



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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FOR IMMEDIATE RELEASE

ENTRY INTO TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF HLH AGRI R&D PTE LTD

1. THE PROPOSED DISPOSAL

The Board of Directors (the “**Board**” and each director, a “**Director**”) of Hong Lai Huat Group Limited (the “**Company**”) is pleased to announce that the Company’s wholly-owned subsidiary, HLH Agri International Pte Ltd (“**HLH Agri International**”), has on 22 April 2021 entered into a term sheet (“**Term Sheet**”) with Gallop Green (S) Pte. Ltd. (“**Gallop Green**”), pursuant to which Gallop Green shall acquire the entire equity interest in HLH Agri R&D Pte Ltd (“**HLH Agri R&D**”), a wholly-owned subsidiary of HLH Agri International (the “**Proposed Disposal**”).

The total aggregate consideration for the Proposed Disposal is approximately S\$4,800,000 (“**Consideration**”). A deposit of S\$100,000 have also been paid to HLH Agri R&D by Gallop Green at the time of this announcement.

Gallop Green is a wholly owned company of Gallop Stable based in Singapore; it is also the appointed managing agent of the Group’s D’Kranji Farm Resort since June 2018.

HLH Agri R&D owns the Group’s D’Kranji Farm Resort (the “**Asset**”) in Singapore. As there is no other significant activity in HLH Agri R&D over the last few years and in the foreseeable future, The Board is of the opinion that the Proposed Disposal is beneficial to the Group in the long run.

2. SALIENT TERMS OF THE TERM SHEET

Conditions Precedent

Completion will be conditional on, *inter alia*:

- (a) all necessary governmental and third-party consents and approvals having been obtained on terms satisfactory to the parties;
- (b) clearance of all existing bank debts and liabilities of HLH Agri R&D;
- (c) satisfactory financial, business and legal due diligence by Gallop Green (“**Due Diligence**”);
- (d) the entry by the parties into a sale and purchase agreement in respect of this transaction (“**SPA**”), and such other conditions to be agreed between the parties in the SPA.

Completion Date

Save as otherwise agreed between the Parties, completion of the SPA (“**Completion**”) shall be scheduled within 5 business days from the date on which all conditions precedent as set out in the SPA are fulfilled and/or waived (as the case may), provided that:

- (a) Completion shall fall on a date no later than 30 June 2021 (“**Long Stop Date**”), unless otherwise agreed between the parties in writing; and
- (b) the Due Diligence by Gallop Green shall be completed no later than 6 weeks (“**DD Period**”) from the date of the Term Sheet (“**DD Completion**”), unless otherwise agreed between the parties in writing.

If Completion does not take place before the Long Stop Date, HLH Agri International has the right but not obligation to terminate the transactions contemplated in the Term Sheet and not proceed further without incurring any liability.

3. FURTHER ANNOUNCEMENTS



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Further announcements will be made by the Company to inform the Shareholders of the details of the Proposed Disposal, including without limitation the financial effects of the Proposed Disposal and such other information as may be required under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited, in the event that the SPA is entered into (under which all key terms of the Proposed Disposal will be finalised and determined between the Parties).

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares of the Company as the Proposed Disposal is subject to various conditions precedent and there is no certainty or assurance as at the date of this Announcement that the SPA will be entered into and the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As of the date of this Announcement, save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

BY ORDER OF THE BOARD

Ong Jia Jing

Group General Manager and Executive Director

22 April 2021