

HALCYON AGRI CORPORATION LIMITED

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

- (A) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF JFL AGRO PTE. LTD. (THE “PROPOSED ACQUISITION”)**

 - (B) **PROPOSED PLACEMENT OF UP TO 40,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF HALCYON AGRI CORPORATION LIMITED (“PLACEMENT SHARES”) AT A PLACEMENT PRICE OF S\$0.72 FOR EACH PLACEMENT SHARE (THE “PROPOSED PLACEMENT”)**
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(A) **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**”) refers to the announcement dated 9 September 2013 in relation to the Company’s entry into a term sheet for the Proposed Acquisition by the Company of the entire issued and paid-up share capital JFL Agro. Pte. Ltd (the “**Target Company**”), including its wholly owned subsidiaries, JFL Holdings Sdn. Bhd., JFL Agro Sdn. Bhd. and JFL Rubber Sdn. Bhd. (together with the Target Company, the “**Target Group**”).
- 1.2 The Board wishes to announce that the Company has on 6 November 2013, entered into a conditional share sale and purchase agreement (the “**CSPA**”) with Forlenza Investments Limited (“**FIL**”), Jewel Castle Limited (“**JCL**”) and Laveyne Limited (“**LL**”) (collectively the “**Vendors**”) for the acquisition by the Company or such nominee as the Company may notify the Vendors, of 10,000 ordinary shares in the Target Company (the “**Sale Shares**”), representing the entire issued and paid up capital of the Target Company.

2. **INFORMATION RELATING TO THE TARGET GROUP**

- 2.1 The Target Company is a Singapore-incorporated investment holding company, whose shareholders are FIL, JCL and LL holding 51.0%, 24.5% and 24.5% shareholding interest in the Target Company, respectively. The assets and properties of the Target Company include the following (the “**Key Assets**”):
 - (a) the wholly-owned Malaysian subsidiary, JFL Holdings Sdn. Bhd., whose assets include:
 - (i) the lease of Sultanate Lands (the “**Lease**”) in relation to approximately 24,327.3 acres of land in Kelantan, Malaysia (the “**Concession**”), consisting of approximately:
 - 17,652.8 acres of Cultivable Land; and
 - 6,674.5 acres of Non-Cultivable Land,
 - (ii) cash of approximately RM6,000 (subject to deductions for any operational expenses of JFL Holdings Sdn. Bhd. and/or JFL Agro Sdn. Bhd. up to the date of completion).

- (b) the wholly-owned Malaysian subsidiary, JFL Agro Sdn. Bhd. whose assets include:
 - (i) cash of approximately RM10,000 (subject to deductions for operational expenses of JFL Agro Sdn. Bhd. and/or JFL Holdings Sdn. Bhd. up to the date of completion);
 - (ii) palm tree seedlings of an estimated value of RM200,000;
 - (iii) planted palm trees covering an area of approximately 300 hectares of the Cultivable Land (to be completed by 31 December 2013); and
 - (iv) property, plant, vehicles, equipment, and machinery of an estimated value of RM1,814,000 (subject to depreciation).
- (c) the wholly-owned Malaysian subsidiary, JFL Rubber Sdn. Bhd. whose assets include cash of approximately RM30,000.

“Cultivable Land” means land located within the Concession which is suitable for the commercial growing of natural rubber.

“Non-Cultivable Land” means land located within the Concession which is not Cultivable Land.

- 2.2 Based on the latest audited financial statements of the Target Group for the financial year ended 31 March 2013 (“FY2013”), the net asset value and net tangible asset value of the Target Group is S\$1,627,545. The loss before tax (“LBT”) of the Target Group for FY2013 is S\$548,324.
- 2.3 The Target Group recorded a LBT because it has yet to generate any operating revenue. As such, the LBT for FY2013 was primarily attributable to the operating costs incurred by the Target Group. The Target Group’s current operating costs are insignificant to the Group.

3. PRINCIPAL TERMS OF THE CSPA

3.1 Sale Shares

The Proposed Acquisition involves the acquisition of the Sale Shares, free from all encumbrances and together with all rights and benefits attaching thereto at the aggregate purchase consideration of MYR143,224,750 (equivalent to approximately S\$56,129,780 based on the exchange rate of RM1.00 to S\$0.3919 as at 1 November 2013) (“**Purchase Consideration**”).

