

**CIRCULAR DATED 16 MAY 2016**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of Halcyon Agri Corporation Limited (the “**Company**”) represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

**The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.**



**HALCYON AGRI CORPORATION LIMITED**

(Company Registration Number: 200504595D)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (A) **PROPOSED ACQUISITION OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF GMG GLOBAL LTD BY WAY OF A PRE-CONDITIONAL VOLUNTARY GENERAL OFFER**
- (B) **PROPOSED ACQUISITION OF THE NATURAL RUBBER PROCESSING FACILITIES AND TRADING BUSINESS FROM SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD.**

Financial Adviser



Independent Financial Adviser to the Non-Interested Directors in respect of the Proposed Transactions



**Xandar Capital Pte. Ltd.**

Compliance Adviser



**PrimePartners Corporate Finance Pte. Ltd.**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	31 May 2016 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	2 June 2016 at 9.30 a.m.
Place of Extraordinary General Meeting	:	RELC International Hotel 30 Orange Grove Road (Off Orchard Road) Singapore 258352

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## CORPORATE INFORMATION

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<b>Board of Directors</b>	:	Robert Meyer (Executive Chairman and Chief Executive Officer) Pascal Demierre (Executive Director) Alan Nisbet (Lead Independent Director) Randolph Khoo Boo Teck (Independent Director) Liew Choon Wei (Independent Director)
<b>Company Secretary</b>	:	Teo Meng Keong
<b>Registered Office</b>	:	250 North Bridge Road #12-01 Raffles City Tower Singapore 179101
<b>Share Registrar</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>Legal Adviser to the Company</b>	:	TSMP Law Corporation 6 Battery Road Level 41 Singapore 049909
<b>Financial Adviser to the Company</b>	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower 048583 Singapore
<b>Independent Financial Adviser to the Non-Interested Directors in respect of the Proposed Transactions</b>	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805
<b>Compliance Adviser to the Company</b>	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Income at Raffles Singapore 049318

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires:

“Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“AIP”	:	Approval in-principle from the SGX-ST dated 12 May 2016, for the listing and quotation of up to 994,926,351 new HAC Shares on the Mainboard of the SGX-ST
“Angsana”	:	Angsana Capital Ltd., a company incorporated in the British Virgin Islands, which is wholly-owned by Mr Robert Meyer through his wholly-owned company, Keystone Pacific Pte. Ltd.
“Announcement”	:	The announcement by the Company on 28 March 2016 in relation to, <i>inter alia</i> , the Proposed Transactions
“ANZ Bank”	:	Australia and New Zealand Banking Group Limited, Singapore Branch, the Financial Adviser to SIO
“Audit Committee”	:	The audit committee of the Company
“Board”	:	The board of Directors of the Company
“Business Day”	:	A day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) when banks in Singapore are open for business and “ <b>Business Days</b> ” shall be construed accordingly
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 16 May 2016 issued by the Company to HAC Shareholders
“Code”	:	The Singapore Code on Take-overs and Mergers
“Company” or “HAC”	:	Halcyon Agri Corporation Limited
“Consideration Shares”	:	The new fully paid-up HAC Shares to be issued as consideration for the GMG VGO and/or for the NR Assets Acquisition
“Deutsche Bank”	:	Deutsche Bank AG, Singapore Branch, the Financial Adviser to the Company
“Directors”	:	The directors of the Company for the time being
“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation
“EGM”	:	The extraordinary general meeting of HAC Shareholders to be convened and held on 2 June 2016 at 9.30 a.m., notice of which is set out on page 193 of this Circular
“Enlarged Group”	:	The existing HAC Group, enlarged to include GMG and the NR Assets as a result of the Proposed Transactions
“EPS”	:	Earnings per share

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## DEFINITIONS

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“Euroma”	:	Euroma Rubber Industries Sendirian Berhad, a company incorporated in Malaysia
“Facilities Agreement”	:	The US\$288,000,000 facilities agreement dated 5 August 2014 (as amended by an Amendment Agreement dated 31 December 2014 and further amended and restated by an Amendment and Restatement Agreement dated 26 June 2015 and a Second Amendment and Restatement Agreement dated 18 November 2015, pursuant to which the facilities amount was, <i>inter alia</i> , increased, to US\$388,000,000)
“FY”	:	The financial year ended, or as the case may be, ending 31 December
“GMG”	:	GMG Global Ltd, a company incorporated in Singapore whose shares are listed on the Mainboard of the SGX-ST, and which is a subsidiary of SIO
“GMG Group”	:	GMG and its subsidiaries
“GMG Shareholders”	:	The registered holders of the GMG Shares, except that where the registered holder is CDP, the term “ <b>GMG Shareholders</b> ” shall, in relation to such GMG Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those GMG Shares
“GMG Shares”	:	The ordinary shares in the total issued and paid-up share capital of GMG
“GMG VGO”	:	The voluntary general offer to be made by the Company for all the GMG Shares other than those already owned, controlled or agreed to be acquired by the Company and parties acting in concert with the Company, on the terms set out in the Implementation Agreement and in accordance with Rule 15 of the Code
“GMG VGO Formal Offer Announcement”	:	The formal offer announcement to be made by Deutsche Bank, for and on behalf of HAC of its firm intention to undertake the GMG VGO
“GMG VGO Maximum Scenario”	:	The scenario where the acceptance level of the GMG VGO is 100%, on the basis that all GMG Shareholders accept the GMG VGO
“GMG VGO Minimum Scenario”	:	The scenario where the acceptance level of the GMG VGO is 51.12%, on the basis that save for SIO, none of the other GMG Shareholders accept the GMG VGO
“GMG VGO Offer Document”	:	The formal offer document(s) to be issued by Deutsche Bank, for and on behalf of the Company, in relation to the GMG VGO
“GMG VGO Pre-Conditions”	:	The pre-conditions to the GMG VGO, as set out in Section 2.4.2 of this Circular
“HAC Group”	:	The Company and its subsidiaries

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## DEFINITIONS

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<b>“HAC LPD Share Capital”</b>	:	The total ordinary shares in the issued and paid-up share capital of the Company as at the Latest Practicable Date, being 600,092,000 HAC Shares
<b>“HAC MGO”</b>	:	The mandatory general offer to be made by SIO for all the HAC Shares other than those already owned, controlled or agreed to be acquired by SIO and parties acting in concert with SIO, in accordance with Rule 14 of the Code upon completion under the Vendor SPAs taking place
<b>“HAC MGO Formal Offer Announcement”</b>	:	The formal offer announcement to be made by ANZ Bank, for and on behalf of SIO of its firm intention to undertake the HAC MGO
<b>“HAC MGO Maximum Scenario”</b>	:	The scenario where, other than the Undertaking Shareholders, all other HAC Shareholders accept the HAC MGO
<b>“HAC MGO Minimum Scenario”</b>	:	The scenario where the acceptance level of the HAC MGO is at least 53.98% of the total issued and paid-up capital in the Company pursuant to the HAC MGO Undertaking
<b>“HAC MGO Offer Document”</b>	:	The formal offer document(s) to be issued by ANZ Bank, for and on behalf of SIO, in relation to the HAC MGO
<b>“HAC MGO Pre-Conditions”</b>	:	The pre-conditions to the HAC MGO, as set out in Section 2.3.1 of this Circular
<b>“HAC MGO Undertaking”</b>	:	The undertakings from (i) the Undertaking Shareholders not to accept the HAC MGO in respect of any of their HAC Shares; or (ii) in the event the acceptances by other HAC Shareholders immediately prior to the close of the HAC MGO when aggregated with the HAC Shares held by SIO, is less than 53.98% of the total issued and paid-up capital of the Company, the Undertaking Shareholders ( <b>except</b> Credence Capital Fund II (Cayman) Limited) to tender the requisite number of HAC Shares in acceptance of the HAC MGO to the extent necessary such that SIO (and its concert parties) hold at least 53.98% of the total issued and paid-up capital in the Company upon the close of the HAC MGO, as described in Section 2.3.4(b) of this Circular
<b>“HAC MTN Programme”</b>	:	The S\$300,000,000 Multicurrency Debt Issuance Programme established by HAC on 25 April 2014, pursuant to which S\$125,000,000 6.50 per cent. notes due 2019 (ISIN: SG6SC1000002) has been issued by HAC on 31 July 2014, and listed on the SGX-ST on 1 August 2014.
<b>“HAC Shareholders”</b>	:	The registered holders of the HAC Shares, except that where the registered holder is CDP, the term <b>“HAC Shareholders”</b> shall, in relation to such HAC Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those HAC Shares
<b>“HAC Shares”</b>	:	The ordinary shares in the total issued and paid-up share capital of the Company
<b>“Hainan Sinochem”</b>	:	Hainan Sinochem Rubber Co., Ltd. (海南中化橡胶有限公司), a company incorporated in the PRC

