

# HALCYON AGRI CORPORATION LIMITED

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

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## PROPOSED ACQUISITION OF FOUR (4) INDONESIAN RUBBER PROCESSING FACTORIES

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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 “**HAC Group**”) wishes to announce that on 7 December 2017, the terms and conditions of a memorandum of agreement (the “**MOA**”) entered into between the Company’s subsidiary in Indonesia, PT. Hok Tong (“**Hok Tong**”) with (i) Mr Liauw Chiang Sioe and (ii) Mr Sjahrir Iskandar (collectively, the “**Vendors**”) on 5 December 2017, for the sale and purchase of 100% equity interest in PT. Sumber Djantın (“**PTSD**”) and PT. Sumber Alam (“**PTSA**”) (collectively, the “**Targets**”) (the “**Proposed Acquisition**”), have become legally binding between the parties.
- 1.2 Pursuant to the MOA, the Vendors have provided an exclusivity undertaking to the HAC Group in relation to the sale of the Targets, for a period of six (6) months from the date of the MOA, which is until 4 June 2018.

### 2. INFORMATION RELATING TO THE TARGETS

- 2.1 PTSD is a limited liability company established in Indonesia in mid-1950s with an issued and paid-up share capital of IDR 182,408,000,000, and PTSA is a limited liability company established in Indonesia in 1979 with an issued and paid-up share capital of IDR 94,414,000,000.
- 2.2 The Targets are 100% owned by the Vendors in equal proportion.
- 2.3 The Targets are well-established midstream natural rubber producers which collectively own four (4) crumb rubber factories (the “**SIR Factories**”) together with all associated lands, buildings, machinery and equipment in West Kalimantan, Indonesia, which are capable of producing numerous grades of Standard Indonesian Rubber (“**SIR**”) with an aggregate annual licensed export capacity of 132,000 tonnes. The Targets are approved technically specified rubber (TSR) factories under the Singapore Exchange Limited.
- 2.4 Pursuant to the MOA, financial information of the Targets including their prior years audited financial statements will be provided to HAC Group on or after the execution of the SPA (as defined below).

### 3. PRINCIPAL TERMS OF THE MOA

#### 3.1 Assets of the Targets

The key properties and assets which are the subject to the Proposed Acquisition comprise:

- (a) four (4) SIR Factories located at West Kalimantan, across the towns of Sanggau, Sambas and Pontianak; and
- (b) all land, buildings, factories, licences, approvals and fixed assets relating to the SIR Factories and the operations thereof.

### 3.2 Execution of Definitive Legal Document(s)

A conditional sale and purchase agreement (“**SPA**”) in respect of the Proposed Acquisition shall be executed not later than 31 December 2017 (or such later date as may be agreed between Hok Tong and the Vendors in writing).

### 3.3 Purchase Consideration

3.3.1 Subject to the due diligence findings, the purchase consideration for 100% equity interest in the Targets is S\$105,263,000 (the “**Purchase Consideration**”).

3.3.2 Pursuant to the MOA, Hok Tong will pay the Vendors, a deposit of 10% of the Purchase Consideration (equivalent to S\$10,526,300) which constitutes part of the Purchase Consideration, at the time of execution of the SPA.

3.3.3 The Purchase Consideration was determined on a willing-buyer and willing-seller basis, after arm’s length negotiations, and taking into account the factors listed in paragraph four (4) below.

3.3.4 The Purchase Consideration will be satisfied by cash and fully funded through existing internal resources.

### 3.4 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon the fulfilment (or waiver) of certain conditions precedent (the “**Conditions Precedent**”) to be stipulated in the SPA, including but not limited to the following:

- (a) satisfactory completion of legal, finance and tax due diligence exercise by HAC Group;
- (b) all necessary approvals and consents as may be necessary from any third party, governmental and regulatory bodies or relevant competent authority for the Proposed Acquisition having been obtained and not been withdrawn; and
- (c) clearance have been obtained to the satisfaction of Hok Tong that all prior years tax obligations of the Targets (if any) up to year ended 31 December 2016 have been resolved, and accruals made for year ending 31 December 2017 are sufficient.

### 3.5 Completion

Subject to the execution of SPA and fulfillment of the Conditions Precedent, completion of the Proposed Acquisition shall take place on or before 31 March 2018 (or such later date as may be agreed between Hok Tong and the Vendors in writing) (the “**Completion**”).

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is in the best interests of the Company and its shareholders (the “**Shareholders**”) for the following reasons:

- (a) The Proposed Acquisition is consistent with the Company’s business strategy to continue growing the HAC Group’s business through selective acquisitions and investments, thereby establishing itself as a leading global natural rubber supply chain manager.

- (b) The Proposed Acquisition increase the scale and scope of the HAC Group's natural rubber processing segment and propels the HAC Group to be the largest crumb rubber producer and exporter in Indonesia. It brings another 132,000 tonnes to the HAC Group's consolidated processing capacity to approximately 1.55 million tonnes per annum.
- (c) The Targets are strategically located in close proximity and are complementary to the HAC Group's existing operations in Pontianak, Indonesia. These are expected to derive synergic benefits through common corporate infrastructure, supplier consolidation and sharing best practices and economies of scale.

## **5. FURTHER INFORMATION**

- 5.1 Based on the relative figure computed on the bases set out in Rule 1006(c) of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Proposed Acquisition is a "Discloseable Transaction" within the meaning of Rule 1010 of the Listing Manual of the SGX-ST.
- 5.2 The Company shall make further announcement(s) on the Proposed Acquisition, as required by Rule 1010 of the Listing Manual of the SGX-ST, as soon as the financial information of the Targets are available to the Company.

## **6. DIRECTORS' SERVICE CONTRACTS**

No person has been proposed to be appointed as an executive Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

As at the date hereof, none of the Directors and to the best of the Directors' knowledge, none of the controlling shareholder 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 and/or directorships, as the case may be, in the Company.

## **8. DOCUMENT FOR INSPECTION**

Copy of the MOA 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.

## **9. CAUTIONARY STATEMENT**

Shareholders and potential investors should exercise caution when trading in the Company's shares, 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

Pascal Demierre  
Executive Director  
7 December 2017