3.2 Purchase Consideration

- 3.2.1 Pursuant to the CSPA and subject to the satisfaction (or waiver) of certain conditions precedent stipulated therein (the “**Conditions Precedent**”), the Purchase Consideration for the Sale Shares comprise of:

- (a) Cash consideration (“**Cash Consideration**”) which will be funded through a combination of internal resources, bank borrowings and/or additional equity fund raising exercise(s), including proceeds from the Proposed Placement; and

- (b) allotment and issue of 26,000,000 new ordinary shares in the capital of the Company ("**Shares**") ("**Consideration Shares**") based on the issue price of S\$0.72 per Consideration Share to the Vendors as set out below:

Name of Vendor	Interest in Target Company	Number of Consideration Shares
FIL	51.0%	13,000,000
JCL	24.5%	6,500,000
LL	24.5%	6,500,000

3.2.2 The issue price per Consideration Share represents a discount of approximately 4.01% to the weighted average price of S\$0.7501 for each Share, based on trades done on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 November 2013 (being the last full market day prior to which the CSPA was signed). The Consideration Shares, when issued and fully-paid, shall rank *pari passu* in all respects with the existing ordinary shares of the Company save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issue of the Consideration Shares.

3.2.3 The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the intrinsic value of the Cultivable Land of the Target Group's Concession and the potential synergistic benefits to the Group arising from the Proposed Acquisition.

3.3 Payment of Purchase Consideration

3.3.1 Under the terms of the CSPA, the Purchase Consideration is to be satisfied in two tranches in the following manner, subject to the provisions of the CSPA:-

a) upon the fulfilment and satisfaction (or waiver) of the Conditions Precedent (the "**Completion Date**"):

(i) by the issue of 26,000,000 Consideration Shares to the Vendors (or such nominee(s) as each Vendor may notify the Company in writing; and

(ii) by a cash payment to be calculated according to the following formula ("**Interim Cash Consideration**"):

Interim Cash Consideration = (Purchase Consideration / 2) – Value of Consideration Shares which is equivalent to S\$18,720,000

b) upon fulfilment and satisfaction (or waiver) of the conditions subsequent to the Proposed Acquisition outlined in Section 3.5 below (the "**Final Payment Date**"):

(i) by a cash payment to be calculated according to the following formula ("**Final Cash Consideration**"):

Final Cash Consideration = Purchase Consideration – Interim Cash Consideration – Value of Consideration Shares which is equivalent to S\$18,720,000

3.4 Conditions Precedent to the Proposed Acquisition

3.4.1 The Proposed Acquisition is conditional upon the fulfilment and satisfaction (or waiver) of, *inter alia*, the following conditions:

- (a) the completion of satisfactory legal, financial and tax due diligence exercise by the Company and its advisers on the Target Group and the Key Assets;
- (b) the approval of the shareholders of the Company ("**Shareholders**") having been obtained for the Proposed Acquisition;
- (c) all approvals and consents as may be necessary from any third party, governmental or regulatory body or relevant competent authority, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked;
- (d) no material adverse change (as determined by the Company in its reasonable discretion) in the prospects, operations or financial conditions of the Target Group on or before the Completion Date;
- (e) all warranties, representations and undertakings provided by the Vendors under the CSPA being complied with, true, accurate and correct as at the date of the CSPA and each day up to and including the Completion Date;
- (f) the Company being satisfied in its reasonable discretion, that the businesses of the Target Group have been carried on in a satisfactory manner up to the Completion Date, and 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;
- (g) the execution and performance of the CSPA not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority; and
- (h) the Target Group, having received in-principle approval for the Preliminary Environmental Impact Assessment document in respect of the Concession from the Jabatan Perancangan Bandar dan Desa Negeri Kelantan or such appropriate Malaysian governmental body, in respect of all four plots of land under the Concession.

3.5 Conditions Subsequent to the Proposed Acquisition

3.5.1 The Vendors shall procure and ensure the issuance of an Environmental Impact Assessment Approval Letter (the "**EIA Approval**") or its equivalent in respect of the Concession by the Department of Environment, Kelantan or such appropriate Malaysian governmental body to the Target Group, by 31 October 2014 or such other date as may be extended by the Company (the "**Long-Stop Date**").