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## DEFINITIONS

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<b>“Han Cheng”</b>	:	Shanghai Hancheng Trading Co., Ltd. (上海瀚承贸易有限公司), a company incorporated in the PRC
<b>“IFA”, “Independent Financial Adviser” or “Xandar”</b>	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in respect of the Proposed Transactions
<b>“IFA Letter”</b>	:	The letter dated 16 May 2016 issued by the IFA to the Non-Interested Directors containing the advice of the IFA in respect of the Proposed Transactions as reproduced in Appendix A to this Circular
<b>“Implementation Agreement”</b>	:	The implementation agreement dated 28 March 2016 entered into between the Company and SIO, pursuant to which (i) SIO will undertake the HAC MGO upon completion under the Vendor SPAs in accordance with the Code, (ii) HAC will undertake the GMG VGO upon completion of the HAC MGO in accordance with the Code, and (iii) SIO will accept the GMG VGO in respect of all its GMG shares
<b>“Independent Valuer”</b>	:	China United Assets Appraisal Group (中联资产评估集团有限公司), a professional firm in the PRC which provides valuation services and which is independent for the purposes of valuing the NR Assets
<b>“Last Trading Day”</b>	:	23 March 2016, the last full Market Day prior to the trading halt on HAC Shares, being the last trading day preceding the date of the Announcement and the Implementation Agreement
<b>“Last Undisturbed Trading Day”</b>	:	11 January 2016, the last full Market Day prior to the queries of the SGX-ST on 12 January 2016 in relation to media reports on the same day concerning Sinochem and HAC
<b>“Latest Practicable Date”</b>	:	6 May 2016, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“NAV”</b>	:	Net asset value, being total assets less total liabilities
<b>“Net Gearing”</b>	:	Net debt of the HAC Group divided by its total equity
<b>“NR Assets”</b>	:	The assets to be purchased by the Company pursuant to the Share Sale Agreement, as described in Section 2.5.1 and Appendix C to this Circular
<b>“NR Assets Acquisition”</b>	:	The acquisition of the NR Assets through the NR Assets Holdco pursuant to the Share Sale Agreement, as described in Section 2.5 of this Circular
<b>“NR Assets Holdco”</b>	:	A new private limited company to be incorporated in Singapore by SIO for the purpose of holding the NR Assets

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## DEFINITIONS

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<b>“NTA”</b>	:	Net tangible assets, being net assets less intangible assets
<b>“Non-Interested Directors”</b>	:	Mr Robert Meyer, Mr Pascal Demierre, Mr Alan Nisbet, Mr Randolph Khoo Boo Teck and Mr Liew Choon Wei
<b>“Notice of EGM”</b>	:	The notice of EGM set out on page 193 of this Circular
<b>“Offers”</b>	:	The HAC MGO and the GMG VGO
<b>“PRC”</b>	:	The People’s Republic of China
<b>“Pre-Conditional HAC MGO Announcement”</b>	:	The announcement made by ANZ Bank on 28 March 2016, for and on behalf of SIO of its possible mandatory cash offer for the HAC Shares
<b>“Pre-Conditional GMG VGO Announcement”</b>	:	The announcement made by Deutsche Bank on 28 March 2016, for and on behalf of HAC of its possible voluntary general offer for the GMG Shares
<b>“Proposed Resolutions”</b>	:	The ordinary resolutions relating to the GMG VGO and the NR Assets Acquisition as set out in the Notice of EGM
<b>“Proposed Transactions”</b>	:	The GMG VGO and the NR Assets Acquisition
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM
<b>“Q1 2016”</b>	:	The financial period ended 31 March 2016
<b>“Rule 1006”</b>	:	Rule 1006 of the Listing Manual
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“SGXNET”</b>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Sale Agreement”</b>	:	The share sale agreement dated 28 March 2016 entered into between the Company and SIO for the purchase of the NR Assets through the NR Assets Holdco by the Company from SIO
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“Sinochem”</b>	:	Sinochem International Corporation, a company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange
<b>“SIO”</b>	:	Sinochem International (Overseas) Pte. Ltd., a company incorporated in Singapore which is a wholly-owned subsidiary of Sinochem
<b>“TSR”</b>	:	Technically Specified Rubber



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## DEFINITIONS

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<b>“Undertaking Shareholders”</b>	:	The Vendor Shareholders and the following HAC Shareholders:  (a) Credence Capital Fund II (Cayman) Limited  (b) Goi Seng Hui
<b>“Vendor Shareholders”</b>	:	The following HAC Shareholders:  (a) Angsana  (b) Mr Pascal Demierre, an Executive Director of the Company  (c) Clear Tower Investments Limited, a substantial shareholder of the Company  (d) Mr Andrew Trevatt  (e) Mr Leonard Beschizza
<b>“Vendor SPAs”</b>	:	The sale and purchase agreements dated 28 March 2016 entered into between each of the Vendor Shareholders and SIO for the purchase by SIO of a total of 180,439,576 HAC Shares from the Vendor Shareholders as detailed in Section 2.2.1 of this Circular
<b>“VWAP”</b>	:	Volume weighted average price
<b>“Waivers”</b>	:	Has the meaning as ascribed to it in Section 2.7 of this Circular
<b>“Xishuangbanna”</b>	:	Xishuangbanna Sinochem Rubber Co., Ltd. (西双版纳中化橡胶有限公司), a company incorporated in the PRC
<b>“RMB”</b>	:	Chinese Renminbi, being the lawful currency of the PRC
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“US\$” and “cents”</b>	:	United States dollars and cents, being the lawful currency of the United States of America
<b>“%” or “per cent.”</b>	:	Percentage or per centum

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time.

The terms **“associate”** and **“controlling shareholders”** shall have the meanings ascribed to them respectively in the Listing Manual.

The terms **“subsidiaries”**, **“Substantial Shareholders”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to the HAC Group.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

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## DEFINITIONS

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The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

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## INDICATIVE TIMETABLES

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The following indicative timetables assume that approval for the Proposed Resolutions at the EGM are obtained on 2 June 2016.

Event	Date and Time
<b>HAC MGO</b>	
The HAC MGO Formal Offer Announcement	Immediately upon completion under the Vendor SPAs
Despatch of the HAC MGO Offer Document by SIO	Not later than 21 days from the date of the HAC MGO Formal Offer Announcement <sup>(1)</sup>
Despatch of the offeree circular by the Company	Within 14 days of date of despatch of the HAC MGO Offer Document
Acceptance period of the HAC MGO	The HAC MGO must initially be open for at least 28 days after the date on which the HAC MGO Offer Document is despatched
Settlement of the HAC MGO	Payment for HAC Shares tendered in the HAC MGO must be made within 7 Business Days after the HAC MGO becomes or is declared unconditional in all respects or, if such HAC Shares are tendered after the HAC MGO has become or been declared unconditional in all respects, within 7 Business Days after the receipt of such tender

Note:

- (1) Please refer to SIC's consent for the HAC MGO Offer Document to be despatched on a date earlier than 14 days after the date of the HAC MGO Formal Offer Announcement, pursuant to Rule 22.1 of the Code, as set out in Section 2.3.2 of this Circular.

### GMG VGO

The GMG VGO Formal Offer Announcement	Immediately upon completion of the HAC MGO
Despatch of the GMG VGO Offer Document by the Company	Not earlier than 14 days but not later than 21 days from the date of the GMG VGO Formal Offer Announcement
Despatch of the offeree circular by GMG	Within 14 days of date of despatch of the GMG VGO Offer Document
Acceptance of the GMG VGO by SIO for its 51.12% stake in GMG, upon which the GMG VGO shall become unconditional	Immediately after the despatch of the GMG VGO Offer Document
Acceptance period of the GMG VGO	The GMG VGO must initially be open for at least 28 days after the date on which the GMG VGO Offer Document is despatched
Settlement of the GMG VGO	Settlement for the GMG Shares tendered in the GMG VGO must be made within 7 Business Days after the GMG VGO becomes or is declared unconditional in all respects (i.e. from the date that SIO tenders its GMG Shares in acceptance of the GMG VGO) or, if such GMG Shares are tendered after the GMG VGO has become or been declared unconditional in all respects, within 7 Business Days after the receipt of such tender

### NR Assets Acquisition

Completion of NR Assets Acquisition	On the closing date of the GMG VGO or such other date as agreed between HAC and SIO
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The Proposed Transactions are expected to complete in the third quarter of 2016.

