

MEDIA RELEASE

For Immediate Release

**HALCYON AGRI BECOMES LARGEST RUBBER PROCESSOR
IN INDONESIA WITH US\$78 MILLION PURCHASE
IN WEST KALIMANTAN**

- *Acquires four rubber factories in West Kalimantan for S\$105.3 million*
- *Drives formation of second Standard Indonesia Rubber hub in Indonesia*
- *Strengthens Halcyon Agri's position as the leader in sustainable rubber*

Singapore, 11 December 2017 - Halcyon Agri Corporation Limited ("Halcyon Agri" and collectively with its subsidiaries, the "Group"), one of the world's largest natural rubber supply chain managers, has entered into an agreement to acquire Standard Indonesia Rubber ("SIR") producers PT Sumber Djanting ("PTSD") and PT Sumber Alam ("PTSA") for S\$105.3 million (approximately US\$78 million¹).

The acquisition will add four SIR factories, located in Pontianak, with a combined licensed annual capacity of 132,000 metric tonnes ("MT"), to Halcyon Agri's operations, and propel the Group to become the largest exporter of SIR out of Indonesia.

Robert Meyer, Executive Director and Chief Executive Officer of Halcyon Agri, said, "This acquisition marks a significant milestone for our Indonesian operations. As the largest rubber exporter out of our first hub in Palembang, the formation of our second SIR hub in Pontianak will significantly drive greater economies of scale which will only benefit our global tyre customers. Also, in addition to becoming the largest exporter of SIR, the acquisition will enable us to further our sustainability efforts and cement our position as the forerunner in sustainable rubber."

Collectively, the four factories are highly regarded producers of SIR and have a strong track record in delivering quality rubber to the global tyre majors.

Established in the mid-1950s, PTSD currently owns three SIR factories in West Kalimantan across the towns of Sanggau, Sambas and Pontianak. The three factories, established in 2007, 1987 and 1955 respectively have a combined licensed capacity of 92,000 MT. PTSA's SIR factory in Pontianak was established in 1979 and has a licensed capacity of 40,000 MT.

Halcyon Agri currently operates six factories with a combined licensed annual production capacity of 385,000 MT in Palembang. These factories operate under a shared factory network, which has successfully yielded benefits and synergies from the utilisation of common facilities and logistics services. Following this latest acquisition, the Group intends to establish a second SIR hub in Pontianak, to complement the current SIR hub in Palembang. In addition, PTSD and PTSA's operations and storage facilities in Pontianak are situated in proximity to the Pontianak port and will allow Halcyon Agri's existing Pontianak factories to benefit from the use of shared services.

Apart from enhancing its capacity and operations, the acquisition will allow the Group to accelerate its sustainable rubber initiative, through introducing the HEVEAPRO standards to the acquired factories. HEVEAPRO focuses on four core pillars that are, Quality, Environment Health and Safety, Social

¹ Based on the exchange rate of US\$1: S\$1.35

Responsibility, and Security. The Group will roll out the standards to the four factories, as soon as the acquisition is completed.

The acquisition will be fully funded by existing internal resources, and is expected to be completed by 31 March 2018.

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About Halcyon Agri

Halcyon Agri is a natural rubber supply chain manager, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group owns 33 natural rubber processing factories in Indonesia, Thailand, Malaysia, China and Africa and produces sustainable, natural rubber under its proprietary HEVEAPRO brand. It distributes its products and a range of other natural rubber grades, including latex, to an international customer base through its network of warehouses and sales offices in South East Asia, China, Europe, South Africa and the United States. The Group's workforce totals more than 15,000 employees, and its aggregate natural rubber distribution capacity is approximately 2 million metric tonnes per annum.

For media and analyst queries, please contact:

Investor Relations

Halcyon Agri Corporation Limited

Rachel Thong

Tel: +65 6460 0858

Mobile: +65 8342 9341

Email: rachelthong@halcyonagri.com

Website: www.halcyonagri.com

Newgate Communications:

Lynette Tan

Tel: +65 6532 0606

Mobile: +65 9689 2846

Email: lynette.tan@newgatecomms.com.sg

Sharmaine Tan

Tel: +65 6532 0606

Mobile: +65 8333 3140

Email: sharmaine.tan@newgatecomms.com.sg