

HALCYON AGRI CORPORATION LIMITED

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

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

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the announcements of the Company dated 13 August 2014 and 25 September 2014 in relation to the NCE Acquisition (the “**Announcements**”).

1. UPDATES TO THE NCE ACQUISITION

- 1.1 Further to the Announcements, 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 Vendors have on 30 September 2014, entered into an addendum to the SPA dated 25 September 2014 and agreed that the Purchase Consideration for the NCE Acquisition shall be US\$29,987,340 (equivalent to approximately S\$38,017,950 based on the exchange rate of US\$1.00 to S\$1.2678 as at 25 September 2014) which represents 118% of the NBV of the NCE Group as at 31 July 2014.
- 1.2 The Company has nominated its wholly-owned subsidiary, Hevea International Pte. Ltd. (“**Hevea International**”), to receive the Sale Shares and the Group has today, completed the NCE Acquisition pursuant to the fulfilment of the condition precedents set out in the SPA.
- 1.3 Following the completion of the NCE Acquisition, the first tranche of the Quarterly Payment has been satisfied by a cash consideration of US\$7,496,835 and the first tranche of the Sale Shares, being 10,250,000 shares representing 25% of the issued and paid up share capital of NCE, have been transferred to Hevea International.
- 1.4 The Company will make further announcement(s) upon satisfaction of the subsequent tranches of Quarterly Payments.

2. THE NCE ACQUISITION AS A DISCLOSEABLE TRANSACTION

- 2.1 For the purposes of Chapter 10 of the Catalist Rules, the relative figures for the NCE Acquisition computed using the applicable bases of comparison set out in Rule 1006 of the Catalist Rules based on the latest announced consolidated financial statements of the Group for the financial period ended 30 June 2014 (“**H1 2014**”) are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	Net profits ⁽²⁾ attributable to the assets acquired, compared with the Group's net profits ⁽²⁾	90.05 ⁽³⁾

Rule 1006	Bases	Relative Figures (%)
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	12.22 ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	4.64 ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable ⁽¹⁾

Notes:

- (1) This basis is not applicable to the NCE Acquisition.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit before income tax, minority interests and extraordinary items.
- (3) The net profit attributable to the assets acquired is determined based on the six (6) months unaudited net profit of the NCE Group of approximately US\$897,820, and net profit of the Group of approximately US\$997,000 for H1 2014.
- (4) The Company's market capitalisation was approximately S\$311.08 million, determined by multiplying the 421,000,000 HAC Shares in issue as at the date of the announcement of the NCE Acquisition being 25 September 2014, by the volume weighted average price of the HAC Shares of S\$0.7389 per HAC Share based on trades done on Catalist of the Singapore Exchange Securities Trading ("SGX-ST") on 24 September 2014, being the last market day preceding the date of the SPA.
- (5) Based on 19,537,000 NCE Consideration Shares to be issued by the Company **on the assumption** that the Vendors elect to receive the last three (3) Quarterly Payments fully in HAC Shares.

2.2 Based on the relative figures, the NCE Acquisition is deemed a major transaction within the meaning of Rule 1014 of the Catalist Rules. Notwithstanding this, pursuant to the exception as set out in Rule 1014(2) of the Catalist Rules, Rule 1014 does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). As such, the NCE Acquisition would be considered a "Discloseable Transaction" for the purpose of Chapter 10 of the Catalist Rules of the SGX-ST.

3. FINANCIAL EFFECTS OF THE NCE ACQUISITION

3.1 The financial effects of the NCE Acquisition on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the NCE Acquisition given that, *inter alia*, the following considerations:

- (a) the Group had:
 - (i) on 16 January 2014, completed the acquisition of assets from Chip Lam Seng Sdn. Bhd. via the acquisition of Hevea KB Sdn. Bhd. (formerly known as CLS Sdn. Bhd.);

- (ii) on 29 January 2014, completed the acquisition of JFL Agro Pte. Ltd.;
- (iii) on 19 February 2014, completed the acquisition of PT. Hevea GE; and
- (iv) on 12 August 2014, completed the acquisition of Anson Company (Private) Limited,

and as such, the latest audited consolidated results of the Group for the financial year ended 31 December 2013 (“FY2013”) is not reflective of the current financial position of the Group which now includes the abovementioned completed acquisitions; and

- (b) NCE Group recorded a loss before taxation (pro forma) of US\$1.91 million for the Acquired Business for FY2013 which was mainly attributable to one-time set-up costs and pre-operating overheads incurred in FY2013 for the expansion of the Acquired Business without any corresponding revenue contribution in the first few months following the incorporation and acquisition of the new subsidiaries.

