

HALCYON AGRI CORPORATION LIMITED

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

PROPOSED ACQUISITION BY HALCYON AGRI INDONESIA PTE. LTD., A WHOLLY OWNED SUBSIDIARY OF HALCYON AGRI CORPORATION LIMITED, OF KEY ASSETS (AS DEFINED HEREIN) VIA THE ACQUISITION OF 95% OF SHARE CAPITAL OF PT. GOLDEN ENERGI

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 11 September 2013 in relation to the entry into a term sheet for the proposed acquisition by the Company’s subsidiary, PT. Hevea M K (“**PT Hevea**”), of Key Assets (as defined herein) via the acquisition of the entire issued and paid-up share capital of PT. Golden Energi, a company which owns the Key Assets.
- 1.2 The Board wishes to announce that the Company’s wholly owned subsidiary, Halcyon Agri Indonesia Pte. Ltd. (*formerly known as Hevea Processing Pte. Ltd.*) which owns 95% of PT Hevea (the “**Purchaser**”), has on 25 October 2013, entered into a conditional share sale and purchase agreement (the “**CSPA**”) with Mr Basuki Prawono Winata and Mr Hendrik Oking (collectively, the “**Vendors**”) for the acquisition of the following key assets (the “**Key Assets**”):
- (a) Leasehold land of 102,275 square metres held under the land title of Hak Guna Bangunan/HGB (Right to Build) No. 1, issued by the Office of Land Affair of the Sarolangun Regency registered in the name of PT. Golden Energi, complemented by Surat Ukur (Measuring Letter) No. 14/Muaro Ketalo/2006 dated 10 February 2006, commencing on 16 February 2006 and expiring on 16 February 2036;
 - (b) Land of approximately 50 hectares located at Jalan Sarolangun, Desa Rangkiling, Kecamatan Mandiangin, Kabupaten Sarolangun, Jambi;
 - (c) A crumb rubber factory comprising land, buildings, machinery and equipment, located at Muaro Kelato Village Road, Muaro Ketalo Village, Mandiangin District, Sarolangun, Jambi, Indonesia; and
 - (d) All relevant licences for the operation of a natural rubber processing facility including, but not limited to, processing permits, export licences, production marks, building licences and environmental licences;
- (the “**Proposed Acquisition**”).
- 1.3 Pursuant to the CSPA 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 nineteen thousand (19,000) ordinary shares (the “**Sale Shares**”) representing 95% of the issued and paid up share capital of PT. Golden Energi (the “**Target**”), which own the Key Assets.

- 1.4 Subject to the completion of satisfactory due diligence, the consideration for the Sale Shares is United States Dollars Seven Million only (US\$7,000,000) (equivalent to approximately S\$8,659,000 based on the exchange rate of US\$1.00 to S\$1.237 as at the date of this announcement) (the **"Purchase Consideration"**).
- 1.5 The Proposed Acquisition is expected to be completed on or before 30 November 2013 or any other date as may be agreed by the parties.

2. INFORMATION RELATING TO THE TARGET

- 2.1 The Target is a company incorporated in Indonesia with an issued and paid up share capital of twenty thousand (20,000) ordinary shares of IDR1,000,000 each. It is a midstream natural rubber producer located in Jambi Province, Indonesia which has a license to export 50,000 tonnes of natural rubber per year. The factory which was built in 2010, is capable of producing crumb rubber of Standard Indonesian Rubber 20.

3. THE PURCHASE CONSIDERATION AND METHOD OF FINANCING

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

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 Group's growth strategy of increasing output while maintaining strict adherence to the Group's risk management principles;
 - (b) the Proposed Acquisition 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; and
 - (c) the Proposed Acquisition is synergistic to the Group's existing operations in the areas of rubber processing, and allows the Group to further leverage its existing administration, management and operations infrastructure in southern Sumatra.

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 third quarter ended 30 September 2013, the Proposed Acquisition is not expected to have any material impact on the consolidated earnings per share and the net tangible assets per share of the Group for the financial year ending 31 December 2013.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 6.1 As at the date hereof, none of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than that arising from their respective shareholdings in the Company, if any.

7. DOCUMENT FOR INSPECTION

- 7.1 The copy of the CSPA 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 (3) 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
25 October 2013

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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