

## HONG LEONG ASIA LTD. (Co. Reg. No. 196300306G)

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### RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERY REGARDING INCREASE IN SHAREHOLDING IN YC EUROPE CO., LIMITED

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The Company wishes to inform that Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in its email of 2 March 2017 had raised the following query in connection with the Company’s SGXNet announcement of 1 March 2017 titled, “Increase in Shareholding in YC Europe Co., Limited” (“**YC Europe**”) (the “**Announcement**”):

#### **SGX-ST’s Query**

We note that the Announcement states,

*“...The Consideration for the Acquisition was arrived at on a “willing-buyer willing-seller” basis and computed based on the net asset value of YC Europe. The consideration was satisfied in cash and funded through internal sources.”*

- a. Listing Rule 704(17)(d) provides that in addition to Rule 703, an issuer must immediately announce any acquisition of shares resulting in the issuer increasing its shareholding in a subsidiary or an associated company (providing the information required by Rule 1010(3) and (5)).
- b. In this respect, please release a clarification announcement as soon as practicable and **no later than Friday, 3 March 2017**, addressing the information required under Listing Rules 704(17)(d), in particular:-
  - i. Listing Rule 1010(5) relating to the value (book value, net tangible asset value and the latest available open market value) of the assets being acquired, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation, for the (1) change of interest in YC Europe Co., Limited.

#### **Company’s Response**

The Company wishes to clarify that the consideration of 975,000 Euro (the “**Consideration**”) for the acquisition by Guangxi Yuchai Machinery Company Limited (“**GYMCL**”) of a further 32.5% equity interest in YC Europe was arrived at on a “willing-buyer willing-seller” basis and computed based on the net asset value of YC Europe with a premium of 26%. The Consideration takes into account the control premium for GYMCL to acquire control over YC Europe with a view to strengthening GYMCL’s penetration into the European off-road engine market.

By Order of the Board  
HONG LEONG ASIA LTD.

Ng Siew Ping, Jaslin  
Company Secretary

3 March 2017  
Singapore