

HARTAWAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Co. Registration No. 200300950D)

*This announcement has been prepared by Hartawan Holdings Limited (“**Company**”) and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**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.

The contact person for the Sponsor is:

*Name: Mr Chia Beng Kwan, Deputy Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd.
Address: 77 Robinson Road #21-02 Singapore 068896
Telephone: (65) 6854-6160*

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF WILTON RESOURCES HOLDINGS PTE. LTD. BY HARTAWAN HOLDINGS LIMITED (“THE COMPANY”)

- NEW INDONESIAN REGULATION ON DIVESTMENT AND SHARE TRANSFERS IN MINING CONCESSION COMPANIES

*Capitalised terms used in this announcement, unless otherwise defined herein, have the same meanings as ascribed to them in the circular to shareholders of the Company (“**Shareholders**”) dated 26 September 2013 in relation to the Proposed Acquisition (“**Circular**”).*

1. INTRODUCTION

The board of directors (“**Board**”) of the Company refers to Sections 2.5(b) and B2 on pages 29 and 96 of the Circular, respectively, in relation to the Proposed Restructuring Exercise. The completion of the Proposed Restructuring Exercise is a condition precedent to the completion of the Proposed Acquisition.

It is intended that, upon completion of the Proposed Restructuring Exercise, the Target Company will hold 99% of PT WI, PT WI will hold 99% of PT WWI, and PT WWI will (as it currently does) hold 99% of PT LTC.

As announced on 2 July 2013, under the terms of the Amended and Restated CLA, the Target Company undertook to procure that the restructuring of PT WI, PT WWI and PT LTC shall be completed on or prior to 30 September 2013.

2. NEW INDONESIAN REGULATION

On 10 October 2013, the Company was notified by its Legal Advisor on Indonesia Law that the Government of Republic of Indonesia issued and promulgated the Minister of Energy and Mineral Resources Regulation No. 27 of 2013 regarding Procedures and Determination of Share Divestment Prices, as well as Investment Changes in the Mineral and Coal Mining Business Field (“**Regulation 27/2013**”). The Regulation 27/2013 took effect on 13 September 2013. The Company understands that its Legal Advisor on Indonesia Law learnt of Regulation 27/2013 in early October 2013.

Regulation 27/2013 affects holders of IUPs (including Production Operations IUP), including PT WWI and PT LTC of the Target Group, both of whom are holders of Production Operations IUP.

Certain provisions of the said Regulation 27/2013 may affect the Proposed Restructuring Exercise. Some of these provisions and their possible implications on the Proposed Restructuring Exercise and the Proposed Acquisition are set out below.

(1) Government approval for corporate actions

Under Article 15 paragraphs (1) and (2), in conjunction with Articles 16 paragraph (1), 18 paragraph (1), 23 paragraph (1), 25 paragraph (1), 27 paragraph (1) of Regulation 27/2013, holders of mining business permits will have to obtain (a) approvals of the Minister of Energy and Mineral Resources (“**Minister**”), governor or regent/mayor (in accordance with their respective scopes of authority) for (i) changes in investment and source of financing, (ii) change of articles of association, (iii) change of board of directors and board of commissioners, and (iv) change of ownership of shares; and (b) approval of the Minister for the change of status from a domestic-owned company (“**PMDN Company**”) to a foreign-owned company (“**PMA Company**”) (or vice versa).

If the above is applicable to the Proposed Restructuring Exercise, approvals from the relevant authorities mentioned under Article 15 of Regulation 27/2013 may be required for the Proposed Restructuring Exercise, which involves the change of ownership of shares and change of status of PT WWI and PT LTC.

(2) Limitation of Foreign Shareholding

Under Article 18 paragraph (3) of Regulation 27/2013, an application for a change of status from a PMDN Company to a PMA Company for a holder of a Production Operations IUP can only be made if the foreign ownership does not exceed 49.0%.

If the above is applicable to the Proposed Restructuring Exercise, PT WI’s shareholding interest in PT WWI, and PT WWI’s shareholding interest in PT LTC may be limited to 49.0%.

(3) Prohibition of change in status

Under Article 19 paragraph (6) of Regulation 27/2013, any IUP holder is prohibited from submitting an application for a change in status from a PMDN Company to a PMA Company (or vice versa) to the Investment Coordinating Board of the Republic of Indonesia (“**BKPM**”) unless they have obtained an approval from the Minister, failing which, under Article 19 paragraph (7) of Regulation 27/2013, the IUP holder will not be deemed to have converted its status from a PMDN Company to a PMA Company (or vice versa, as the case may be).

If the above is applicable to the Proposed Restructuring Exercise, approval will need to be obtained from the BKPM and the Minister.

(4) Applications will be processed according to Regulation 27/2013

Article 36 paragraph (1) of Regulation 27/2013 states that any application for change of status from a PMDN Company to a PMA Company (or vice versa) which has been submitted by an IUP holder prior to Regulation 27/2013 taking effect shall be processed in line with the provisions of Regulation 27/2013.

3. CONSIDERATION OF IMPLICATIONS OF REGULATION 27/2013 ON THE PROPOSED RESTRUCTURING EXERCISE AND THE PROPOSED ACQUISITION

The Board is consulting its Legal Advisor to the Company on Indonesia Law and is discussing with the Vendors on if and how Regulation 27/2013 will affect the Proposed Restructuring Exercise and the Proposed Acquisition.

The Board will make an update announcement once there is clarity on the impact of Regulation 27/2013 and the status of the application to MOLHR by PT WI and PT WWI for the completion of the Proposed Restructuring Exercise.

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares.

The impact of Regulation 27/2013 on the Proposed Acquisition is currently unclear, as there may be little or no guidance from the relevant authorities on how the said Regulation will be applied in the case of the Proposed Restructuring Exercise.

In the circumstances, there is no certainty or assurance as at the date of this announcement that the Proposed Restructuring Exercise or the Proposed Acquisition will be completed, or that the terms of the Sale and Purchase Agreement and the Convertible Loan Agreement will not be further or materially altered.

For the avoidance of doubt, the EGM to be held on 21 October 2013 shall proceed as planned and shareholders shall be provided further updates (if any) at the EGM.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Winstedt Chong
Executive Chairman
14 October 2013