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## LETTER TO SHAREHOLDERS

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### HALCYON AGRI CORPORATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 200504595D)

**Directors:**

Robert Meyer (Executive Chairman and Chief Executive Officer)  
Pascal Demierre (Executive Director)  
Alan Nisbet (Lead Independent Director)  
Randolph Khoo Boo Teck (Independent Director)  
Liew Choon Wei (Independent Director)

**Registered Office:**

250 North Bridge Road  
#12-01 Raffles City Tower  
Singapore 179101

16 May 2016

To: The Shareholders of Halcyon Agri Corporation Limited

Dear Sir/Madam

- (A) PROPOSED ACQUISITION OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF GMG GLOBAL LTD BY WAY OF A PRE-CONDITIONAL VOLUNTARY GENERAL OFFER**
- (B) PROPOSED ACQUISITION OF THE NATURAL RUBBER PROCESSING FACILITIES AND TRADING BUSINESS FROM SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD.**
- 

#### 1. INTRODUCTION

- 1.1 On 28 March 2016, the Company announced the entry into certain agreements with SIO, for the combination of Sinochem's and the HAC Group's respective natural rubber assets, to create the world's leading natural rubber supply chain manager.

The Proposed Transactions contemplated in such agreements comprise the following:

- (a) the GMG VGO, which involves the Company acquiring at least a majority of the total issued and paid-up share capital of GMG, via a voluntary general offer by Deutsche Bank for and on behalf of the Company; and
- (b) the NR Assets Acquisition, which involves the Company acquiring all the natural rubber processing facilities and trading businesses from SIO.

Prior to the Proposed Transactions taking place, it is contemplated that SIO will acquire an aggregate of 30.07% of the total issued and paid-up share capital of the Company from the Vendor Shareholders resulting in SIO being required to make the HAC MGO, being a mandatory general offer for all the HAC Shares other than those already owned, controlled or agreed to be acquired by SIO and parties acting in concert with SIO, in accordance with Rule 14 of the Code upon completion under the Vendor SPAs taking place.

Completion of the HAC MGO and the Proposed Transactions would result in the combination of highly complementary assets under the Company, to create a world-leading natural rubber supply chain manager in terms of scale, scope of operations and distribution reach. The combined business will benefit from a significantly enhanced market presence, economies of scale and greater diversification of operations. Sinochem, through SIO, would become the majority shareholder in the Company pursuant to the completion of the Proposed Transactions.

For illustration purposes, the group structure of the Enlarged Group after completion of the Proposed Transactions is set out in Appendix H to this Circular.

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## LETTER TO SHAREHOLDERS

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- 1.2 The Proposed Transactions require the approval of HAC Shareholders at the EGM pursuant to Chapter 10 of the Listing Manual.
- 1.3 The purpose of this Circular is to provide HAC Shareholders with relevant information relating to the Proposed Transactions, namely the GMG VGO and the NR Assets Acquisition, and to seek HAC Shareholders' approval at the EGM for the Proposed Resolutions as set out in the Notice of EGM on page 193 of this Circular.

Further details on the GMG VGO and the NR Assets Acquisition are set out in Sections 2.4 and 2.5 of this Circular respectively.

## 2. DETAILS OF THE PROPOSED TRANSACTIONS

### 2.1 Information on Sinochem and SIO

*(Information relating to Sinochem and SIO has been extracted from publicly available sources.)*

#### 2.1.1 Sinochem

Sinochem is a large state-owned holding company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange. Sinochem is a diversified international conglomerate which specialises in the trading, manufacturing and transportation of chemicals (including agricultural and horticultural), plastics, rubber and metallurgy products. Sinochem is the top distributor and one of the largest producers of natural rubber in the PRC with customers from over 100 countries and regions worldwide.

As at the Latest Practicable Date, Sinochem has an issued share capital of RMB2,083,012,671 comprising 2,083,012,671 shares.

As at the Latest Practicable Date, the directors of Sinochem are Mr Zhang Zenggen, Mr Yang Lin, Mr Qin Hengde, Mr Cui Yan, Mr Lan Zhongkai, Mr Zhu Hongchao, and Mr Xu Jingchang.

Additional information on Sinochem can be found at its website at <http://www.sinochemintl.com>.

To the best of the knowledge of the Directors and based on publicly available information on the Shanghai Stock Exchange for the FY2013, FY2014, FY2015 and Q1 2016 up till the Latest Practicable Date, there are no known material adverse developments or events affecting Sinochem and its subsidiaries as a whole.

#### 2.1.2 SIO

SIO is a Singapore incorporated company wholly-owned by Sinochem and which holds 391,593,237 GMG Shares (representing approximately 51.12% of the total issued and paid-up share capital of GMG) as at the Latest Practicable Date. The principal activities of SIO consist of both investment holding and the trading of plastics, chemicals, rubber, petrochemical, metallurgical and other products.

As at the Latest Practicable Date, SIO has an issued and paid-up share capital of S\$268,040,902 comprising 268,040,902 ordinary shares.

As at the Latest Practicable Date, its directors are Mr Liu Xiang, Mr Li Dajun, Mr Qin Jinke and Mr Cheng Ruimin.

## LETTER TO SHAREHOLDERS

### 2.2 Events constituting the Proposed Transactions

The table below sets out a sequential summary of the Proposed Transactions (which are described in more detail in Sections 2.3 to 2.5 of this Circular):

	Description of Event	Timing																					
2.2.1	<b>HAC MGO</b>																						
(a)	<p>Pursuant to the Vendor SPAs, SIO will acquire an aggregate of 180,439,576 HAC Shares from the Vendor Shareholders at S\$0.75 per HAC Share in the following proportions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Name</th> <th style="width: 30%;">Proposed no. of HAC Shares to be acquired by SIO</th> <th style="width: 30%;">Percentage of HAC LPD Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td>Angsana</td> <td style="text-align: right;">124,092,000</td> <td style="text-align: right;">20.68</td> </tr> <tr> <td>Mr Pascal Demierre</td> <td style="text-align: right;">11,274,576</td> <td style="text-align: right;">1.88</td> </tr> <tr> <td>Clear Tower Investments Limited</td> <td style="text-align: right;">23,873,000</td> <td style="text-align: right;">3.98</td> </tr> <tr> <td>Mr Andrew Trevatt</td> <td style="text-align: right;">10,400,000</td> <td style="text-align: right;">1.73</td> </tr> <tr> <td>Mr Leonard Beschizza</td> <td style="text-align: right;">10,800,000</td> <td style="text-align: right;">1.80</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>180,439,576</b></td> <td style="text-align: right;"><b>30.07</b></td> </tr> </tbody> </table>	Name	Proposed no. of HAC Shares to be acquired by SIO	Percentage of HAC LPD Share Capital (%)	Angsana	124,092,000	20.68	Mr Pascal Demierre	11,274,576	1.88	Clear Tower Investments Limited	23,873,000	3.98	Mr Andrew Trevatt	10,400,000	1.73	Mr Leonard Beschizza	10,800,000	1.80	<b>Total</b>	<b>180,439,576</b>	<b>30.07</b>	<p>Completion under the Vendor SPAs is conditional upon the satisfaction or waiver (as the case may be) of certain conditions precedent including, <i>inter alia</i>, the approval of HAC Shareholders being obtained for the Proposed Resolutions at the EGM.</p> <p>Upon completion under the Vendor SPAs, SIO will own 180,439,576 HAC Shares, representing 30.07% of the HAC LPD Share Capital.</p> <p>Completion under the Vendor SPAs is expected to take place on or about the 5<sup>th</sup> Business Day immediately following the fulfilment (or waiver, as applicable) of the HAC MGO Pre-Conditions.</p>
Name	Proposed no. of HAC Shares to be acquired by SIO	Percentage of HAC LPD Share Capital (%)																					
Angsana	124,092,000	20.68																					
Mr Pascal Demierre	11,274,576	1.88																					
Clear Tower Investments Limited	23,873,000	3.98																					
Mr Andrew Trevatt	10,400,000	1.73																					
Mr Leonard Beschizza	10,800,000	1.80																					
<b>Total</b>	<b>180,439,576</b>	<b>30.07</b>																					
(b)	<p>Pursuant to the Implementation Agreement and upon completion of the Vendor SPAs, SIO will immediately make the HAC MGO.</p> <p>Details of the HAC MGO are set out in Section 2.3 of this Circular.</p>	<p>The HAC MGO will be made immediately upon completion of the Vendor SPAs.</p>																					
2.2.2	<b>GMG VGO</b>																						
	<p>Pursuant to the Implementation Agreement and upon the satisfaction of all the GMG VGO Pre-Conditions, the Company will make the GMG VGO.</p> <p>Details of the GMG VGO are set out in Section 2.4 of this Circular.</p>	<p>The GMG VGO is subject to the fulfilment (or waiver, as applicable) of the GMG VGO Pre-Conditions including, <i>inter alia</i>, the approval of HAC Shareholders being obtained for the Proposed Resolutions at the EGM, and will be made upon completion of the HAC MGO.</p>																					