3.5.2 The Company shall make payment of the Final Cash Consideration to the Vendors on the seventh (7th) day after its issuance of notice to the Vendors notifying the receipt of EIA Approval.

3.5.4 In the event the EIA Approval is not granted to the Target Group by the Long-Stop Date, the Company has a right to waive the Vendors' obligation to procure the EIA approval and the Company shall be under no obligation to make payment of the Final Cash Consideration.

3.6 **Completion**

3.6.1 Subject to the satisfaction (or waiver) of the conditions precedent stipulated in the CSPA, completion of the Proposed Acquisition shall take place on or before 31 December 2013 (or such later date as the Company and Vendors may agree in writing).

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:

- (a) The Proposed Acquisition represents a major strategic advancement of the Group's business into the upstream segment of the Malaysian natural rubber supply chain. The development of the Concession into a natural rubber plantation will be in line with the Group's commitment to sustainability.
- (b) The Proposed Acquisition also represents an opportunity for the Group to broaden its asset and earnings bases, as well as to provide a potential long-term recurring source of revenue and profit and help generate new revenue streams.
- (c) The investment in upstream natural rubber in Malaysia is complementary to the Group's recently announced expansion into Malaysia through the proposed acquisition of the rubber processing assets of Chip Lam Seng Sdn. Bhd. ("**CLS**").
- (d) Once the rubber plantation is fully matured, it will provide up to 10% of the required raw material for the CLS factories, enabling the Group to capture both the upstream planting margin as well as additional processing margin by producing ultra-premium/speciality grades of rubber by having full custody of the raw material supply chain.

5. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

5.1 The financial effects of the Proposed 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 Proposed Acquisition. The financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2012 ("**FY2012**") and on the following key assumptions:

- (i) the effect of the transaction on the earnings per share ("**EPS**") of the Group shown below is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2012; and
- (ii) the effect of the transaction on the net tangible assets ("**NTA**") per share of the Group shown below is based on the assumption that the Proposed Acquisition had been effected at the end of FY2012.

5.2 EPS

	Before the Proposed Acquisition	Immediately After the Proposed Acquisition
Earnings (US\$'000)	9,869 ⁽¹⁾	9,427 ⁽²⁾
Number of issued shares ('000)	330,000 ⁽³⁾	356,000 ⁽⁴⁾
Adjusted EPS (US\$ cents)	2.99	2.65
Adjusted EPS (S\$ cents) ⁽⁵⁾	3.71	3.29

Notes:-

- (1) The earnings is based on the consolidated profit attributable to the owners of the Company for FY2012.
- (2) The earnings included item (1) and the Target Group's audited net loss for FY2013, translated at the exchange rate of S\$1.00:US\$0.8053 on 1 November 2013.
- (3) For comparative purpose, the number of ordinary shares in issue as at 30 September 2013 of 330,000,000 has been used.
- (4) The number of issued shares included item (3) and the 26,000,000 Consideration Shares issued pursuant to the Proposed Acquisition.
- (5) Translated at the exchange rate of S\$1.00:US\$0.8053 at 1 November 2013.

5.3 NTA

	Before the Proposed Acquisition	Immediately After the Proposed Acquisition
Consolidated NTA (US\$'000)	16,270 ⁽¹⁾	32,657 ⁽²⁾
Number of issued shares ('000)	330,000 ⁽³⁾	356,000 ⁽⁴⁾
Adjusted NTA Per Share (US\$ cents)	4.93	9.17
Adjusted NTA Per Share (S\$ cents) ⁽⁵⁾	6.12	11.39

Notes:-

- (1) Based on the Group's consolidated NTA as at 31 December 2012.
- (2) The NTA included item (1), the Target Group's audited NTA as at 31 March 2013, translated at the exchange rate of S\$1.00: US\$0.8053 on 1 November 2013 and the effect on the NTA arising from the issuance of the 26,000,000 Consideration Shares pursuant to the Proposed Acquisition.
- (3) For comparative purpose, the number of ordinary shares in issue as at 30 September 2013 of 330,000,000 has been used.
- (4) The number of issued shares included item (3) and the 26,000,000 Consideration Shares issued pursuant to the Proposed Acquisition.
- (5) Translated at the exchange rate of S\$1.00: US\$0.8053 at 1 November 2013.

