

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 UNDER CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") (THE "PROPOSED ACQUISITION")

1. INTRODUCTION

1.1 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 and the wholly owned subsidiary of the Company, Hevea Global Pte. Ltd. (the "**Purchaser**" or "**HG**") have on 13 August 2014, entered into a Memorandum of Agreement (the "**MOA**") with Mr Oei Hong Bie @ Ng Kim Tjing @ Hadi Widjaja ("**Mr Oei**") and Hong Wan Company Limited (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**").

1.2 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) 盟創(上海)貿易有限公司 (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**").

1.3 DBS Bank Ltd. has been appointed as financial adviser to the Company for the Proposed Acquisition.

2. INFORMATION RELATING TO THE NCE GROUP

NCE Group is a leading global dealer in and distributor of natural rubber. It participates actively throughout the full value chain, from sourcing of raw materials to marketing, transporting, importing and exporting all leading grades of processed natural rubber. NCE 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.

NCE's business strategy is founded on its deep understanding of the global natural rubber market, dating back to its incorporation in 1967 and subsequent acquisition by Mr Oei, who has been a leading member of the global rubber community for over 65 years.

3. SALIENT TERMS OF THE MOA

3.1 NCE Group's Assets

- 3.1.1 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.
- 3.1.2 The Vendors and the NCE Group shall, prior to the completion of the Proposed Acquisition, dispose all businesses which are not related to the Acquired Business so that the NCE Group shall consist of only the Acquired Business upon completion.
- 3.1.3 The Vendors shall present to the Company and Purchaser the pro forma financial statements in respect of the Acquired Business for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013.
- 3.1.3 The Vendors shall issue a guarantee in favour of the Company and Purchaser that the net book value ("**NBV**") of the Acquired Business until 31 December 2014 shall remain that of 31 July 2014.

3.2 Purchase Consideration

- 3.2.1 The aggregate purchase consideration for the Sale Shares is determined to be the amount of 118% multiplied by the NBV of the Acquired Business as at 31 July 2014 (the "**Purchase Consideration**"). Based upon the NCE Group's current estimated net book value as at 31 July 2014, the total consideration would be approximately US\$30 million.
- 3.2.2 It is intended that the Purchase Consideration for the Proposed Acquisition will be paid to each Vendor in proportion to his/its respective shareholding in the Company in four equal quarterly payments starting from 30 September 2014 (each a "**Quarterly Payment**", and such dates on which the payments are to be made, a "**Quarterly Payment Date**"). The Purchase Consideration may, at the option of the Vendors thirty 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, 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

- 3.2.2 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 4 below.
- 3.2.3 The Purchase Consideration, if in cash, will be fully funded through existing internal resources and/or bank borrowings.

3.3 Execution of Definitive Agreement

3.3.1 The MOA is effective and binding upon its execution by the Purchaser, Company and Vendors. A conditional sale and purchase agreement (“**CSPA**”) in respect of the Proposed Acquisition shall be executed not later than 30 September 2014, failing which, the MOA shall be terminated with immediate effect.

3.4 Conditions Precedent for entering into CSPA

3.4.1 The entering into the CSPA shall be subject to, *inter alia*,

- (a) the waiver of any change of control clauses currently applicable to NCE from its financing parties (the “**Financing Banks**”);
- (b) no material adverse change to the business, operations, property, condition (financial or otherwise) or prospects of the NCE Group;
- (c) due diligence exercise being completed to the satisfaction of the Purchaser;
- (d) all necessary shareholder and director approvals having been obtained by the Purchaser and the Company; and
- (e) all necessary approvals from regulatory bodies, including but not limited to the Singapore Exchange Securities Trading Limited, having been obtained.

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:

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 prices, and, most importantly, business succession issues.

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 metric 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.

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 EU and USA, thus complementing the Group’s merchandising activities to the world’s top tyre companies.

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 EU 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. FURTHER INFORMATION

The Company shall make further announcement(s) on the Proposed Acquisition, as required by Chapter 10 of the Catalist Rules, upon the execution of the CSPA, or as and when there are material developments to the Proposed Acquisition.

6. 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 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. CAUTIONARY STATEMENT

Shareholders 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

Pascal Demierre
Executive Director
13 August 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.

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