

**Hoe Leong Corporation Ltd.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 199408433W)

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**UPDATE ON LITIGATION NOTICE RECEIVED BY WHOLLY-OWNED SUBSIDIARY,  
KUNSHAN KANTO BUHIN MANUFACTURING CO., LTD. (CHINA)  
- ENTRY INTO SETTLEMENT AGREEMENT**

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The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 24 August 2020 and 25 August 2020 in relation to a notice of litigation served by Jiangsu Province Kunshan City People’s Court in the People’s Republic of China to the Company’s wholly-owned subsidiary, Kunshan Kanto Buhin Manufacturing Co., Ltd. (China) (the “**Defendant**”) on 20 August 2020 (the “**Previous Announcements**”).

*Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcements.*

The Board wishes to update shareholders that the Defendant has appointed a legal advisor to advice on the Notice of Litigation served on the Defendant.

As mentioned in the Previous Announcements, the Defendant was served with a notice of evidence dated 17 August 2020 for the Defendant to attend a hearing scheduled on 16 September 2020 at Jiangsu Province Kunshan City People’s Court, People’s Republic of China.

On 16 September 2020, the legal advisor of the Plaintiff, Jiangsu Liudian Law Firm, and the legal advisor of the Defendant, Jiangsu Yingcheng Law Firm, attended the hearing at Jiangsu Province Kunshan City People’s Court, People’s Republic of China for mediation.

Following the mediation, Parties came to a settlement of the matter based on, *inter alia*, the following terms and conditions (the “**Settlement Agreement**”):

- (a) Parties agreed that the total outstanding rent as at 31 July 2020 is RMB4,060,000;
- (b) After taking into consideration the payment of RMB240,000 (including rent for the month of August 2020 amounting to RMB124,000) paid by the Defendant in August 2020, Parties agreed that the total outstanding rent as at 31 August 2020 is RMB3,944,000 (“**Outstanding Rent**”);
- (c) Both Parties agreed that the Defendant shall continue to pay the rent due and payable until 31 December 2020 and for the Outstanding Rent to be paid in instalments in the following manner:
  - (i) The Defendant shall, on the last day of each month from September 2020 to December 2020, pay rent due and payable from September 2020 to December 2020 amounting to RMB124,000 under the lease agreement dated 1 March 2020;
  - (ii) The Defendant shall make partial payment of the Outstanding Rent in instalments of RMB150,000 on the last day of each month from September 2020 to December 2020;
  - (iii) The Defendant shall make partial payment of the Outstanding Rent in instalments of RMB280,000 on the last day of each month from January 2021 to November 2021;

- (iv) The Defendant shall pay RMB 264,000 as final payment of the Outstanding Rent on 31 December 2021, the interest amounting to RMB35,000 and legal and related costs amounting to RMB25,000;
- (d) In the event that the Defendant is in default of payment in accordance with the terms and conditions set out in the Settlement Agreement, the Plaintiff shall reserve the right to demand immediate full payment of the Outstanding Rent and/or any other outstanding rent that is unpaid at the time of default; and
- (e) The Plaintiff shall have no further claim on the Defendant.

The Company will make further announcements if there are material updates as may be necessary or appropriate.

**Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

By Order of the Board

Liew Yoke Pheng, Joseph  
Executive Chairman & CEO  
17 September 2020