

HALCYON AGRI CORPORATION LIMITED

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

PROPOSED DISPOSAL OF ALL INTEREST IN SIAT S.A. BY GMG GLOBAL LTD

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (“**HAC**” or the “**Company**”, and together with its subsidiaries, the “**HAC Group**”) wishes to announce that the Company’s wholly-owned subsidiary, GMG Global Ltd (“**GMG**”) has on 23 December 2016, entered into a memorandum of agreement (the “**MOA**”) with Fimave SA/NV (the “**Purchaser**”) for the proposed sale by GMG of 9,348 ordinary shares (representing 35% of the issued and paid-up capital) (the “**Sale Shares**”) in SIAT S.A. (“**SIAT**”) to the Purchaser (the “**Proposed Disposal**”).
- 1.2 Subject to the approvals of the shareholder and directors of GMG having been obtained on or before 28 February 2017 (or such later date as may be agreed by the Purchaser), and the payment of Call Option Price (as defined below) within five (5) business days of obtaining the aforementioned approvals, the MOA grants a call option to the Purchaser to acquire the Sale Shares (the “**Call Option**”) in accordance with a sale and purchase agreement (“**SPA**”) which shall be executed within ten (10) business days from the date of exercise of the Call Option by the Purchaser. The Call Option can be exercised by the Purchaser anytime between the payment of the Call Option Price until 15 July 2017 (or such later date as may be agreed between GMG and the Purchaser).
- 1.3 The Board believes that the Potential Disposal is in the best interests of the Company and its shareholders, as the Sale Shares is a non-core asset, and the Proposed Disposal may enhance the efficiency of the Company’s balance sheet by re-deploying the proceeds from such disposal for the purposes of investment and future growth of the HAC Group’s core businesses.

2. INFORMATION RELATING TO SIAT AND THE PURCHASER

(Information relating to SIAT and the Purchaser has been extracted from publicly available sources.)

- 2.1 SIAT is a limited liability company incorporated in Belgium on 28 June 1991. SIAT has investments in various entities incorporated in Africa namely Cote d’Ivoire, Ghana, Nigeria and Gabon. It focuses on planting and production of natural rubber and oil palm. SIAT’s main activities are:
 - (a) investing in agro-industrial companies;
 - (b) managing the agro-industrial complexes in which SIAT has an equity interest;
 - (c) providing management, engineering and technical services; and
 - (d) providing logistics support to its subsidiaries.
- 2.2 The Purchaser is a public limited liability company incorporated in Belgium, and is the majority shareholder of SIAT.

3. SALIENT TERMS OF THE MOA

3.1 Sale Shares

The Proposed Disposal involves the sale of the Sale Shares to the Purchaser, at an aggregate consideration of €192,560,000 (equivalent to approximately S\$290,804,112 based on the exchange rate of €1.00 to S\$1.5102 as at 22 December 2016) (the “**Consideration**”).

3.2 Consideration

3.2.1 The Consideration was arrived on a willing-buyer willing-seller basis, after arms’ length negotiations between GMG and the Purchaser, taking into account the initial acquisition price for the Sale Shares paid by GMG in July 2012.

3.2.2 The Consideration shall be fully satisfied in cash by the Purchaser in the following manner:

- (a) within five (5) business days following the date on which GMG provides the Purchaser with certified copies of approvals for the Proposed Disposal from its shareholder and directors, the Purchaser shall pay to GMG, an amount of €5,000,000, representing approximately 2.6% of the Consideration (the “**Call Option Price**”), which shall be applied towards satisfaction of the Consideration upon completion of the Proposed Disposal (the “**Completion**”); and
- (b) the balance of the Consideration of €187,560,000 which shall be paid to GMG on Completion.

3.3 Completion of the Proposed Disposal

Subject to the exercise of the Call Option, the Proposed Disposal shall be completed on or before 31 July 2017 (or such later date as may be agreed between GMG and the Purchaser).

