

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

Increase of Shareholding in Airwell Air-conditioning (Asia) Company Limited (“Airwell Asia”)

The Board of Directors of Hong Leong Asia Ltd. (“**HLA**” or the “**Company**”) announce that the Company has today entered into a Sale and Purchase Agreement (the “**2015 SPA**”) with Elco Holland B.V. (“**EHL**”) for the acquisition by the Company’s nominee, Hong Leong Asia Investments Pte. Ltd., of the remaining 20% equity interest, comprising 27,930,341 ordinary shares, in the capital of Airwell Asia (the “**Sale Shares**”), from EHL. Airwell Asia is a subsidiary of the Company as 80% of the equity interest in Airwell Asia is held by Hong Leong Asia Investments Pte. Ltd. (formerly known as Hong Leong Climate Control Holdings Pte. Ltd.) (“**HLAIPL**”) and Fedders Investment Holdings Pte. Ltd. (“**FIHPL**”), (collectively, HLAIPL and FIHPL are referred to hereinafter as the “**Purchaser Group**”), with each holding a 40% equity interest in Airwell Asia. Both HLAIPL and FIHPL are wholly-owned subsidiaries of the Company.

The Purchaser Group commenced arbitration proceedings, in 2014, against ACE SAS (“**ACE**”) as the vendor and Elco Ltd (formerly known as Elco Holdings Ltd.) as the vendor guarantor in relation to certain claims for breach of warranties in a share purchase agreement dated 11 April 2012 entered into between ACE, Elco Ltd, EHL, the Purchaser Group and the Company for the acquisition of equity interests in Airwell Asia by the Purchaser Group and EHL (the “**Arbitration**”). EHL also commenced legal suit against Airwell Asia to recover a shareholders’ loan granted in 2012 in the sum of RMB10,784,520 together with interest at the rate of 4.9% per annum (the “**Action**”).

Pursuant to settlement discussions, the parties have agreed to settle both the Arbitration and the Action in accordance with an agreement entered into by the relevant parties today (the “**Settlement Agreement**”). One of the conditions under the Settlement Agreement requires EHL and the Company to enter into the 2015 SPA pursuant to which EHL shall transfer the Sale Shares, on an “as is” basis to the Company or its nominee for a consideration of US\$1 on terms as set out in the 2015 SPA.

Upon completion of the acquisition of the Sale Shares, Airwell Asia will become a wholly-owned subsidiary of the Company.

The above transactions are not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year.

By Order of the Board
HONG LEONG ASIA LTD.

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

13 November 2015
Singapore