## LETTER TO SHAREHOLDERS

	Description of Event	Timing
2.2.3	<p><b>NR Assets Acquisition</b></p> <p>Pursuant to the Share Sale Agreement, the Company will acquire the NR Assets for S\$210 million, through the purchase all the shares in the NR Assets Holdco, being a new private limited company to be incorporated in Singapore by SIO which will be the holding company for the NR Assets, at the completion of the NR Assets Acquisition. The consideration for the NR Assets Acquisition will be satisfied by the allotment and issuance of 280,000,000 new HAC Shares to SIO.</p> <p>Details of the NR Assets Acquisition and the NR Assets are set out in Section 2.5 of and Appendix C to this Circular.</p>	<p>Completion under the Share Sale Agreement is conditional upon the satisfaction or waiver (as the case may be) of certain conditions precedent including, <i>inter alia</i>, the approval of HAC Shareholders being obtained for the Proposed Resolutions at the EGM.</p> <p>The NR Assets Acquisition will be made after closing of the GMG VGO and satisfaction or waiver (as the case may be) of the conditions precedent to the Share Sale Agreement.</p>

### 2.3 HAC MGO

#### 2.3.1 Salient Terms of the HAC MGO

Upon completion under the Vendor SPAs, SIO will hold approximately 30.07% of the HAC LPD Share Capital and will immediately incur an obligation to make the HAC MGO in accordance with Rule 14 of the Code. Pursuant to the Implementation Agreement and as required under the Code, SIO will undertake the HAC MGO on the following basis, subject to the terms and conditions of the HAC MGO to be set out in the HAC MGO Offer Document, being the formal offer document to be issued by ANZ Bank, for and on behalf of SIO, in relation to the HAC MGO:

**HAC MGO Shares**            SIO shall make a general cash offer for all HAC Shares (other than those already owned, controlled or agreed to be acquired by SIO and parties acting in concert with SIO), at the highest price paid by SIO (or its concert parties) for HAC Shares in the preceding six (6) months prior to commencement of the offer period and during the offer period.

**HAC MGO Offer Price**    Consideration for each HAC Share will be on the following basis:

**For every one (1) HAC Share: S\$0.75 in cash**

**No Encumbrances**            The HAC Shares will be acquired:

- (a) fully paid-up;
- (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and

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- (c) together with all rights, benefits and entitlements attached thereto as at the date of the HAC MGO Formal Offer Announcement and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by HAC) on or after the date of such announcement.

**If any dividend, right or other distribution or return of capital is announced, declared, paid or made by HAC on or after the date of the Pre-Conditional HAC MGO Announcement, SIO reserves the right to reduce the offer price by an amount equivalent to such dividend, right, other distribution or return of capital.**

### HAC MGO Pre-Conditions

The satisfaction or waiver, as the case may be, of the conditions precedent under the Vendor SPAs, as set out below:

- (a) approval of HAC Shareholders being obtained for the Proposed Resolutions at the EGM (the **"HAC Shareholders Approval Pre-Condition"**); and
- (b) all requisite approvals, conditions, clearances, filings and/or rulings being obtained and complied with in relation to the transactions contemplated under the Vendor SPAs, HAC MGO, GMG VGO, and NR Assets Acquisition from the following: (i) all relevant competition authorities, (ii) the SGX-ST, (iii) the Securities Industry Council of Singapore, (iv) the Committee on Foreign Investment in the United States, (v) the Ministry of Commerce of the PRC and/or its local counterparts, (vi) the National Development and Reform Commission of the PRC and/or its local counterparts, (vii) the Sinochem Group (as a PRC state-owned enterprise<sup>1</sup>), (viii) the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the PRC, (ix) the State Administration of Foreign Exchange (SAFE) of the PRC and/or its local counterparts, (x) the State Administration of Taxation (SAT) of the PRC and/or its local counterparts, and (xi) the State Administration of Industry and Commerce (SAIC) of the PRC and/or its local counterparts (the **"Regulatory Approval Pre-Condition"**);
- (c) waivers being obtained from the requisite majority of bondholders attending the necessary bondholders meeting to be convened in respect of the HAC MTN Programme<sup>2</sup> in relation to compliance with the financial covenants stipulated under the HAC MTN Programme for the financial period up to 31 July 2017 (the **"Noteholders Approval Pre-Condition"**); and

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<sup>1</sup> The approval to be given by Sinochem Group (中國中化集團公司) (the ultimate parent company of Sinochem and SIO) as a PRC state-owned Central Enterprise, is considered as a PRC governmental approval given pursuant to PRC regulations on the *Interim Measures on the Administration of Overseas State-owned Properties of Central Enterprises* (中央企业境外国有产权管理暂行办法) and *Interim Measures on the Supervision and Administration of Overseas State-owned Assets of Central Enterprises* (中央企业境外国有资产监督管理暂行办法).

<sup>2</sup> A S\$300,000,000 Multicurrency Debt Issuance Programme (the **"HAC MTN Programme"**) established by HAC on 25 April 2014. Pursuant to the HAC MTN Programme, S\$125,000,000 6.50 per cent. notes due 2019 (ISIN: SG6SC1000002) have been issued by HAC on 31 July 2014, and listed on the SGX-ST on 1 August 2014.



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- (d) consent being obtained from the lenders under the Facilities Agreement, being the US\$288,000,000 facilities agreement dated 5 August 2014 (as amended by an Amendment Agreement dated 31 December 2014 and further amended and restated by an Amendment and Restatement Agreement dated 26 June 2015 and a Second Amendment and Restatement Agreement dated 18 November 2015) in respect of the transactions contemplated in the HAC MGO, GMG VGO and Share Sale Agreement, and waivers of: (i) any existing or subsequent breach relating to or in connection with compliance of the financial covenants under Clause 24.2 of the Facilities Agreement for a period of 9 calendar months following the closing date of the GMG VGO and completion of the NR Assets Acquisition, whichever is later; and (ii) any cessation of listing of HAC under Clause 26.19 of the Facilities Agreement subsequent to the closing date of the GMG VGO and completion of the NR Assets Acquisition, whichever is later (the “**Lenders Consent Pre-Condition**”).

As at the Latest Practicable Date, the Company has obtained:

- (a) approval from the requisite majority of bondholders on 25 April 2016 to waive compliance with the financial covenants stipulated under the HAC MTN Programme for the financial period up to 31 July 2017; and
- (b) consent from the lenders under the Facilities Agreement on 26 April 2016 in respect of the transactions contemplated in the HAC MGO, GMG VGO and Share Sale Agreement, and granted waivers of:
- (i) any existing or subsequent breach relating to or in connection with compliance of the financial covenants under Clause 24.2 of the Facilities Agreement for a period of 9 calendar months following the closing date of the GMG VGO and completion of the NR Assets Acquisition, whichever is later; and
- (ii) any cessation of listing of HAC under Clause 26.19 of the Facilities Agreement subsequent to the closing date of the GMG VGO and the NR Assets Acquisition, whichever is later.

Accordingly, the Noteholders Approval Pre-Condition and Lenders Consent Pre-Condition have been fulfilled.

HAC Shareholders should note that in the event any of the HAC Shareholders Approval Pre-Condition and Regulatory Approval Pre-Condition is not satisfied or waived (as the case may be) by SIO or HAC (as the case may be), completion under the Vendor SPAs will not take place and the HAC MGO will not be triggered.