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

4.1 Relative figures of the Proposed Disposal under rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited, based on:

- (a) HAC Group’s latest consolidated financial statements announced on 14 November 2016, in respect of the financial period ended 30 September 2016 (“**9M2016**”); and
- (b) Pro forma consolidated 9M2016 financial statements of the Enlarged HAC Group¹, excluding the NR Assets which was acquired on 3 October 2016 (the “**HAC-GMG Group**”),

are set out below:

¹ HAC completed the acquisition of GMG and certain natural rubber assets of Sinochem Group (the “**2016 Acquisition**”) in the fourth quarter of 2016. The enlarged HAC Group (the “**Enlarged HAC Group**”) comprises HAC Group prior to the 2016 Acquisition, the GMG group and the natural rubber assets of Sinochem Group (“**NR Assets**”).

Rule 1006	Bases	Relative Figures (%)	
		HAC Group	HAC-GMG Group
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	59.5 ⁽¹⁾	23.5 ⁽¹⁾
(b)	Net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profits ⁽²⁾	30.6 ⁽³⁾	19.3 ⁽³⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	30.2 ⁽⁴⁾	30.2 ⁽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	Not applicable ⁽⁵⁾	Not applicable ⁽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 ⁽⁵⁾	Not applicable ⁽⁵⁾

Notes:

- (1) Net asset value of the Sale Shares as at 30 September 2016 is approximately US\$201.7 million.
- (2) Pursuant to Rule 1002(3)(b) of the Listing Manual, "net profits" means profit before income tax, minority interests and extraordinary items.
- (3) The net loss attributable to the Sale Shares is determined based on the unaudited net loss of approximately US\$8.1 million. The unaudited net loss of (i) HAC Group was approximately US\$26.5 million (ii) GMG was approximately US\$15.5 million, for 9M2016.
- (4) The Company's market capitalisation was approximately S\$962,749,208, determined by multiplying the total issued shares of 1,595,011,941 shares by the volume weighted average price of the Company's shares of S\$0.6036 per share, based on trades done on Mainboard on 22 December 2016. The Consideration for the Proposed Disposal is equivalent to approximately S\$290,804,112.
- (5) This basis is not applicable to the Proposed Disposal.

4.2 Based on the relative figures, the Proposed Disposal is deemed a major transaction within the meaning of Rule 1014 of the Listing Manual. However, Practice Note 10.1 of the Listing Manual provides that, to dispose of a non-core asset without affecting the nature of the Company's main business, it is reasonable in normal circumstances to expect shareholders not to be overly concerned about the disposal, and the SGX-ST may grant a waiver for the Company to seek shareholders' approval. Therefore, the Company intends to seek clarity from and apply to SGX-ST, for waiver to hold an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal.

5. FINANCIAL INFORMATION

5.1 Book value of the Sale Shares

Based on GMG group's unaudited consolidated financial statements for 9M2016, the book value of the Sale Shares is approximately US\$201.7 million (equivalent to approximately S\$273.6 million based on HAC Group's closing exchange rate of US\$1.00 : S\$1.3583 as of 30 September 2016).

5.2 Excess of Consideration over Book Value

Based on the book value of the Sale Shares as set out in paragraph 5.1 above, the amount of excess of the Consideration (approximately US\$215.95 million, translated at HAC Group exchange rate of US\$1.00 : €0.8917 as at 30 September 2016) over the said book value is approximately US\$14.2 million (equivalent to approximately S\$19.3 million).

The proceeds from the Proposed Disposal is intended to be used for working capital purposes and/or strategic purposes.

5.3 Financial Effects of the Proposal Disposal

The financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the HAC Group after the Proposed Disposal. It is pertinent to note that as the Sale Shares is part of the 2016 Acquisition, the financial effects set out below have been prepared based on the pro forma financial statements of the Enlarged HAC Group² for the most recently completed year, being financial year ended 31 December 2015 ("FY2015"), in order to provide meaningful comparables.

