

# HALCYON AGRI CORPORATION LIMITED

Company Registration No. 200504595D  
(Incorporated in the Republic of Singapore)

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## PROPOSED ACQUISITION BY HALCYON AGRI (MALAYSIA) SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF HALCYON AGRI CORPORATION LIMITED, OF ASSETS AND LAND (AS DEFINED HEREIN) VIA THE ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CLS SDN. BHD.

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### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s indirect wholly-owned subsidiary in Malaysia, Halcyon Agri (Malaysia) Sdn. Bhd. (the “**Purchaser**”) has on 31 May 2013, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Chip Lam Seng Sdn. Bhd. (the “**Vendor**”) for the acquisition of:
- (a) two natural rubber processing factories located in Ipoh, Malaysia together with all associated buildings, plant and machinery (the “**Assets**”); and
  - (b) four plots of land (the “**Land**”) on which the Assets are located and operated;
- (the “**Proposed Acquisition**”).
- 1.2 Pursuant to the Sale and Purchase Agreement and subject to the satisfaction (or waiver) of certain conditions precedent stipulated therein, and for the purpose of the Proposed Acquisition, the Purchaser has agreed to acquire one hundred thousand and three (100,003) ordinary shares of RM1.00 each (the “**Sale Shares**”) representing 100% of the issued and paid up share capital of CLS Sdn. Bhd. (the “**Target**” and together with the Vendor, the “**CLS Group**”), which will own, at completion of the Proposed Acquisition, the Assets and Land.
- 1.3 The total consideration for the Proposed Acquisition is Ringgit Malaysia Sixty-Three Million (RM63,000,000) (equivalent to approximately S\$25,672,500 based on the exchange rate of RM1.00 to S\$0.4075 as at the date of this announcement) (the “**Consideration**”).

### 2. INFORMATION RELATING TO THE CLS GROUP

- 2.1 The CLS Group is a well-established midstream natural rubber producer located in Ipoh, Malaysia which operates the Assets, with an estimated combined annual production capacity of 180,000 tonnes. The factories which were built in 2004 and 2008, are capable of producing numerous grades of Standard Malaysian Rubber (“**SMR**”) including SMR20, SMR10, SMR20CV, SMR10CV, compound and latex grades.
- 2.2 The Target is a company incorporated in Malaysia with issued and paid up share capital of One Hundred Thousand and Three (100,003) ordinary shares of RM1.00 each. The Vendor currently holds One Hundred Thousand (100,000) ordinary shares of RM1.00 each representing the 99.99% of the issued and paid up share capital of the Target and prior to the completion of sale and transfer of the Sale Shares, the

Vendor will acquire the remaining Three (3) shares in the capital of the Target from other shareholders and transfer the entire issued and paid-up ordinary share capital of the Target, free from all liens, charges, encumbrances, claims and interests whatsoever to the Purchaser.

### **3. THE CONSIDERATION AND METHOD OF FINANCING**

- 3.1 The Consideration was arrived at based on arm's length negotiations and on a willing-buyer and willing-seller basis, after taking into consideration various commercial factors and potential synergistic benefits to the Group arising from the Proposed Acquisition.
- 3.2 The Proposed Acquisition will be financed through internal resources, bank borrowings and/or fund raising exercise(s).

### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

- 4.1 The Board believes that the Proposed Acquisition is in the best interests of the Company and its shareholders for the following reasons:
  - (a) the Proposed Acquisition is in line with the Company's growth strategy of increasing output while maintaining strict adherence to the Company's risk management principles;
  - (b) the Proposed Acquisition will allow the Company to diversify its revenue base to a second jurisdiction of production (Malaysia), and also to offer its clients a second origin of Technically Specified Rubber of various grades;
  - (c) the Proposed Acquisition also represents an opportunity for the Group to broaden its asset and earnings bases, as well as to provide a potential long-term recurring source of revenue and profit and help generate new revenue streams;
  - (d) the Assets are strategically located in close proximity to two of the major ports in Malaysia, which enjoys excellent logistic infrastructure; and
  - (e) the Proposed Acquisition is synergistic to the Group's existing operations in the areas of rubber processing.

### **5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

- 5.1 For illustrative purpose and based on the unaudited consolidated financial statement of the Group for the first quarter ended 31 March 2013, there is no material impact of the Proposed Acquisition on the net tangible assets per share of the Group.
- 5.2 It is not meaningful for the Company to calculate the proforma impact of the Proposed Acquisition on the Group's earnings per share as the aggregated historical financials of the CLS Group are not directly applicable to the operations under the Group.

## **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- 6.1 None of the Directors (other than in his capacity as a Director or shareholder of the Company) or the substantial shareholders (other than through their shareholdings in the Company) of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

## **7. DOCUMENTS FOR INSPECTION**

- 7.1 A copy of the Sale and Purchase Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 250 North Bridge Road, #12-01 Raffles City Tower, Singapore 179101 for a period of three months commencing from the date of this announcement.

## **8. CAUTIONARY STATEMENT**

- 8.1 Shareholders of the Company and potential investors should exercise caution when trading in the shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

By Order of the Board

Robert Meyer  
Executive Chairman and CEO  
3 June 2013

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*The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 1 February 2013. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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