

Statement Regarding Yueting Jia's Personal Bankruptcy and Restructuring and Establishment of Creditor Trust

On October 13th, 2019, Yueting Jia (YT) voluntarily filed for bankruptcy and restructuring under chapter 11 in the United States in an effort to keep his promise to perform all of his obligations to the creditors and completely pay off his personal debts in a way that is considered fair and efficient and would offer each creditor an equal opportunity to be paid off. In connection with the filing, a creditor trust for the benefit of YT's creditors will be established. After certain conditions are met, YT will transfer all of his personal assets in the United States to the trust. After the completion of his chapter 11 plan, YT will no longer hold his existing equity interest in Smart King Limited, the parent holding company of Faraday & Futures Inc. ("FF"). Together with the recently completed partnership program, the plan is expected to lay out a solid foundation for FF's future success and being a great company. The plan will expedite FF's process to maximize the value of its equity interests that constitute the assets of the creditor trust and completely address YT's debt issues incurred due to direct borrowings, personal guarantees or indirect obligations.

The following is a summary of the plan:

1. Pursuant to the plan, after the current injunction in the British Virgin Islands is lifted, YT will officially transfer all his personal assets recognized by the court in the United States, meaning all equity and economic interest in FF owned by YT, to the creditor trust. The creditor trust, designed to be best solution to resolve YT's personal debt issues, will be controlled and managed by a committee of creditors and a trustee.
2. The proposed plan will offer creditors three layers of protections: First, creditors will retain their rights to dispose of all of YT's and the respective primary obligors' frozen assets located in China. Additionally, the primary obligors and guarantors, aside from YT, will continue to be contractually required to fulfill their payment obligations. Lastly, according to the plan, all creditors will have a legal right to participate in the disposition of YT's assets and enjoy the relevant economic interest through the creditor trust, as opposed to their original claims against YT for payment. Such mechanism ensures a better protection for all creditors from the legal perspective.
3. Meanwhile, the plan can address three risks for the creditors. First, YT chose the more demanding chapter 11 process while giving up the relatively straightforward chapter 7 process that can also discharge all of his debts. Chapter 11, when compared to chapter 7, is more likely to result in greater recovery for YT's creditors and therefore substantially reduces the risk that only a small portion of the debt is paid. Second, the filing will prevent the freezing and liquidation of YT's assets at low price by a few destructive

creditors, which undoubtedly would result in lower recovery for the creditor body as a whole. Third, the chapter 11 case reduces the time and capital costs and uncertainties for the creditors if they were to exercise their rights in other ways.

4. Over 90% of YT's debts are debts he guaranteed for his businesses in China. Since certain creditor froze all the assets and operating accounts of YT and LeEco group (which are worth substantially greater than the default amount) that directly caused a halt to the ordinary operation of LeEco group and led to its collapse, as of today, YT has repaid over US\$3 billion worth of debts, with unpaid amount of around \$3.6 billion. His net debt is around US\$2 billion, after deducting the value of the assets that are frozen but yet to be disposed in China and the guarantees for certain convertible loans.
5. After YT pays off his guarantee obligations for the benefit of the original obligors including borrowers and other guarantors, YT will step into the shoes of the creditors and become the new creditors of such original obligors. YT team plan to discuss with such original obligors regarding the relevant documents pursuant to which the original obligors will pay YT and wish to receive the parties' cooperation and support thereto.
6. After the successful completion of his individual restructuring, YT will have transferred all his personal assets and related economic rights recognized by the court in the United States to creditors and his personal guarantee and debt obligations will be deemed to be satisfied and discharged. It is anticipated that he can go back to China and push forward and implement FF's dual home market strategy. This brings great impetus to FF's capital raising efforts and planned future IPO, and it is particularly significant for the rapid progress of FF's China business.
7. YT gave up his entire interest in the FF shares and related economic interest for the sole purpose of paying off his debts completely and making FF a great company. Proposed by YT, FF established a partnership program, which sets solid foundation for an advanced corporate governance structure and talent base. FF will continually attract global talent across industries through the partnership program. As the founder and Chief Product and User Officer, YT will continue to inspire the management team to achieve strategic goals, maximize the value of FF and the creditor trust, so as to achieve the goal of debt repayment for all creditors through bringing up the value of the trust assets.
8. YT is soliciting votes of his creditors for the sole purpose of approving his personal restructuring plan, but not with respect to the specific debt amount of the creditors. The debt amount of each creditor will be reviewed and confirmed by the U.S. court.

If any direct, indirect or guarantee creditor of YT would like to obtain more information or file a claim in YT's bankruptcy case, please visit: <https://dm.epiq11.com/YT1>

Contact:

For media inquiries and inquiries regarding the creditor trust or YT's debt –

Email: yt_debtmgmt@163.com

Phone: (+86) 138-1150-9018

For inquiries related to the voting, please contact EPIQ Global –

Email: Tabulation@epiqglobal.com

The call center numbers are as follows:

Non US Parties (China): 400-120-3077*

Toll free US: (+1) 855-963-0391

Non U.S. Parties: (+1) 503-520-4401

**Chinese service will be available starting 10/15/2019*

Yueting Jia's Debt Project Team

October 13, 2019

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