

HALCYON AGRI CORPORATION LIMITED

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

PROPOSED PLACEMENT OF 25,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF HALCYON AGRI CORPORATION LIMITED AT A PLACEMENT PRICE OF S\$0.738 FOR EACH PLACEMENT SHARE

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 had on 26 August 2014, entered into a placement agreement (the “**Placement Agreement**”) with Mr Goi Seng Hui (the “**Placee**” or “**Mr Goi**”). Pursuant to the Placement Agreement, the Company has agreed to allot and issue to the Placee, 25,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**” and each a “**Placement Share**”) at an issue price of S\$0.738 for each Placement Share (the “**Placement Price**”), amounting to an aggregate consideration of S\$18,450,000, on the terms and conditions of the Placement Agreement (the “**Proposed Placement**”).
- 1.2 There is no placement agent appointed for the purpose of this Proposed Placement.

2. THE PLACEMENT SHARES AND THE PLACEMENT PRICE

- 2.1 The Placement Shares, when issued and fully-paid, shall be free from all claims, charges, liens and other encumbrances and shall be freely transferable and rank *pari passu* in all respects with and carry all rights similar to the ordinary shares in the capital of the Company (the “**Shares**”) existing as at the date of the Placement Agreement.
- 2.2 The Placement Shares will be issued pursuant to the general share issuance mandate (the “**General Mandate**”) granted to the Directors by shareholders of the Company (the “**Shareholders**”) by way of an ordinary resolution at the annual general meeting of the Company held on 23 April 2014 (“**2014 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 2014 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).
- 2.3 The number of issued Shares as at the date of the 2014 AGM was 396,000,000 Shares. No Shares were previously issued under the General Mandate prior to the Proposed Placement and as such, the total number of Shares that may be issued pursuant to the General Mandate is 396,000,000 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 198,000,000 Shares. The proposed allotment and issuance of the 25,000,000 Placement Shares will fall within the limits of the General Mandate.
- 2.4 The Placement Price was arrived at following arm’s length negotiations between the Company and the Placee and represents a discount of approximately 9.88% to the weighted average price of S\$0.8189 for each Share, based on trades done on

Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 22 August 2014 (being the last full market day prior to which the Placement Agreement was signed). The discount of 9.88% is within the 10% discount limit as stated in Rule 811(1) of the Listing Manual Section B: Catalist Rules of the SGX-ST (the “**Catalist Rules**”).

- 2.5 Upon completion of the allotment and issue of the Placement Shares, the Company’s issued and paid-up share capital will increase from 396,000,000 Shares as at the date of this announcement, to 421,000,000 Shares. The Placement Shares represent approximately 6.31% of the existing issued and paid-up share capital of the Company as at the date of this announcement and approximately 5.94% of the enlarged issued and paid-up share capital of the Company following the allotment and issuance of the Placement Shares.
- 2.6 The Proposed Placement would not result in any transfer of controlling interest in the Company. However, Dato’ Lynette Le Mercier, who holds 15.53% of the Company’s Shares as at the date hereof, will hold less than 15% of the Company’s Shares and cease to be a controlling shareholder (as defined under the Catalist Rules) of the Company upon completion of the allotment and issue of the Placement Shares. Notwithstanding the aforementioned, Dato’ Lynette Le Mercier will remain as the single largest shareholder of the Company with 14.61% of the Shares upon completion of the allotment and issue of the Placement Shares.

3. INFORMATION ON THE PLACEE

- 3.1 The Company has not offered the Placement Shares for sale to, or procured subscriptions of or made an invitation for the Placement Shares to any person in the categories set out in Rule 812(1) of the Catalist Rules. Brief information relating to the Placee is set out below:

Name of Placee	Number of Placement Shares ('000)	Details on how the Placee was identified	Rationale for the Placee's subscription of the Placement Shares
Goi Seng Hui	25,000	Introduced by the Company’s Executive Chairman and Chief Executive Officer, Mr Robert Meyer ⁽¹⁾	For investment purposes

(1) 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.