3.2 The financial effects set out below have been prepared pursuant to the requirements of Rule 1010(8) and Rule 1010(9) of the Catalist Rules and based on the latest audited consolidated financial statements of the Group for FY2013, the audited consolidated financial statements of the NCE Group for the Acquired Business for FY2013 and on the following key assumptions:

- (a) the effect on the earnings per share (“EPS”) of the Group is based on the assumption that the NCE Acquisition had been effected at the beginning of FY2013; and
- (b) the effect on the net tangible assets (“NTA”) per share of the Group is based on the assumption that the NCE Acquisition had been effected at the end of FY2013.

3.2.1 EPS

EPS	As at 31 December 2013	After completion of the NCE Acquisition with settlement of Purchase Consideration in full by	
		Cash	Issuance of NCE Consideration Shares
Earnings (US\$'000)	9,093 ⁽¹⁾	7,139 ⁽²⁾	7,139 ⁽²⁾
Number of issued HAC Shares ('000)	421,000 ⁽³⁾	421,000 ⁽³⁾	440,537 ⁽⁴⁾
Adjusted EPS (US cents)	2.16	1.70	1.62
Adjusted EPS (S\$ cents) ⁽⁵⁾	2.70	2.12	2.03

Notes:

- (1) The earnings is based on the consolidated profit attributable to the owners of the Company for FY2013.
- (2) Includes the earnings as set out in note (1), the NCE Group’s audited net loss attributable to the owners of the Company with pro forma losses for the Acquired Business of US\$1.91 million for FY2013.

- (3) For comparative purpose, the number of ordinary HAC Shares in issue as at 1 September 2014 of 421,000,000 has been used.
- (4) Being the total number of shares as set out in (3) and the issuance of 19,537,000 NCE Consideration Shares to be issued by the Company **on the assumption** that the Vendors elect to receive the last three (3) Quarterly Payments fully in HAC Shares.
- (5) Translated at the average exchange rate of US\$1.00:S\$1.2513 (being the Group's average exchange rate for FY2013).

3.2.2 NTA

NTA	As at 31 December 2013	After completion of the NCE Acquisition with settlement of Purchase Consideration in full by	
		Cash	Issuance of NCE Consideration Shares
Consolidated NTA (US\$'000)	70,272 ⁽¹⁾	65,700 ⁽²⁾	95,671 ⁽²⁾
Number of issued HAC Shares ('000)	421,000 ⁽³⁾	421,000 ⁽³⁾	440,537 ⁽⁴⁾
Adjusted NTA per share (US cents)	16.69	15.61	21.72
Adjusted NTA per share (S\$ cents) ⁽⁵⁾	21.12	19.75	27.48

Notes:

- (1) Based on the Group's consolidated NTA as at 31 December 2013.
- (2) Includes the NTA as set out in note (1), the NCE Group's audited NTA of US\$25.4 million as at 31 December 2013 and the purchase consideration based on the NCE Group NTA as at 31 December 2013.
- (3) For comparative purpose, the number of ordinary HAC Shares in issue as at 1 September 2014 of 421,000,000 has been used.
- (4) Being the total number of shares as set out in (3) and the issuance of 19,537,000 NCE Consideration Shares to be issued by the Company **on the assumption** that the Vendors elect to receive the last three (3) Quarterly Payments fully in HAC Shares.
- (5) Translated at the Group's exchange rate of US\$1.00: S\$1.2653 as at 31 December 2013.

4. 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 NCE Acquisition, other than that arising from their respective shareholdings in the Company, if any.

5. DOCUMENT FOR INSPECTION

Copies of the SPA and addendum to SPA are 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 25 September 2014.

6. 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
30 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.

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