Minimum Acceptance Condition

In accordance with the Code, the HAC MGO will be conditional upon SIO having received, by the close of HAC MGO, valid acceptances in respect of such number of HAC Shares which, when taken together with the HAC Shares owned, controlled or

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agreed to be acquired by SIO and parties acting in concert with it (either before or during the HAC MGO and pursuant to the HAC MGO or otherwise), would result in SIO and parties acting in concert with it holding such number of HAC Shares carrying more than 50% of the voting rights attributable to the total issued and paid-up share capital of HAC (excluding any HAC Shares held in treasury) as at the close of the HAC MGO.

The HAC MGO will not become or be capable of being declared unconditional in accordance with its terms unless the Minimum Acceptance Condition is satisfied.

As at the Latest Practicable Date, SIO has procured the HAC MGO Undertaking, being irrevocable undertakings from the Undertaking Shareholders to ensure, *inter alia*, that the HAC MGO becomes unconditional as to acceptances. Further details of the HAC MGO Undertaking are set out in Section 2.3.4(b) of this Circular.

### 2.3.2 Rulings by SIC

In accordance with the Code, the HAC MGO Pre-Conditions shall not be invoked to cause the HAC MGO to lapse unless (i) the offeror (being SIO for the HAC MGO) has demonstrated reasonable efforts to fulfil the HAC MGO Pre-Conditions within the time frame specified (i.e. the long stop date of 30 September 2016 under the Vendor SPAs) and (ii) the circumstances that give rise to the right to invoke the HAC MGO Pre-Conditions are material in the context of the Proposed Transactions.

The SIC has on 18 March 2016 ruled that:

- (a) after considering all the information and representations provided to the SIC in relation to the HAC MGO Pre-Conditions and the GMG VGO Pre-Conditions, the SIC confirmed that it has no objections to:
  - (i) the HAC MGO being subject to the HAC MGO Pre-conditions; and
  - (ii) the GMG VGO being subject to the GMG VGO Pre-conditions; and
- (b) the confirmation from the SIC set out in Section 2.3.2(a)(i) above is subject to the independent directors of the Company stating in (i) the Announcement and (ii) this Circular, that the transactions involving the Vendor SPAs, the HAC MGO and the Proposed Transactions as structured and the HAC MGO Pre-Conditions are in the best interests of HAC and its shareholders.

Pursuant to Rule 22.1 of the Code, an application was made to the SIC for consent for the HAC MGO Offer Document to be despatched earlier than 14 days after the date of SIO's announcement confirming the HAC MGO. In its letter dated 21 April 2016, the SIC informed the Company that after considering all the information and representations contained in the Company's application, it consents to the HAC MGO Offer Document being despatched on a date earlier than 14 days from the date of the announcement of the firm intention to make the HAC MGO (being the date of the HAC MGO Formal Offer Announcement) under Rule 3.5 of the Code upon the fulfilment or waiver of the HAC MGO Pre-Conditions.

Accordingly, (if and when the HAC MGO Formal Offer Announcement is made) ANZ would be able to issue the HAC MGO Offer Document for and on behalf of SIO to HAC Shareholders, at any time between the date of the HAC MGO Formal Offer Announcement until the 21st day thereafter.

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### 2.3.3 HAC MGO Offer Price

SIO has confirmed that it and its concert parties have not traded in HAC Shares in the preceding six (6) months prior to the date of the Implementation Agreement and up to the Latest Practicable Date, save for the 180,439,576 HAC Shares which will be purchased under the Vendor SPAs. Accordingly, the HAC MGO will be made at an offer price of S\$0.75 per HAC Share, being the same purchase price per HAC Share under the Vendor SPAs.

All HAC Shareholders (including the Vendor Shareholders) will be offered S\$0.75 in cash for each of their HAC Shares, pursuant to the HAC MGO.

The price of S\$0.75 per HAC Share represents the following premium over the historical transacted prices of the HAC Shares on the SGX-ST:

<b>Basis</b>	<b>Benchmark Price (S\$)</b>	<b>Premium over Benchmark Price (%)</b>
VWAP per HAC Share on 23 March 2016 prior to the trading halt on HAC Shares, being the last trading day preceding the date of the Announcement and the Implementation Agreement	0.727	3.2
Last transacted price per HAC Share on 11 January 2016, the Last Undisturbed Trading Day	0.635	18.1
Last transacted price per HAC Share on 8 September 2015 <sup>3</sup>	0.605	24.0
VWAP per HAC Share for the one (1) month period up to and including 8 September 2015	0.491	52.6
VWAP per HAC Share for the three (3) month period up to and including 8 September 2015	0.581	29.0
VWAP per HAC Share for the six (6) month period up to and including 8 September 2015	0.692	8.3
VWAP per HAC Share for the twelve (12) month period up to and including 8 September 2015	0.665	12.8

Source: Bloomberg L.P.

### 2.3.4 Irrevocable Undertakings by HAC Shareholders

#### (a) Undertaking to Vote in favour of the Proposed Resolutions

SIO has obtained undertakings from the Undertaking Shareholders, who hold an aggregate of 376,439,576 HAC Shares, representing approximately 62.73% of the total issued HAC Shares, to vote in favour of the Proposed Resolutions in respect of **all** of their HAC Shares at the EGM.

#### (b) HAC MGO Undertaking

SIO has obtained undertakings from the Undertaking Shareholders not to accept the HAC MGO in respect of **any** of their HAC Shares. However, in the event the acceptances by other HAC Shareholders immediately prior to the close of the HAC MGO when aggregated with the HAC Shares held by SIO, is less than 53.98% of the total issued HAC Shares, the Undertaking Shareholders (**except** Credence Capital Fund II (Cayman) Limited) shall tender the requisite number of HAC Shares in acceptance of the HAC MGO which would result in SIO (and its concert parties) holding at least 53.98% of the total issued and paid-up share capital in HAC (which is

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<sup>3</sup> 8 September 2015 was the last full Market Day preceding the date whereby the SGX-ST posed queries to HAC in relation to unusual trading activity in HAC Shares on 9 September 2015.

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equivalent to 323,939,576 HAC Shares assuming that HAC does not issue any new HAC Shares from the Latest Practicable Date until the date when the HAC MGO is closed).

For illustrative purposes only, based on the assumption that none of the other HAC Shareholders accept the HAC MGO, the maximum number of HAC Shares to be tendered by each Undertaking Shareholder (**except** Credence Capital Fund II (Cayman) Limited) pursuant to the HAC MGO Undertaking is set out below:

No.	Name of HAC Shareholder	Number of HAC Shares Undertaken	Percentage of HAC Shares (%)
1.	Angsana	55,000,000	9.17
2.	Clear Tower Investments Limited	40,000,000	6.67
3.	Mr Goi Seng Hui	25,000,000	4.17
4.	Mr Pascal Demierre	10,500,000	1.75
5.	Mr Andrew Trevatt	9,000,000	1.50
6.	Mr Leonard Beschizza	4,000,000	0.67
	<b>Total number of HAC Shares in relation to the HAC MGO Undertaking</b>	<b>143,500,000</b>	<b>23.91</b>

Pursuant to the HAC MGO Undertaking, SIO (and its concert parties) will hold at least 53.98% of the total issued and paid-up share capital in the Company upon completion of the HAC MGO.

These undertakings provide certainty to HAC Shareholders that the HAC MGO (if and when made) will become unconditional as to acceptances and will allow the HAC Shareholders who wish to tender their HAC Shares for cash in the HAC MGO to do so, thus realising the value of their HAC Shares at a premium of 18.1% over the last transacted price per HAC Share on 11 January 2016, being the Last Undisturbed Trading Day.

2.3.5 For ease of reference, the number of HAC Shares which to be transferred to SIO pursuant to (i) the Vendor SPAs and (ii) the HAC MGO Undertaking are illustrated below:

No.	Name of HAC Shareholder	Vendor SPAs		Number of HAC Shares to be tendered in HAC MGO <sup>(1)</sup>	
		Proposed no. of HAC Shares to be acquired by SIO	Percentage of HAC LPD Share Capital (%)	Number of HAC Shares Undertaken	Percentage of HAC LPD Share Capital (%)
1.	Angsana	124,092,000	20.68	55,000,000	9.17
2.	Clear Tower Investments Limited	11,274,576	1.88	40,000,000	6.67
3.	Mr Pascal Demierre	23,873,000	3.98	10,500,000	1.75
4.	Mr Andrew Trevatt	10,400,000	1.73	9,000,000	1.50
5.	Mr Leonard Beschizza	10,800,000	1.80	4,000,000	0.67
6.	Mr Goi Seng Hui	- <sup>(2)</sup>	-	25,000,000	4.17
7.	Credence Capital Fund II (Cayman) Limited <sup>(3)</sup>	-	-	-	-
	<b>Total number of HAC Shares</b>	<b>180,439,576</b>	<b>30.07</b>	<b>143,500,000</b>	<b>23.93</b>

Notes:

(1) Based on the assumption that none of the other HAC Shareholders accept the HAC MGO, the maximum number of HAC Shares to be tendered pursuant to HAC MGO Undertaking.

