

HALCYON AGRI CORPORATION LIMITED

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

PROPOSED ACQUISITION OF CENTROTRADE RUBBER GROUP

1. INTRODUCTION

Further to the announcements dated 31 October 2014, 10 November 2014 and 22 December 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 indirect wholly owned subsidiary of the Company, Hevea International Pte. Ltd. (the “**Purchaser**” or “**Hevea International**”) has on 26 January 2015, entered into a master share purchase agreement (the “**SPA**”) with Centrotrade Holding AG (the “**Vendor**”) for the acquisition (the “**Proposed Acquisition**”) by Hevea International, of 100% of the issued and paid up share capital in the following wholly owned subsidiaries of the Vendor, namely:

- (i) Centrotrade Deutschland GmbH, a company incorporated in Germany;
- (ii) Centrotrade Commodities Malaysia Sdn. Bhd., a company incorporated in Malaysia;
- (iii) Centrotrade Singapore Pte Ltd, a company incorporated in Singapore; and
- (iv) Centrotrade Minerals & Metals, Inc., a company incorporated in the United States of America (“**CTMM**”),

(hereinafter collectively referred to as the “**Centrotrade Rubber Group**” or “**Targets**”).

2. INFORMATION RELATING TO THE VENDOR AND CENTROTRADE RUBBER GROUP

2.1 The Vendor is an Austria-incorporated investment holding company whose shareholder is Raiffeisen Centrobank AG. Raiffeisen Centrobank AG is a leading investment bank in Austria offering services and products associated with stocks, derivatives and equity capital transactions.

2.2 Centrotrade Rubber Group is a leading distributor of rubber products, specialising in natural rubber, synthetic rubber, natural latex, Revertex[®] and various other speciality grades. Centrotrade Rubber Group is known for their strong technical capabilities and operates several warehouses and storage tanks in Europe and the United States of America. In 2013, it delivered approximately 136,748 tonnes of natural rubber products.

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 within 15 business days after the fulfilment (or waiver) of conditions precedent as set out under paragraph 3.3 below or within five (5) business days after the NAV and

Adjustment Amount (as defined in paragraph 3.2.2 below) become final and binding, whichever is the later (the “**Completion Date**”).

3.2 Sale Shares and Purchase Consideration

3.2.1 The Proposed Acquisition involves the acquisition of the entire issued and paid up share capital in the Centrotech Rubber Group, free from all encumbrances and together with all rights and benefits attaching thereto.

3.2.2 The purchase consideration (the “**Purchase Consideration**”) for the Centrotech Rubber Group is determined using the sum of:

- (a) a base amount of USD3,050,000 (United States Dollars three million and fifty thousand) (the “**Base Amount**”);
- (b) the audited net asset value of the Centrotech Rubber Group as of 31 December 2014 (“**NAV**”); and
- (c) the value of the forward profit⁽¹⁾, insofar that such forward profit is not included in the NAV (the “**Adjustment Amount**”).

Note:

- (1) *Forward profit is the fair value gains or losses on the open sales and purchase commodity contracts, forward currency contracts, commodity hedges and inventories as at 31 December 2014, to the extent not otherwise reflected in the NAV in accordance to the applicable accounting standards.*

An amount of USD1,000,000 (the “**Down Payment**”) which constitutes part of the Base Amount has been paid to the Vendor pursuant to the terms of the memorandum of understanding dated 10 November 2014.

3.2.3 The NAV and the Adjustment Amount will be determined based on the audited and certified balance sheets as well as the unrealised valuation ledger of each of the Targets as of 31 December 2014.

3.2.4 The Purchase Consideration for the Proposed Acquisition is estimated at around USD12 million and it will be satisfied by cash, and funded by existing internal resources. The cash payable upon Completion (taking into account the Down Payment and Withheld Amount (as defined below)) is expected to be in the range of approximately USD7 million to USD8 million. Save for the Down Payment, the Purchase Consideration will be paid in Euro based on the exchange rate of USD/Euro = 1.2141 and MYR/Euro = 4.2473 as of 31 December 2014.

3.2.5 The Purchaser and Vendor agreed that an amount of USD3,600,000 of the Purchase Consideration (the “**Withheld Amount**”) shall be retained by the Purchaser to provide for particular liabilities of CTMM which may arise from a potential risk that has not materialised at present.

The Vendor will be entitled to receive partial payment of the Withheld Amount under the following circumstances:

- (a) where a court proceeding has been brought against CTMM in respect of the potential claim, and the claim is then deemed finally settled, the Purchaser shall pay to the Vendor an amount of 50% of the Withheld Amount reduced by the aggregate settlement amount (including all associated costs), as full and final settlement of the Purchase Consideration; or
- (b) where any settlement of the claim has not been finalised by 31 December 2021 and in the absence of court proceedings against CTMM in connection

therewith, the Purchaser shall pay to the Vendor an amount of 50% of the Withheld Amount, after deducting all related payments made by Purchaser or CTMM during the period from Completion Date to 31 December 2021.

In the event that the aggregate settlement amount for the potential claim is equivalent to or exceeds the Withheld Amount, the Purchaser shall not be obliged to release any Withheld Amount to the Vendor, and that the Purchase Consideration shall be deemed as fully paid.

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.

3.3 **Conditions Precedent**

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

- (a) any approval and consent of all relevant governmental authorities, including, without limitation, competition authorities and merger control authorities, which may be required for the Proposed Acquisition having been irrevocably obtained and no material objections were raised by such authorities;
- (b) no government or other person having commenced, or threatened to commence, any proceedings or investigation for the purpose of prohibiting or otherwise challenging or interfering with the Proposed Acquisition;
- (c) a written proof that the Purchaser has irrevocable confirmation from financial institutions to re-finance the Centrotech Rubber Group's trade financing for the period commencing from or before 1 July 2015 or an irrevocable guarantee issued by the Company for a period up to 30 September 2015 to the banks providing trade facilities to the Centrotech Rubber Group, to pay on the banks' demand, the outstanding working capital financial liabilities of the Centrotech Rubber Group;
- (d) the key senior management of the Centrotech Rubber Group, signing new three-year service agreements (with effect from Completion Date) based upon reasonable market terms and conditions; and
- (e) all members of the board of directors of the Centrotech Rubber Group (except those mentioned in paragraph 3.3(d) above) have to submit their resignation with effect from the Completion Date.

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) Centrotech Rubber Group is a long-established and well-regarded global distributor of rubber, with operations that are highly complementary to the Group's existing business, including the recently acquired New Continent Enterprises (Private) Limited. The Proposed Acquisition would establish the Group with a world-leading sourcing and distribution network for natural rubber products.

- (b) Centrotech Rubber Group has an exemplary operating records and momentum at its operations is expected to be maintained over the long term. For reference, its key amalgamated financial figures for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

Financial year ended	31 December 2011	31 December 2012	31 December 2013
Revenue (USDm)	748.2	568.2	389.8
Profit before income tax (USDm)	7.0	2.0	2.1
Profit for the year (USDm)	5.3	1.0	1.5

5. FURTHER INFORMATION

The Company shall make further announcement(s) on the Proposed Acquisition as may be 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.

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 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.

7. 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.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's 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
26 January 2015

Halcyon Agri Corporation Limited (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 SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.