6. THE PROPOSED ACQUISITION AS A DISCLOSEABLE TRANSACTION AND AN INTERESTED PERSON TRANSACTION

6.1 Discloseable Transaction

6.1.1 For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Proposed Acquisition computed using the applicable bases of comparison set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”) based on the latest announced consolidated financial statements of the Group for the financial period ended 30 September 2013 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 loss attributable to the assets acquired, compared with the Group’s net profits	(4) ⁽²⁾
(c)	Aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	22 ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition compared with the number of equity securities previously in issue	8
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves.	Not applicable ⁽¹⁾

Notes:-

- (1) This basis is not applicable to the Proposed Acquisition.
- (2) The net loss attributable to the assets acquired is determined based on the pro-rated 9 months audited net loss of the Target Company of approximately S\$0.411 million (equivalent to approximately US\$0.331 million based on the exchange rate of S\$1.00: US\$0.8053 as at 1 November 2013) for FY2013.
- (3) The Company’s market capitalisation is approximately S\$247.5 million, determined by multiplying the 330,000,000 Shares in issue as at the date of this announcement by the weighted average price of the Company’s Shares of S\$0.7501 per Share based on trades done on Catalist of the SGX-ST on 1 November 2013 (being the last market day preceding the date of the CSPA).

6.1.2 As the applicable relative figures computed under Rule 1006(c) exceed 5% but have not exceeded 75%, the Proposed Acquisition constitutes a Discloseable Transaction to which Rule 1010 (read with Rule 1006) of the Catalist Rules applies.

6.1.3 The size of the relative figure computed on the base set out in Rule 1006(b) of the Catalist Rules in respect of the Proposed Acquisition is –4%. As such, the Company intends to seek the approval of the Shareholders for the Proposed Acquisition at an extraordinary general meeting (“**EGM**”) to be convened.

6.2 Interested Person Transaction

- 6.2.1 The Company is an entity at risk within the meaning of Chapter 9 of the Catalyst Rules in relation to the Proposed Acquisition. Dato' Lynette Le Mercier, a controlling shareholder of the Company, has an indirect interest representing 24.5% shareholding of the total issued and paid-up share capital of the Target Company as she is the ultimate beneficial owner of LL, one of the Vendors. As such, Dato' Lynette Le Mercier and her associate, LL, are interested persons within the meaning of Chapter 9 of the Catalyst Rules.
- 6.2.2 The value of the interested person transaction ("IPT") is approximately S\$13.75 million, and based on the Group's latest audited consolidated NTA of US\$16.27 million as at 31 December 2012 (equivalent to approximately S\$20.20 million) ("**Group NTA**"), the value of the IPT is approximately 68% of the Group NTA.
- 6.2.3 Save for the above, the Group has not entered into any other transaction with Dato' Lynette Le Mercier since the beginning of this financial year ending 31 December 2013.
- 6.2.4 The total of all IPTs since the beginning of this financial year ending 31 December 2013 up to 30 September 2013 amounts to S\$360,000.
- 6.2.5 The Audit Committee of the Company will be obtaining an opinion from an independent financial adviser in relation to the Proposed Acquisition which will be set out in the circular to shareholders to be despatched to the Shareholders in due course.

7. SHAREHOLDERS' APPROVALS

- 7.1 The Proposed Acquisition, if proceeded with, will require the approval of the Shareholders at an EGM as:
- (a) the Proposed Acquisition is an IPT pursuant to Chapter 9 of the Catalyst Rules as the value of the IPT is greater than 5% of the Group NTA;
 - (b) there will be an issuance of 26,000,000 Consideration Shares out of which 6,500,000 Consideration Shares are to be issued to a substantial shareholder of the Company; and
 - (c) the Target Group is loss making based on its latest consolidated audited financial statements for FY2013.

As such, the Company will seek Shareholders' approval for the Proposed Acquisition at an EGM to be convened at a later date.

- 7.2 Dato' Lynette Le Mercier has undertaken to abstain, and ensure that her associates abstain, from voting on the resolution in respect of the Proposed Acquisition at the EGM.

8. DIRECTORS' SERVICE CONTRACTS

- 8.1 No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly no service contract is proposed to be entered into between the Company and any such person.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 9.1 As at the date hereof, save for the aforementioned, none of the Directors and to the best of the Directors' knowledge, none of the other 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.