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- (2) Mr Goi Seng Hui is not a party to the Vendor SPAs.
- (3) Credence Capital Fund II (Cayman) Limited is not a party to the Vendor SPAs and is not required to tender any of its HAC Shares pursuant to the HAC MGO Undertaking.

### 2.3.6 Offeree Circular

The Company will, if and when the HAC MGO is made, obtain opinion(s) from an independent financial adviser to assist the Directors who are not interested in the HAC MGO in making a recommendation to HAC Shareholders on the HAC MGO. A circular containing the advice of the independent financial adviser and the recommendation of the directors on the HAC MGO will be despatched to the HAC Shareholders within 14 days of the date of despatch of the HAC MGO Offer Document, in accordance with the requirements of the Code.

## 2.4 GMG VGO

### 2.4.1 Information on GMG and its subsidiaries (“GMG Group”)

*(Information relating to the GMG Group has been extracted from publicly available sources.)*

GMG is a Singapore-based natural rubber producer with integrated capabilities extending from the planting, cultivating, tapping and processing, to the marketing and exporting of natural rubber.

Listed on the Mainboard of the SGX-ST, GMG focuses primarily on the production and supply of premium natural rubber to the European, American and Asian markets. As at the Latest Practicable Date, GMG’s share capital comprises 766,019,636 issued and paid-up ordinary shares (excluding 1,565,000 treasury shares). Based on the weighted average price per GMG Share as at the Latest Practicable Date, GMG has a market capitalisation of S\$460.5 million (*Source: Bloomberg L.P.*).

Through its various subsidiaries and associates, GMG currently manages more than 78,000 hectares of rubber plantations located across Africa and Asia; and operates 12 rubber processing plants located in Thailand, Indonesia, Cameroon, Gabon and Cote d’Ivoire with a total annual capacity of 527,000 tonnes.

GMG Group’s products include tyre-grade rubber used in the manufacture of industrial vehicle tyres, and centrifuged and blocked rubbers of latex used in the manufacture of medical-grade gloves and contraceptives. Its customers include some of the world’s top tyre manufacturers and medical equipment companies.

A summary of the GMG Group’s audited consolidated financial statements for FY2013, FY2014 and FY2015 and unaudited consolidated financial statements for Q1 2016 are set out in Appendix F to this Circular.

#### **Summary of Key Operating Data**

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Q1 2016</b>
Total planted area (ha)	20,763	21,684	26,795	N.A.
Plantation yield (MT)	19,252	19,687	N.A.	N.A.
Total annual processing capacity (MT)	482,000	527,000 <sup>4</sup>	527,000 <sup>4</sup>	527,000 <sup>4</sup>
Tonnage sold (MT)	306,977	337,959	325,639	75,248
Average selling price / ton (S\$ / MT)	3,290	2,386	1,987	1,650

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<sup>4</sup> Includes GMG’s associate, SIAT S.A.

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The summary financial performance and financial position of GMG Group set out below is extracted from its audited financial statements for FY2013, FY2014, FY2015 and unaudited financial statements for Q1 2016.

### **Summary Income Statement**

<i>(In S\$ millions)</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Q1 2016</b>
Revenue	1,009.8	806.3	647.0	124.2
Gross profit	104.1	51.3	61.4	6.8
Profit before income tax	11.6	(52.6)	(20.1)	(6.7)
Profit after income tax and non-controlling interest	8.7	(40.6)	(18.3)	(3.5)

### **Summary Balance Sheet**

<i>(In S\$ millions)</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Q1 2016</b>
Current assets	371.3	279.5	231.8	252.9
Non-current assets	753.1	759.3	783.9	788.7
Current liabilities	197.3	189.4	183.6	197.3
Non-current liabilities	26.3	52.2	83.7	106.3
Equity attributable to owners of the company	847.0	758.1	715.6	707.5

HAC Shareholders should note that GMG, being a company listed on the SGX-ST, has released and will release information through the official website of the SGX-ST. Accordingly, HAC Shareholders who wish to obtain fuller details of GMG or be kept updated on developments of GMG should access the information of GMG on the SGX-ST website.

Additional information on GMG can also be found at its website at <http://www.gmg.sg/>.

#### **2.4.2 Salient Terms of the GMG VGO**

Pursuant to the Implementation Agreement, upon the GMG VGO Pre-Conditions being satisfied, the Company will undertake the GMG VGO on the following basis, subject to the terms and conditions of the GMG VGO to be set out in the GMG VGO Offer Document:

**GMG VGO Shares**            The Company will make a voluntary general offer for all the GMG Shares, other than those already owned, controlled or agreed to be acquired by the Company and parties acting in concert with the Company.

**Consideration of the GMG VGO**            Consideration for the GMG VGO will be satisfied by the allotment and issuance of new HAC Shares on the following basis:

**For every one (1) GMG Share: 0.9333 new fully paid-up ordinary shares in the issued and paid-up capital of HAC.**

Any fractional entitlements to such new HAC Shares will be rounded down to the nearest whole HAC Share.

**No Encumbrances**            The GMG Shares will be acquired:

(a) properly and validly issued and fully paid-up;

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## LETTER TO SHAREHOLDERS

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- (b) free from all mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, rent-charge, title retention, claim, equity, option, pre-emption right (other than those which appear in GMG's constitution), right to acquire, security agreement and security interest or other right of whatever nature; and
- (c) together with all rights, benefits and entitlements attached thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by GMG) as at the date of the GMG VGO Formal Offer Announcement.

**If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the GMG on or after the date of the Pre-Conditional GMG VGO Announcement, the Company reserves the right to reduce the offer consideration by an amount equivalent to such dividend, right, other distribution or return of capital.**

### GMG VGO Pre-Conditions

The GMG VGO is subject to the following pre-conditions being satisfied:

- (a) HAC Shareholders' approval of the Proposed Resolutions at the EGM being obtained; and
- (b) completion of the HAC MGO which is subject to, among others, the satisfaction or waiver of conditions precedent under the Vendor SPAs as set out in Section 2.3.1 of this Circular.

### Minimum Acceptance Condition

The GMG VGO (if and when made) will be conditional upon the Company receiving valid acceptances in respect of such number of GMG Shares which, when taken together with the GMG Shares owned, controlled or agreed to be acquired by HAC and parties acting in concert with it (either before or during the GMG VGO and pursuant to the GMG VGO or otherwise), would result in HAC holding such number of GMG Shares carrying more than 50% of the voting rights attributable to the total issued and paid-up share capital of GMG (excluding treasury shares) as at the close of the GMG VGO.

As at the Latest Practicable Date, the HAC has procured an irrevocable undertaking from SIO to accept the GMG VGO for all its 51.12% GMG Shares. Accordingly, the GMG VGO will become unconditional as to acceptances upon SIO tendering its GMG Shares in acceptance of the GMG VGO. Further details of the undertaking from SIO are set out in Section 2.4.6 of this Circular.

### 2.4.3 Rulings by SIC

In accordance with the Code, the GMG VGO Pre-Conditions shall not be relied upon to cause the GMG VGO to lapse unless (i) the offeror (being HAC for the GMG VGO) has demonstrated reasonable efforts to fulfil the GMG VGO Pre-Conditions within the time frame specified (i.e. the long stop date of 30 September 2016 under the Vendor SPAs) and (ii) the circumstances that give rise to the right to rely upon the GMG VGO Pre-Conditions are material in the context of the Proposed Transactions.

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The SIC has on 18 March 2016 ruled that:

- (a) after considering all the information and representations provided to the SIC in relation to the HAC MGO Pre-Conditions and the GMG VGO Pre-Conditions, the SIC confirmed that it has no objections to:
  - (i) the HAC MGO being subject to the HAC MGO Pre-conditions; and
  - (ii) the GMG VGO being subject to the GMG VGO Pre-conditions,
- (b) the confirmation from the SIC set out in Section 2.4.3(a)(i) above is subject to the independent directors of the Company stating in (i) the Announcement and (ii) this Circular, that the transactions involving the Vendor SPAs, the HAC MGO and the Proposed Transactions as structured and the HAC MGO Pre-Conditions are in the best interests of HAC and its shareholders.

