2. Singapore High Court Suit No. 808 of 2017 ("**Suit 808**"); and
3. Sumatec Resources Berhad ("**Sumatec**")'s counterclaim in Suit No. WA-22NCC-52-02/2017 before the High Court of Malaya at Kuala Lumpur against the Company ("**KL Counterclaim**");

(collectively, the "**Litigation**").

The Board refers, further, to Sumatec's announcement dated 21 March 2018.

All undefined terms used here shall have the same meaning as the terms defined in the Announcements.

The Board wishes to announce that the Company and Ebony (being an 80%-owned subsidiary of the Company) have, pursuant to mediation at the Singapore Mediation Centre on 19 March 2018, entered into a conditional Settlement Agreement with Sumatec and Mr Chan Yok Peng ("**Settlement Agreement**") in relation to the full and final settlement of the Litigation by the completion of Sumatec's corporate exercise no later than 30 October 2018 ("**Corporate Exercise Completion Date**").

SALIENT TERMS OF THE CONDITIONAL SETTLEMENT AGREEMENT

The Settlement Agreement is conditional upon the approval of the Official Receiver of Malaysia on behalf of Ebony, Sumatec's Board of Directors and the Company's Board of Directors ("**Approvals**"), to be provided by 3 May 2018 ("**Approval Date**"). In the event that the Approvals are not obtained by the Approval Date, the terms of the Settlement Agreement shall cease to have effect and parties are released from their obligations under the Settlement Agreement.

Subject to the Approvals being obtained, in exchange for the full and final settlement of all claims in connection with the Litigation, Sumatec shall pay to Ebony the sum of RM 27,000,000 ("**Settlement Sum**") in the following manner:

1. Sumatec shall pay Ebony the sum of RM 7,000,000 in cash by no later than the Corporate Exercise Completion Date;
2. Sumatec shall issue to Ebony redeemable convertible preference shares in Sumatec in the value equivalent to RM 20,000,000 by no later than the Corporate Exercise Completion Date.

Further, the Company, Ebony and Sumatec shall discontinue their claims, counterclaims and the CA Appeal (as the case may be) in the Litigation with no order as to costs within 1 week of the Approval Date.

The parties shall bear their own legal costs in respect of the Litigation and the Settlement Agreement.

In the event that Sumatec does not make payment of the Settlement Sum in accordance with the Settlement Agreement, Ebony shall have the option to enforce the Summary Judgment Order issued by the Judge of the Singapore High Court.

The Settlement Agreement is not expected to have a material impact on the Group's financial statement until the Settlement Sum has been fully paid up.

ON BEHALF OF THE BOARD

Kuah Geok Lin
Chairman and Chief Executive Officer
22 March 2018