



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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FOR IMMEDIATE RELEASE

ENTRY INTO STRATEGIC TERM SHEET FOR THE SALE OF VENDOR SHARES IN HLH AGRICULTURE (CAMBODIA) CO., LTD



1. THE PROPOSED TRANSACTION

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 ("HLHAI"), has entered into a non-legal binding term sheet ("Term Sheet") with BioMatLink Co., Ltd. ("BioMat"), pursuant to which BioMat shall acquire up to 50% vendor shares in HLH Agriculture (Cambodia) Co., Ltd ("HLHA"), a wholly-owned subsidiary of HLHAI (the "Proposed Transaction").

The total aggregate consideration for the Proposed Transaction is approximately USD 32,500,000 ("consideration") and will be split into two phases as follow;

Phase	Date	Percentage and Value
One	February 2024	5% vendor shares at the consideration sum of USD 3,250,000
Two	May 2024	45% vendor shares at the consideration sum of USD 29,250,000

2. BACKGROUND INFORMATION

BioMat is led by Dr. Thanika Chintanapunt, who serves as the CEO and Founder of BioMatLink Co., Ltd. BioMat is a multinational company with collaborative operations in various regions, including Europe, the Netherlands, Asia (specifically Thailand, Laos, the Philippines, and Cambodia), and Africa (specifically Ghana), with its headquarters based in Thailand. BioMat specializes in innovative, high-tech, large-scale cassava (tapioca) cultivation and value



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chain management of the production of cassava products. It is also engaged in the production of Bio Ethanol through an extensive network of production facilities across the countries in which it operates in.

HLHA is the project owner of approximately 10,000 hectares of farmland which is currently being used for cassava (tapioca) plantation and equipped with a cassava starch production facility, several warehouses, offices, workers residences etc, (the "Asset") in Aoral District, Kampong Speu Province, Kingdom of Cambodia.

With BioMat's extensive background as well as several years of experience in large scale cassava (tapioca) plantation, the production of upstream and downstream cassava products and Bio-Ethanol production, The Board is of the opinion that the Proposed Transaction is beneficial to the Group in the long run.

3. 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) satisfactory financial, business and legal due diligence by Party B ("Due Diligence");
- (c) 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.
- (d) Party A securing the shareholders' approval via EGM as per the rules of Singapore Stock Exchange.

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 of Phase One shall fall on a date no later than 28 February 2024 ("Long Stop Date"), unless otherwise agreed between the Parties in writing; and
- (b) Completion of Phase Two shall fall on a date no later than 31 May 2024 ("Long Stop Date"), unless otherwise agreed between the Parties in writing; and
- (c) **the Due Diligence by Party B shall be completed no later than 12 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, Party A has the right but not obligation to terminate the transactions contemplated in this term sheet and not proceed further without incurring any liability.

4. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company to inform the Shareholders of the details of the Proposed Transaction, including without limitation the financial effects of the Proposed Transaction 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 Transaction will be finalised and determined between the Parties).

5. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares of the Company as the Proposed Transaction 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 Transaction will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Transaction.



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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.

6. 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 Transaction.

BY ORDER OF THE BOARD

Ong Jia Jing
Group Executive Director
06 November 2023