### 2.4.4 GMG VGO Offer Price

The offer ratio of 0.9333 new HAC Share for every one GMG Share was derived based on the assessment by the management of HAC of the relative valuation of both HAC and GMG based on their respective historical share price performance, valuation ratios and fundamental analysis.

Based on the offer price of S\$0.75 for each ordinary share of HAC under the HAC MGO, the consideration for each GMG Share (which is to be satisfied by the allotment and issuance of 0.9333 new HAC Shares) would have an implied value of S\$0.70, representing the following premium over the historical transacted prices of the GMG Shares on the SGX-ST:

<b>Basis</b>	<b>Benchmark Price (S\$)</b>	<b>Premium over Benchmark Price (%)</b>
VWAP per GMG Share on 23 March 2016, being the Last Trading Day	0.612	14.3
Last undisturbed transacted price per GMG Share on 11 January 2016, the Last Undisturbed Trading Day	0.300	133.3
VWAP per GMG Share for the one (1) month period up to and including 11 January 2016	0.314	122.8
VWAP per GMG Share for the three (3) month period up to and including 11 January 2016	0.356	96.4
VWAP per GMG Share for the six (6) month period up to and including 11 January 2016	0.375	86.9
VWAP per GMG Share for the twelve (12) month period up to and including 11 January 2016	0.630	11.0

Source: Bloomberg L.P.

### **Swap Ratio**

The table below sets out the implied value of each GMG Share multiplied by a swap ratio of 0.9333 new fully paid-up ordinary shares in the capital of HAC for every one (1) GMG Share (the “**Swap Ratio**”), and the analysis of the implied swap ratio based on the VWAP of GMG Shares and VWAP of HAC Shares for the 1-month, 3-month, 6-month and 12-month periods up to 11 January 2016, being the Last Undisturbed Trading Day, and 23 March 2016, being the Last Trading Day.



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Basis	GMG Share Price (S\$)	HAC Share Price (S\$)	Implied Value of GMG Share <sup>(1)</sup> (S\$)	Implied Swap Ratio	Premium/ (Discount) of Swap Ratio Over Implied Swap Ratio <sup>(2)</sup>
VWAP on 23 March 2016, being the Last Trading Day	0.612	0.727	0.678	0.8423	10.8%
Last transacted price on 11 January 2016, the Last Undisturbed Trading Day	0.300	0.635	0.593	0.4724	97.5%
VWAP per GMG Share for the one (1) month period up to and including 11 January 2016	0.314	0.665	0.620	0.4726	97.5%
VWAP per GMG Share for the three (3) month period up to and including the 11 January 2016	0.356	0.696	0.650	0.5119	82.3%
VWAP per GMG Share for the six (6) month period up to and including the 11 January 2016	0.375	0.637	0.594	0.5885	58.6%
VWAP per GMG Share for the twelve (12) month period up to and including the 11 January 2016	0.630	0.668	0.624	0.9438	(1.1%)

**Notes:**

- (1) Implied value of GMG Shares calculated as the share price of HAC Shares for that corresponding period multiplied by the swap ratio of 0.9333.
- (2) Implied premium or discount calculated as the swap ratio of 0.9333 over the corresponding implied swap ratio for each respective period.

### 2.4.5 Aggregate GMG VGO Consideration

The exact number of new HAC Shares to be allotted and issued as consideration for the GMG VGO will depend on the level of acceptances received and the rounding of fractional entitlements. Such new HAC Shares when issued as fully paid, shall rank *pari passu* in all respects with the existing HAC 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 issuance.

For illustrative purposes only, the number of new HAC Shares to be allotted and issued to the GMG Shareholder(s) who have accepted the GMG VGO under the GMG VGO Minimum Scenario (being the scenario where the acceptance level of the GMG VGO is 51.12%, on the basis that save for SIO, none of the other GMG Shareholders accept the GMG VGO) and GMG VGO Maximum Scenario (being the scenario where the acceptance level of the GMG VGO is 100%, on the basis that all GMG Shareholders accept the GMG VGO) (assuming that GMG did not issue any new shares from the Latest Practicable Date until the date when the GMG VGO is closed), are set out below:

(a) GMG VGO Minimum Scenario

The aggregate takeover consideration will comprise the allotment and issuance of up to 365,473,968 new HAC Shares and the implied aggregate takeover GMG VGO consideration would be approximately S\$274,105,476 (based on the offer price of S\$0.75 for each HAC Share under the HAC MGO). Such consideration shares represent approximately:

- (i) 60.90% of the HAC LPD Share Capital; and

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- (ii) 37.85% of HAC's enlarged share capital upon completion of the GMG VGO, which comprise approximately 965,565,968 HAC Shares pursuant to the GMG VGO Minimum Scenario.

(b) GMG VGO Maximum Scenario

The aggregate takeover consideration will comprise the allotment and issuance of up to 714,926,126 new HAC Shares and the implied aggregate takeover GMG VGO consideration would be approximately S\$536,194,595 (based on the offer price of S\$0.75 for each HAC Share). Such consideration shares represent approximately:

- (i) 119.14% of the HAC's LPD Share Capital; and
- (ii) 54.37% of HAC enlarged share capital upon completion of the GMG VGO, which comprise approximately 1,315,018,126 HAC Shares pursuant to the GMG VGO Maximum Scenario.

### 2.4.6 Undertaking from SIO

SIO has provided an irrevocable undertaking to HAC to accept the GMG VGO in respect of all of SIO's 51.12% stake in GMG, comprising 391,593,237 GMG Shares, immediately upon the despatch of the GMG VGO Offer Document and receipt of the GMG VGO Offer Document by SIO. Pursuant to such acceptance, the GMG VGO (if and when made), will become unconditional as to acceptances upon SIO tendering its GMG Shares in acceptance of the GMG VGO.

### 2.4.7 Interest of Directors and Substantial Shareholders

As at the Lastest Practicable Date, save for Mr Pascal Demierre who has (direct and deemed) interest in 68,600 GMG Shares (representing 0.00% of the issued and paid up share capital of GMG), none of the other Directors and to the best of the Directors' knowledge, none of the substantial shareholders of HAC or their respective associates has any interest, direct or indirect, in the GMG VGO.

### 2.4.8 Relative Figures under Chapter 10 of the Listing Manual

Relative figures of the GMG VGO under Rule 1006 of the Listing Manual, based on the HAC Group's latest announced consolidated financial statements, being FY2015, are set out below:

Rule 1006	Bases	Relative Figures (%)	
		GMG VGO Minimum Scenario	GMG VGO Maximum Scenario
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>	Not applicable <sup>(1)</sup>
(b)	Net profits <sup>(2)</sup> attributable to the assets acquired, compared with the Group's net profits <sup>(2)</sup>	-60.75 <sup>(3)</sup>	-118.83 <sup>(3)</sup>
(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	62.83 <sup>(4)</sup>	122.91 <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	60.90 <sup>(5)</sup>	119.14 <sup>(5)</sup>

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Rule 1006	Bases	Relative Figures (%)	
		GMG VGO Minimum Scenario	GMG VGO Maximum Scenario
(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 <sup>(1)</sup>	Not applicable <sup>(1)</sup>

Notes:

- (1) This basis is not applicable to the GMG VGO.
- (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 GMG VGO is determined based on the latest audited net loss of GMG Group of approximately US\$14.6 million for FY2015. The audited net profit of the HAC Group was approximately US\$12.3 million for FY2015. The relative figure for the GMG VGO Minimum Scenario is determined based on the 51.12% proportionate share of the GMG Group's FY2015 net loss, being approximately US\$7.4 million.
- (4) The Company's market capitalisation was approximately S\$436,266,884, determined by multiplying the total issued HAC Shares of 600,092,000 shares by the VWAP of HAC Shares of S\$0.727 per share, based on trades done on Mainboard on the Last Trading Day. The implied consideration for the GMG VGO is (i) S\$274,105,476 under the GMG VGO Minimum Scenario and (ii) S\$536,194,595 under the GMG VGO Maximum Scenario.
- (5) The number of equity securities to be issued by the Company as consideration for the GMG VGO is (i) 365,473,968 new HAC Shares under the GMG VGO Minimum Scenario and (ii) 714,926,126 new HAC Shares under the GMG VGO Maximum Scenario.