10. DOCUMENT FOR INSPECTION

- 10.1 Copy of the CSPA 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 months commencing from the date of this announcement.

(B) PROPOSED PLACEMENT

1. PLACEMENT AGREEMENTS

- 1.1 The Company had on 6 November 2013, entered into placement agreements (the "Placement Agreements") with each of the placee as set out in Table A below (the "Placees" and each a "Placee"), for which the Company has agreed to allot and issue up to 40,000,000 new ordinary shares in the capital of the Company (the "Placement Shares" and each a "Placement Share") to the Placees at an issue price of S\$0.72 for each Placement Share (the "Placement Price"), amounting to an aggregate consideration of up to S\$28,800,000, subject to the terms and conditions of the Placement Agreements.

Table A

	Name of Placee	Number of Placement Shares ('000)	As a percentage of the issued share capital of the Company as at the date of this announcement ⁽¹⁾ (%)	As a percentage of the enlarged issued share capital of the Company ⁽²⁾ (%)
1.	Credence Capital Fund II (Cayman) Limited	12,500	3.788	3.157
2.	Yarwood Engineering & Trading Limited	7,000	2.121	1.768
3.	Portcullis Trust (Singapore) Ltd	4,300	1.303	1.086
4.	United Trillion Investment	3,200	0.970	0.808
5.	Providence SOGF Limited	2,000	0.606	0.505
6.	Providence HGF3 Limited	1,000	0.303	0.253

	Name of Placee	Number of Placement Shares ('000)	As a percentage of the issued share capital of the Company as at the date of this announcement ⁽¹⁾ (%)	As a percentage of the enlarged issued share capital of the Company ⁽²⁾ (%)
7.	Trade & Commodity Finance Limited	700	0.212	0.177
8.	Sim Siew Tin Carol	2,000	0.606	0.505
9.	Dr. Liew Chee Kong, Sonny	1,500	0.455	0.379
10.	Ramesh s/o Pritamdas Chandiramani	1,000	0.303	0.253
11.	Lim Guan Teck	1,000	0.303	0.253
12.	Lim Yao Rong Rachel	1,000	0.303	0.253
13.	Low Suet Cheng Esther	1,000	0.303	0.253
14.	Lim Kuo Kae	800	0.242	0.202
15.	Tan Kien Hong	500	0.152	0.126
16.	Lim Tjhe Keng @ Mualim Seno	500	0.152	0.126

Notes:-

- (1) Based on existing issued share capital of 330,000,000 Shares of the Company.
- (2) Based on enlarged issued share capital of 396,000,000 Shares after the issuance of 26,000,000 Consideration Shares and placement of 40,000,000 Placement Shares.

1.2 There is no placement agent appointed for the purpose of the Proposed Placement.

2. PLACEMENT PRICE

2.1 The Placement Price was arrived at following arm's length negotiations between the Company and the Placees and represents a discount of approximately 4.01% to the weighted average price of S\$0.7501 for each Share, based on trades done on Catalist of the SGX-ST on 1 November 2013 (being the last full market day prior to which the Placement Agreement was signed). The discount of 4.01% is within the 10% discount limit as stated in Rule 811(1) of the Catalist Rules.

3. AUTHORITY TO ISSUE PLACEMENT SHARES

3.1 Credence Capital Fund II (Cayman) Limited ("**Credence**") is a substantial shareholder of the Company which holds 12.12% of the share capital of the Company as at the date hereof. Upon completion of the placement of 12,500,000 Placement Shares to Credence (the "**Credence Placement**") and the issuance of the

remaining 27,500,000 Placement Shares and 26,000,000 Consideration Shares, Credence will hold 13.26% of the share capital of the Company. Pursuant to Rule 812(1) and Rule 812(2) of the Catalist Rules, the Credence Placement is subject to specific shareholders' approval at an EGM. Accordingly, the Company will seek Shareholders' approval for the Credence Placement at an EGM to be convened at a later date.