- 3.2 Mr Goi is the Executive Chairman of GSH Corporation Limited (“**GSH Corporation**”), Tee Yih Jia Group and Yangzhou Junhe Real Estate Group. GSH Corporation is a growing property developer and hospitality operator in Southeast Asia. Listed on the SGX-ST, GSH Corporation has three properties under development and two five-star hotels in Malaysia. Tee Yih Jia Group is a global food and beverage manufacturer exporting to over 70 countries. Yangzhou Junhe Real Estate Group is a property development company in China. Apart from these core businesses, Mr Goi has strategic investments in listed and private entities spanning numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics.

- 3.3 Mr Goi is not a person to whom the Company is prohibited from issuing shares to, as provided for under Rule 812 of the Catalist Rules.

4. **CONDITIONS OF THE PROPOSED PLACEMENT**

- 4.1 The Proposed Placement is conditional upon, *inter alia*, the following conditions:-
- (a) the approval-in-principle of the SGX-ST being obtained (and not revoked or amended as at the date of completion of the Proposed Placement) for the Proposed Placement, including the dealing in, listing of and quotation for the Placement Shares on Catalist (the “**Listing Approval**”) and where such approval is subject to any conditions, such conditions being acceptable to the Placee and, where such conditions are required to be fulfilled on or before the date of completion of the Proposed Placement, such conditions having been so fulfilled;
 - (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) the Company’s representations and warranties to the Placee being true, complete and accurate in all respects as at the date of completion of the Proposed Placement.
- 4.2 Subject to the satisfaction of the conditions precedent set out in the Placement Agreement, completion of the Proposed Placement shall take place on or before the 21st business day following the date of the Placement Agreement (or such later date as the Company and the Placee may agree in writing).
- 4.3 The Company and the Placee have agreed that in the event that the condition precedents are not fulfilled by the date falling 60 days after the date of the Placement Agreement (or such other date as may be agreed in writing between the Company and the Placee), the Placement Agreement shall ipso facto cease and determine and neither the Company nor the Placee shall have any claim against the other under the Placement Agreement, save for any antecedent breach of the terms of the Placement Agreement.

5. **RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS**

- 5.1 The Board believes that the Proposed Placement will help to further strengthen the capital base of the Company and thus facilitate continued growth and expansion.
- 5.2 The Proposed Placement will raise gross proceeds of approximately S\$18,450,000 which, after deducting expenses incurred in connection with the Proposed Placement, will solely be applied to expand the Group’s working capital base.

The Group has, over the last 15 months, expanded its licensed capacity by 6.8 times from 110,000 tonnes per annum in 2012 to 748,000 tonnes after the acquisition of Anson Company (Private) Limited (“**Anson**”). This growth in productive capacity implies a commensurate increase in working capital requirement, offset, to a degree, by the current weak market prices for Natural Rubber.

The proposed acquisition of New Continent Enterprises (Private) Limited (“NCE”) announced by the Company on 13 August 2014, will enable the Company to align its customer mix to match the consumer profile of Natural Rubber, by providing direct access to non-tyre industrial consumers in Europe, North America and China. By adding these sales channels, the Company will be able to reduce customer concentration and capture additional distribution profits in these key destination markets.

Viewed in aggregate, the acquisitions of Anson and NCE will transform the Group to become a Top 5 rubber producer globally. At this juncture, management views it as prudent to fortify the working capital resources in anticipation of both a recovery in rubber prices as well as further growth in produced and distributed volumes.

The Company wishes to reiterate that the proceeds from the Proposed Placement are not required to fund either the acquisition of Anson or the proposed acquisition of NCE.

Separately, the Company wishes to point out that Mr Goi’s experience in successfully developing a global food processing business presents an important source of counsel and advice.

- 5.3 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.

6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

- 6.1 The Proposed 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.

7. ADDITIONAL LISTING CONFIRMATION

- 7.1 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.
- 7.2 The Company will make the necessary announcements once the Listing Approval has been obtained from the SGX-ST.

8. CONFIRMATION

- 8.1 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 and the related general working capital for the growth and expansion of the Group.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 9.1 As at the date hereof, 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.

10. CAUTIONARY STATEMENT

- 10.1 Shareholders of the Company 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
26 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.

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.