

HALCYON AGRI CORPORATION LIMITED

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF NEW CONTINENT ENTERPRISES (PRIVATE) LIMITED (THE “PROPOSED ACQUISITION”)

1. INTRODUCTION

- 1.1 Further to the announcement dated 13 August 2014, 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 has on 25 September 2014, entered into a sale and purchase agreement (the “**SPA**”) with Mr Oei Hong Bie @ Ng Kim Tjing @ Hadi Widjaja (“**Mr Oei**”) and Hong Wan Company Limited (“**Hong Wan**”) (collectively the “**Vendors**”) for the acquisition of 41,000,000 ordinary shares (the “**Sale Shares**”) representing the entire issued and paid up share capital of New Continent Enterprises (Private) Limited (“**NCE**”) by the Company or its nominee.
- 1.2 The assets of the NCE Group that are the subject of the Proposed Acquisition shall consist of only the part of the business relating to the natural rubber industry (the “**Acquired Business**”) and shall not include any business which is not part of the Acquired Business.
- 1.3 The Vendors have represented to the Company that all NCE Group’s businesses which are not related to the Acquired Business have been disposed of and from 1 January 2014, the NCE Group consists of only the Acquired Business.
- 1.4 DBS Bank Ltd. has been appointed as financial adviser to the Company for the Proposed Acquisition.

2. INFORMATION RELATING TO NCE AND THE VENDORS

- 2.1 NCE has four wholly owned subsidiaries namely,
 - (a) New Continent Enterprises GmbH, a company incorporated in Germany;
 - (b) New Continent Enterprises B.V., a company incorporated in The Netherlands;
 - (c) New Continent Enterprises Inc., a company incorporated in Colorado, United States; and
 - (d) 盟创(上海)贸易有限公司(MCF China Limited), a limited liability company incorporated in the People’s Republic of China,and a representative office in Vietnam, (together with NCE, the “**NCE Group**”).
- 2.2 NCE Group is a leading global dealer in, and distributor of natural rubber. It participates actively throughout the value chain, from sourcing of raw materials to marketing, transporting, importing and exporting all leading grades of processed natural rubber. NCE Group provides its clients with real time market and pricing

information, as well as technical support and after-sales service, leveraging the connectivity provided by its branch offices in key destination and origination markets. In 2013, NCE sold approximately 250,000 tonnes of natural rubber to more than 150 customers around the world.

- 2.3 Mr Oei is the registered and beneficial owner of 2,000,000 NCE shares, which represents approximately 4.88% of the Sale Shares.
- 2.4 Hong Wan is a company incorporated in Cayman Islands which holds 39,000,000 NCE shares (approximately 95.12% of the Sale Shares). The entire issued and paid up share capital of Hong Wan is held by a trust managed by HSBC International Trustee Limited.

3. PRINCIPAL TERMS OF THE SPA

3.1 Completion

Subject to the satisfaction (or waiver) of the conditions precedent stipulated in the SPA, completion of the Proposed Acquisition (the “**Completion**”) shall take place on 30 September 2014 or any other date as may be agreed by the Company and Vendors in writing (the “**Completion Date**”).

3.2 Sale Shares and Purchase Consideration

- 3.2.1 The Proposed Acquisition involves the acquisition of the Sale Shares, free from all encumbrances and together with all rights and benefits attaching thereto.
- 3.2.2 The aggregate Purchase Consideration for the Sale Shares is determined to be the amount of 118% multiplied by the net book value (“**NBV**”) of the NCE Group as at 31 July 2014. The NBV of the NCE Group shall be determined between the Company and the Vendors prior to Completion, following the completion of the financial due diligence by professionals engaged by the Company (the “**Purchase Consideration**”).
- 3.2.3 It is intended that the Purchase Consideration for the Proposed Acquisition will be paid to the Vendors in four (4) equal quarterly payments starting from the Completion Date (each a “**Quarterly Payment**”, and such dates on which the payments are to be made, a “**Quarterly Payment Date**”). The Sale Shares shall be transferred to the Purchaser in four (4) quarterly tranches to be effected simultaneously upon payment of each Quarterly Payment to the Vendors.
- 3.2.4 The Purchase Consideration shall be paid in cash and may, at the option of the Vendors to be communicated no less than thirty (30) days prior to a Quarterly Payment Date, be paid for (in full) by the allotment and issuance to the Vendors (or their nominee) of such requisite number of new ordinary shares in the capital of the Company (the “**NCE Consideration Shares**”), credited as fully paid at the issue prices and payment dates indicated below:

	Payment Date	Issue Price
(a)	30 September 2014	S\$0.90
(b)	31 December 2014	S\$1.20
(c)	31 March 2015	S\$1.50
(d)	30 June 2015	S\$1.80

- 3.2.5 Based upon the Completion Date of 30 September 2014, the thirty (30) days notification requirement for the Vendors to opt for NCE Consideration Shares will not be achievable. As such, the first tranche of Quarterly Payment shall be paid to the Vendors in cash.
- 3.2.6 The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations and after taking into account the factors listed in paragraph four (4) below.
- 3.2.7 The Purchase Consideration, if in cash, will be fully funded through existing internal resources and/or borrowings.