- 3.2 Save for the Credence Placement, the remaining 27,500,000 Placement Shares will be issued pursuant to the general share issuance mandate (the "**General Mandate**") granted to the Directors by Shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 23 April 2013 ("**2013 AGM**"), which authorises the Directors to allot and issue Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2013 AGM, of which the aggregate number of 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 Shares (excluding treasury shares).
- 3.3 The number of issued Shares as at the date of the 2013 AGM was 290,000,000 Shares. As such, the total number of Shares that may be issued pursuant to the General Mandate is 290,000,000 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 145,000,000 Shares.
- 3.4 Since the 2013 AGM and as at the date of this announcement, the Company has undertaken a private placement and issued 40,000,000 Shares pursuant to the General Mandate ("**Previous Placement**"). Further details on the Previous Placement can be found in the Company's announcement dated 15 May 2013.
- 3.5 Accordingly, the remaining number of shares which the Company may issue other than on a pro rata basis is 105,000,000 Shares. The proposed allotment and issuance of the 27,500,000 Placement Shares will fall within the limits of the General Mandate.
- 3.6 Save for Credence, none of the other Placees has any connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided for under Rule 812 of the Catalist Rules.

4. THE PLACEMENT SHARES

- 4.1 The Placement Shares, when issued and fully-paid, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issue of the Placement Shares.
- 4.2 Upon completion of the allotment and issue of the Placement Shares, the Company's issued and paid-up share capital will increase from 330,000,000 Shares as at the date of this announcement, to 370,000,000 Shares. The Placement Shares represent approximately 12.12% of the existing issued and paid-up share capital of the Company as at the date of this announcement and approximately 10.81% of the enlarged issued and paid-up share capital of the Company following the allotment and issuance of the Placement Shares.
- 4.3 The Proposed Placement would not result in any transfer of controlling interest in the Company.

5. INFORMATION ON THE PLACEE

5.1 Brief information relating to the Placees is set out below:

	Name of Placee	Number of Placement Shares ('000)	Particulars of Placee
1.	Credence Capital Fund II (Cayman) Limited	12,500	Credence is managed by Credence Partners Pte. Ltd. which was founded in 2006 by Koh Boon Hwee, Tan Chow Boon and Seow Kiat Wang. Credence Partners Pte. Ltd. is a Singapore-based private equity firm, which through its funds, provides growth stage capital in the manufacturing, Information Communication Technologies, Services, Logistics and Consumer sectors in the South East Asia region. Investors of Credence comprise fund of funds, family offices, corporations and high net worth individuals. Credence is an existing shareholder of the Company which hold 12.12% of the share capital of the Company as at the date hereof.
2.	Yarwood Engineering & Trading Limited	7,000	Yarwood Engineering & Trading Limited is domiciled in the Federal Territory of Labuan with principal activity in investment holding. It is a wholly owned subsidiary of Kong Siang Group Holdings Pte Ltd (" Kong Siang Group "). Kong Siang Group is a leading spirits and alcoholic beverages distributor headquartered in Singapore with offices in several Asian countries. Since its incorporation as "Chop Kong Siang" in 1935, the company has grown into an established regional player in Asia Pacific with expertise in distribution of brands, import and export, warehousing and logistic operations.
3.	Portcullis Trust (Singapore) Ltd	4,300	It is part of the Portcullis TrustNet international network of companies and was incorporated in Singapore in 1998. It offers a range of start to finish private and corporate trust services for trusts established in a variety of jurisdictions.

	Name of Placee	Number of Placement Shares ('000)	Particulars of Placee
4.	United Trillion Investment Limited	3,200	It is an investment holding company incorporated in Hong Kong whose shareholders are individual private investors. The company invests mainly in equities and bonds.
5.	Providence SOGF Limited	2,000	It is registered in Singapore and managed by Providence Capital Management Pte Ltd (" Providence Group "), a private equity fund management company governed by the Singapore Securities and Futures Regulations. Providence Group holds a value-centric investment philosophy and specialises in late stage private equity and PIPE (private investment in public equity) transactions. Investors of Providence SOGF Limited include family offices, high net worth individuals and institutions.
6.	Providence HGF3 Limited	1,000	It is registered in British Virgin Islands and managed by the Providence Group. Investors of Providence HGF3 Limited include family offices, high net worth individuals and institutions.
7.	Trade & Commodity Finance Limited	700	It is an investment holding company registered in British Virgin Islands whose ultimate beneficial owners are individual private investors.
8.	Sim Siew Tin Carol	2,000	A private investor and existing shareholder of the Company
9.	Dr. Liew Chee Kong, Sonny	1,500	A private investor
10.	Ramesh s/o Pritamdas Chandiramani	1,000	A private investor and existing shareholder of the Company
11.	Lim Guan Teck	1,000	A private investor
12.	Lim Yao Rong Rachel	1,000	A private investor
13.	Low Suet Cheng Esther	1,000	A private investor
14.	Lim Kuo Kae	800	A private investor

