

Hoe Leong Corporation Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration Number 199408433W)

RECEIPT OF NOTICE OF LITIGATION BY WHOLLY-OWNED SUBSIDIARY, KUNSHAN KANTO BUHIN MANUFACTURING CO., LTD. (CHINA)

The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Kunshan Kanto Buhin Manufacturing Co., Ltd. (China) (the “**Defendant**”), was served with a notice of litigation on 20 August 2020 (“**Notice of Litigation**”) from the Jiangsu Province Kunshan City People’s Court in the People’s Republic of China (“**PRC**”). The Notice of Litigation comprised of the following:

- (a) a statement of complaint filed by Hoe Leong Plastic Industry (China) Co., Ltd. (the “**Plaintiff**”) on 10 August 2020 (the “**Statement of Complaint**”);
- (b) a notice of response dated 17 August 2020 that the Defendant may, *inter alia*:
 - i. submit a statement of defence (the “**Statement of Defence**”) within 15 days after receiving the Statement of Complaint; and
 - ii. appoint a legal advisor to represent the Defendant; and
- (c) a notice of evidence dated 17 August 2020 for the Defendant to attend a hearing scheduled on 16 September 2020 at the Tenth Tribunal of Kunshan People’s Court, People’s Republic of China.

According to the Statement of Complaint, the Plaintiff has alleged, *inter alia*, that:

- (a) the Plaintiff had leased a factory building located at No. 988 Kunjia Road to the Defendant since 1 January 2016;
- (b) pursuant to a lease agreement dated 1 January 2016, the lease was for a term of two years for a monthly rent of RMB 138,105. The total rent for the two-year lease was RMB 3,314,520. Given that the monthly rent was lower than the market price, the Plaintiff issued an invoice amounting to RMB 3,986,854.08 to the Defendant for the two-year lease;
- (c) pursuant to a lease agreement dated 1 January 2018, the lease was for a term of one year for a monthly rent of RMB 191,680.95. The total rent for the one-year lease was RMB 2,300,171.40;
- (d) pursuant to a lease agreement dated 1 January 2019, the lease was for a term of one year for a monthly rent of RMB 172,512.855. The total rent for the one-year lease was RMB 2,070,154.32;
- (e) pursuant to a lease agreement dated 1 January 2020, the lease was for a term of one year for a monthly rent of RMB 172,512.855. Due to economic recession, the Defendant requested the Plaintiff for a reduction of the monthly rent;
- (f) pursuant to a lease agreement dated 1 March 2020, the Plaintiff and the Defendant agreed to revise the monthly rent to RMB 12,429,905 from 1 March 2020 to 31 December 2020. As such, the total rent from January 2020 to July 2020 was RMB 966,500.22;
- (g) the total rent payable by the Defendant from 1 January 2016 to 31 July 2020 was RMB 5,405,239.55 out of which the Defendant has paid RMB 1,319,236.66. The outstanding rent as at 31 July 2020 is RMB 4,086,002.89; and
- (h) the Plaintiff had repeatedly requested for payment of the outstanding rent. However, the Defendant refused to make payment of the outstanding rent for various reasons. The Plaintiff filed a lawsuit in court against the Defendant to claim for the outstanding rent and to protect the Plaintiff’s legitimate rights and interests.

According to the Statement of Complaint, the Plaintiff is seeking, *inter alia*, the following orders:

- (a) for the Defendant to pay outstanding rent amounting to RMB 4,086,002.89 plus interest; and
- (b) for the Defendant to pay the cost of the litigation proceedings.

The Plaintiff's allegations in Statement of Complaint that the Defendant has refused to make payment of the outstanding rent is incorrect. The Defendant has been diligently making payment of the outstanding rent since January 2020 and the total outstanding rent stated in the Statement of Complaint is incorrect.

The Plaintiff is a company wholly-owned by Hoe Leong Co. (Pte.) Ltd., which is owned by Kuah Geok Lin, Kuah Geok Khim, Quah Yoke Hwee and Mdm Kuah Geok Khim (the "**Kuah Family**"). The Kuah Family, together with Hoe Leong Co. (Pte.) Ltd., directly and indirectly holds approximately 29.24% of the total issued and paid-up share capital of the Company, Hoe Leong Corporation Limited.

The Defendant will be appointing a legal advisor to represent the Defendant and to file the Statement of Defence in due course to set out the defence to the allegations made by the Plaintiff.

The Company will make further announcements to update its shareholders when 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 of
Hoe Leong Corporation Ltd.

Liew Yoke Pheng, Joseph
Executive Chairman and Chief Executive Officer

24 August 2020