3.3 **Conditions Precedent**

Completion of the Proposed Acquisition is conditional upon the fulfilment (or waiver) of, *inter alia*, the following conditions:

- (a) completion of a legal, financial and tax due diligence exercise by the Company and its advisers on the NCE Group, the results of such exercise being satisfactory to the Company, in its sole and reasonable discretion;
- (b) all necessary shareholder and director approvals having been obtained by the Company;
- (c) all approvals and consents as may be necessary from any third party, governmental or regulatory body or relevant competent authority, having jurisdiction over the transactions contemplated under the SPA and the Company, or to the entry into and completion of this Agreement by the Company and Vendors in relation to the Proposed Acquisition, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, and where such condition(s) affect any of the Company and Vendors, such condition(s) being acceptable to the other party concerned and if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before the Completion;
- (d) all approvals and consents (including any governmental, regulatory and/or corporate approvals and consents) required for its business have been obtained, and are and shall remain on the Completion Date, valid and effective and not withdrawn or amended;
- (e) the waiver of any change of control clauses currently applicable to NCE from its financing parties, other than in respect of agreements for credit facilities which are secured by the personal guarantee from Mr Oei, and the cancellation of such personal guarantee to be deferred until 30 October 2014; and
- (f) the presentation by the Vendors to the Company of the pro forma financial statements of the NCE Group for the financial periods from 1 July 2011 to 30 June 2012, 1 July 2012 to 31 December 2012, and 1 January 2013 to 31 December 2013.

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 Group has been actively acquiring rubber factories as well as upstream plantation assets since its initial public offering in February 2013, effectively capitalising on a series of opportunities that became available due to a unique set of circumstances, including unexpectedly low rubber price, and, most importantly, business succession issues.
- (b) With the completion of the acquisition of Anson Company (Private) Limited on 12 August 2014, the Group’s annual licensed export capacity has risen to circa 748,000 tonnes, thus transforming the Group from a niche producer of Standard Indonesian Rubber (“**SIR**”) to Indonesia’s second largest SIR producer and, in tandem with our Standard Malaysian Rubber (“**SMR**”) asset base, a top 3 rubber producer globally.
- (c) The Proposed Acquisition rounds off the significant scale-up in productive capacity by providing the Group with direct access to two of the world’s key SIR and SMR consumer markets, the European Union and the USA, thus complementing the Group’s merchandising activities to the world’s top tyre companies.
- (d) NCE Group, having been active in the Natural Rubber market for almost 40 years, benefits from an outstanding reputation as a reliable and steadfast supplier, with an entrenched network of smaller, non-tyre consumers in markets such as the European Union and the USA. With the backing of a world-leading natural rubber producer, NCE Group will be able to further deepen its client relationships and thus extract additional distribution profits for the Group.

5. NCE CONSIDERATION SHARES

- 5.1 The NCE Consideration Shares, if issued before the next annual general meeting (“**AGM**”) of the Company which is to be held before 30 April 2015 (“**2015 AGM**”), will be issued pursuant to the general share issuance mandate (the “**General Mandate**”) granted to the Directors by the Shareholders by way of an ordinary resolution at the AGM of the Company held on 23 April 2014 (“**2014 AGM**”). The General Mandate authorises the Directors to allot and issue ordinary shares in the capital of the Company (the “**HAC Shares**”) not exceeding 100% of the total number of issued HAC Shares (excluding treasury shares) as at the date of the 2014 AGM, of which the aggregate number of HAC Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 50% of the total number of issued HAC Shares (excluding treasury shares).
- 5.2 The number of issued HAC Shares as at the date of the 2014 AGM was 396,000,000. The Company has issued 25,000,000 HAC Shares on 8 September 2014 under the General Mandate and as such, the remaining number of HAC Shares that may be issued pursuant to the General Mandate is 371,000,000, of which the maximum number of HAC Shares to be issued other than on a pro-rata basis is 173,000,000.
- 5.3 In the event that the General Mandate is not renewed or approved by Shareholders at the 2015 AGM, the Company will seek Shareholders’ approval under Rule 805 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) for the issuance of the remaining NCE Consideration Shares to be issued after the 2015 AGM.

- 5.4 The issue prices of the NCE Consideration Shares represent a premium over the weighted average price of S\$0.7389 for each HAC Share, based on trades done on Catalist on 24 September 2014 (being the last full market day prior to which the SPA was signed).

6. FURTHER INFORMATION

The Company shall make further announcement(s) on the Proposed Acquisition as required by Chapter 10 of the Catalist Rules, once the amount of the Purchase Consideration is finalised, or as and when there are material developments to the Proposed Acquisition.

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 substantial 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.

8. DOCUMENT FOR INSPECTION

Copy of the SPA 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 HAC 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
25 September 2014

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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.