	Name of Placee	Number of Placement Shares ('000)	Particulars of Placee
15.	Tan Kien Hong	500	A private investor
16.	Lim Tjhe Keng @ Mualim Seno	500	A private investor

- 5.2 The Placees are introduced by the Company's Chairman and Chief Executive Officer, Mr. Robert Meyer. No commission or other payment was made by the Company to Mr. Robert Meyer for introducing the Placee to subscribe for the Placement Shares or otherwise.
- 5.3 The Placees are private investors that have invested in the Proposed Placement for investment purpose. The Placement Shares are placed to the Placees as they have indicated an interest to invest in the Company.
- 5.4 As at the date of this announcement, save for Credence (as mentioned above) and the following persons:
- (a) Ramesh s/o Pritamdas Chandiramani who holds 575,000 Shares (representing approximately 0.17% of the issued share capital of the Company as at the date hereof); and
 - (b) Sim Siew Tin Carol who holds 1,630,000 Shares (representing approximately 0.49% of the issued share capital of the Company as at the date hereof),
- the Placees do not hold any Shares in the Company.

6. CONDITIONS OF THE PLACEMENT

- 6.1 The Placement is conditional upon, *inter alia*, the following conditions:-
- (a) the receipt by the Company of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares on Catalist (the "**Listing Approval**") being obtained and such approval not having been revoked or amended and, where such approval is subject to conditions, (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Placee and, to the extent that any conditions for such approval are required to be fulfilled on or before the completion of the Placement, they are so fulfilled or waived by the SGX-ST;
 - (b) the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and
 - (c) there having been, as at the date of completion of the Proposed Placement, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties contained in the Placement Agreement as if they were repeated on and as of the aforesaid date.

- 6.2 The Credence Placement shall be subject to an additional condition that Shareholders' approval for the Credence Placement is obtained at an EGM to be convened.
- 6.3 Subject to the satisfaction of the conditions precedent set out in the Placement Agreements, completion of the Placement shall take place on or before the 60th business day following the date of the Placement Agreement (or such later date as the Company and the Placee may agree in writing).

7. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

- 7.1 The Board believes that the Proposed Placement will help strengthen the capital base of the Company as well as fund the growth and expansion of the Group's business.
- 7.2 The Proposed Placement will raise gross proceeds of approximately up to S\$28,800,000 million and these proceeds, after deducting expenses incurred in connection with the Proposed Placement, will be applied solely for strategic purposes including but not limited to the financing of the Proposed Acquisition. The funds are not to be used for the Company's general working capital requirements.
- 7.3 As at 23 October 2013, the Company has utilised US\$2.1 million (out of the net proceeds of approximately US\$16.3 million from the Previous Placement) for the proposed acquisition of CLS assets.
- 7.4 The Company will make periodic announcements on the utilisation of the placement proceeds as and when they are materially disbursed, and provide a status report on the use of the placement proceeds in the Company's quarterly and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report.

8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

- 8.1 The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

9. ADDITIONAL LISTING CONFIRMATION

- 9.1 The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd., will make an application on behalf of the Company to the SGX-ST for the Listing Approval.
- 9.2 The Company will make the necessary announcements once the Listing Approval has been obtained from the SGX-ST.

10. CONFIRMATION

- 10.1 The Directors of the Company are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the Proposed Placement is to fund the growth and expansion of the Group's business.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 11.1 As at the date hereof, save for Credence, none of the Directors and to the best of the Directors' knowledge, none of the other substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Placement, other than that arising from their respective shareholdings in the Company, if any.

(C) CIRCULAR

The Company will be seeking specific approval of Shareholders at an EGM to be convened for the Proposed Acquisition and the Credence Placement. The Credence Placement will be conditional upon the Proposed Acquisition but not vice versa.

A circular containing, *inter alia*, the notice of EGM and the details of the aforementioned transactions will be despatched to the Shareholders in due course.

(D) RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

(E) 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

Robert Meyer
Executive Chairman and CEO
6 November 2013

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.