5.3.1 EPS

The effect of the transaction on the earnings per share ("EPS") shown below is based on the assumptions that the Proposed Disposal had been effected at the beginning of FY2015:

EPS	As at 31 December 2015	After completion of the Proposed Disposal
Earnings (US\$'000)	5,761 ⁽¹⁾	3,543 ⁽²⁾
Number of issued shares ('000)	1,595,012 ⁽³⁾	1,595,012 ⁽³⁾
Adjusted EPS (US cents)	0.36	0.22
Adjusted EPS (S\$ cents)	0.50	0.31

Notes:

- (1) The earnings are based on the unaudited pro forma consolidated profit of the Enlarged HAC Group attributable to the owners of the Company for FY2015.
- (2) Includes the earnings as set out in note (1), the Sale Shares' net profit attributable to the owners of US\$2.2 million (translated at the average exchange rate of US\$1.00 : S\$1.3786, being the HAC Group's average exchange rate for FY2015), and the adjusted profit excludes the share of gain of the Sale Shares.
- (3) The total number of the Company's shares in issued pursuant to the completion of the 2016 Acquisition.

² Please refer to Appendix G of the circular dated 16 May 2016 issued to the Company's shareholder for the details of unaudited pro forma consolidated financial statements of the enlarged HAC Group in respect of FY 2015.

5.3.2 NTA

The effect of the Proposed Disposal on the net tangible asset value (“**NTA**”) per share is based on the assumption that the Proposed Disposal had been effected at the end of FY2015:

NTA	As at 31 December 2015	After completion of the Proposed Disposal
Consolidated NTA (US\$'000)	438,981 ⁽¹⁾	532,897 ⁽²⁾
Number of issued shares ('000)	1,595,012 ⁽³⁾	1,595,012 ⁽³⁾
Adjusted NTA per share (US cents)	27.52	33.41
Adjusted NTA per share (S\$ cents) ⁽⁴⁾	38.91	47.24

Notes:

- (1) Based on the consolidated NTA of the Enlarged HAC Group as of 31 December 2015, which has been adjusted to exclude goodwill recognised in GMG’s investment in associates of US\$94.5 million (translated at the HAC Group’s exchange rate of US\$1 : S\$1.4139 as at 31 December 2015).
- (2) The NTA has been adjusted for the effect of the disposal of the Sale Shares, assuming the Proposed Disposal took effect at 31 December 2015, which is an increase of NTA of US\$93.9 million.
- (3) The total number of the Company’s shares in issued pursuant to the completion of the 2016 Acquisition.
- (4) Translated at the HAC Group’s exchange rate of US\$1.00 : S\$1.4139 as at 31 December 2015.

5.3.3 NAV

The effect of the Proposed Disposal on the net asset value (“**NAV**”) per share is based on the assumption that the Proposed Disposal had been effected at the end of FY2015:

NAV	As at 31 December 2015	After completion of the Proposed Disposal
Consolidated NAV (US\$'000)	749,681 ⁽¹⁾	749,070 ⁽²⁾
Number of issued shares ('000)	1,595,012 ⁽³⁾	1,595,012 ⁽³⁾
Adjusted NAV per share (US cents)	47.00	46.96
Adjusted NAV per share (S\$ cents) ⁽⁴⁾	66.46	66.40

Notes:

- (1) Based on the consolidated NAV of the Enlarged HAC Group’s as at 31 December 2015.
- (2) The NAV has been adjusted for the effect of the disposal of the Sale Shares, assuming the Proposed Disposal took effect at 31 December 2015, which is a decrease of NAV of US\$0.6 million.
- (3) The total number of the Company’s shares in issued pursuant to the completion of the 2016 Acquisition.
- (4) Translated at the HAC Group’s exchange rate of US\$1.00 : S\$1.4139 as at 31 December 2015.

6. FURTHER INFORMATION

The Company shall make further announcement(s) as and when there are material developments to the Proposed Disposal.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

As at the date hereof, none of the Directors and to the best of the Directors' knowledge, none of the controlling shareholder of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than that arising from their respective shareholdings and/or directorships, as the case may be, in the Company.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's securities, 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
25 December 2016

Forward-Looking Statements

All statements other than statements of historical facts included in this announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and HAC has obligation to update publicly or revise any forward-looking statements.