## 2.5 The NR Assets Acquisition

### 2.5.1 Information on the NR Assets

For the purpose of the NR Assets Acquisition, the Company will acquire all the shares in the NR Assets Holdco, being a new private limited company to be incorporated in Singapore by SIO, which will hold the following NR Assets (directly or indirectly) prior to the completion of the NR Asset Acquisition:

- (a) a minimum of 97.5% of the issued and paid up share capital of Euroma Rubber Industries Sendirian Berhad, a company incorporated in Malaysia which operates a natural rubber processing plant in Kedah, Malaysia, with an annual processing capacity of 40,000 tonnes;
- (b) a minimum of 95.5% of the issued and paid up share capital of Hainan Sinochem Rubber Co., Ltd. (海南中化橡胶有限公司), a company incorporated in the PRC which operates three (3) natural rubber processing plants in Hainan province, with an aggregate annual production capacity of 105,000 tonnes. Hainan Sinochem is also the holding company for two (2) companies incorporated in the PRC, namely Baisha Sinochem Rubber Co., Ltd. (白沙中化橡胶有限公司) and Hainan Baoting Rubber Co., Ltd. (海南保亭中化橡胶有限公司), both of which are based in Hainan province and are primarily engaged in the procurement and sales of raw materials;
- (c) a minimum of 96.67% of the issued and paid up share capital of Xishuangbanna Sinochem Rubber Co., Ltd. (西双版纳中化橡胶有限公司), a PRC incorporated company which operates five (5) natural rubber processing plants in Yunnan province, with an aggregate annual processing capacity of 75,000 tonnes; and

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- (d) the rubber trading business division of SIO and certain employees of Sinochem that are involved in the business of trading and distribution of natural rubber products sourced from GMG, Euroma, Hainan Sinochem, Xishuangbanna and third party suppliers into PRC and other key markets including US and Europe, through, *inter alia*, the acquisition of Shanghai Hancheng Trading Co., Ltd. (上海瀚承贸易有限公司), a PRC incorporated company which will be 100% owned by Hainan Sinochem prior to the completion of the NR Assets Acquisition<sup>5</sup>.

The group structure of the NR Assets immediately prior to the completion of the NR Assets Acquisition and history of the NR Assets are set out in Appendix C to this Circular.

### 2.5.2 Salient Terms of the Share Sale Agreement

The salient terms of the Share Sale Agreement are summarised below:

- Conditions Precedent Completion under the Share Sale Agreement is conditional upon the following being fulfilled (or waived, as applicable) on or prior to the date of completion under the Share Sale Agreement (the “**Share Sale Completion**”):
- (a) all necessary approvals, consents, permits, filings and/or rulings from applicable governmental and regulatory authorities in Singapore (including the SGX-ST) and the PRC in relation to the transactions contemplated under the Share Sale Agreement being obtained, and the same remaining in full force and effect on the date of the Share Sale Completion;
  - (b) the approval of HAC Shareholders for the Proposed Resolutions at the EGM being obtained;
  - (c) the closing of the HAC MGO and GMG VGO in accordance with the Code (provided that this condition precedent shall be deemed satisfied if the HAC MGO commences on or prior to 30 September 2016, or such other date as may be agreed). For the avoidance of doubt, the NR Assets Acquisition can occur without the need for completion of the GMG VGO, subject to satisfaction of the other conditions under the Share Sale Agreement; and
  - (d) no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making any of the transactions contemplated under the Share Sale Agreement illegal or otherwise prohibiting consummation thereof on or prior to the Share Sale Completion.

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<sup>5</sup> Pursuant to a deed of additional warranty dated 9 May 2016, SIO has further represented and warranted that at completion of the NR Assets Acquisition, Han Cheng shall not have any business, assets or liabilities (contingent or otherwise) whatsoever, save as necessary for its maintenance as a legal entity. Accordingly, the historical financials of Han Cheng is irrelevant and has been excluded from the pro forma financials of the NR Assets as set out in Appendix D to this Circular.

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### Warranties

SIO represents and warrants to HAC as to, *inter alia*, the following terms as at the Share Sale Completion:

- (a) the NR Assets Holdco and its subsidiaries (being the NR Assets) (collectively the “**NR Assets Group**” and each a “**NR Assets Group Company**”) are each the sole beneficial owner of the assets which it owns and SIO is the sole beneficial owner of the shares in the NR Assets Holdco;
- (b) all shares owned by Sinochem which form part of the assets of the NR Assets Group and the shares in the NR Assets Holdco are properly and validly issued and shall each be fully paid up;
- (c) the legal and beneficial ownership of the NR Assets Holdco will, at the Share Sale Completion, vest in HAC free from any encumbrances, and Sinochem’s legal and beneficial ownership of the NR Assets will, at the Share Sale Completion, vest in the NR Assets Holdco free from any encumbrances;
- (d) upon the Share Sale Completion, no person has the right, or has claimed to have the right, whether exercisable now or in the future and whether contingent or not, to call for the conversion, issue, registration, sale or transfer, amortisation or repayment of any share capital or any other security giving rise to a right over, or an interest in, the capital of any NR Assets Group Company under any option, agreement or other arrangement;
- (e) upon the Share Sale Completion, there shall not be any change to the number of issued shares in the capital of any NR Assets Group Company, nor shall any NR Assets Group Company issue any instruments convertible or exchangeable into shares in the capital of any NR Assets Group Company;
- (f) the information in the books and records of the business operated by any NR Assets Group Company in relation to its assets (including statutory financial statements and accounts) maintained by the relevant NR Assets Group Company for a period of three (3) years prior to the date of the Share Sale Completion (the “**NR Assets Books**”) is true, complete and accurate in all material respects, and the NR Assets Books have been fully and properly drawn up and prepared in accordance with all relevant laws and accounting standards, principles and practices generally accepted in all relevant jurisdictions and so as to give a true and fair view of the state of affairs of each NR Assets Group Company as at the Share Sale Completion and of the results of and changes in financial position of each NR Assets Group Company for the year ended on that date and otherwise comply with the requirements of all other relevant and applicable legislation;
- (g) to the best of SIO’s knowledge after due and reasonable inquiry, the audited accounts of each NR Assets Group Company for the financial year ended 31 December 2015, where such NR Assets Group Company is required under applicable laws and regulations to audit its accounts, provide a true and fair view of the financial position of such NR Assets Group Company as at that date;

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- (h) no special incentive, bonuses nor rewards are payable by SIO or the NR Assets Group to its employees arising solely from the transactions contemplated in the HAC MGO, GMG VGO and the Share Sale Agreement, other than incentives, bonuses and rewards payable in accordance with current practices of SIO and the NR Assets Group;
- (i) the NR Assets Group's property leases are valid and in full force and effect, and enforceable in accordance with its terms, and the NR Assets Group will not have done or omitted to do anything prior to the Share Sale Completion which will result in termination or breach or expiry of such property leases which would result in a material adverse effect on any business operated by each of the NR Assets Group Company in relation to its assets, without the approval of HAC, and based on the current terms, none of these property leases will expire before 30 September 2016;
- (j) the Adjusted Net Tangible Assets (as defined under the Share Sale Agreement) of the NR Assets Group shall be no less than US\$88 million at the date of the Share Sale Completion, and SIO shall compensate the NR Assets Group for any shortfall of the Adjusted Net Tangible Assets from the amount of US\$88 million; and
- (k) in the event there shall be any material deficiencies in the legal ownership or title of the NR Assets Group to the assets of the NR Assets Group or its usage of such assets, which are existing as at the date of the Share Sale Completion and which results in actual loss to the NR Assets Group subsequent to the Share Sale Completion, SIO shall compensate the NR Assets Group for such loss.

### 2.5.3 Purchase Consideration

The consideration for the NR Assets Acquisition was negotiated between HAC and SIO at arm's length and on a willing-buyer willing-seller basis, after taking into account:

- (a) the combined NAV of the NR Assets of approximately US\$93.7 million as at 31 December 2015; and
- (b) the business prospects of the NR Assets and the benefits arising from the NR Assets Acquisition which include enhancing the operational scale of HAC, broadening the geographic scope of HAC's operations and product offering, extending HAC's distribution reach into the PRC, and potential synergy opportunities through common corporate infrastructure, sharing best practices and economies of scale.

Please also refer to Section 8.2 of this Circular for the extract of the IFA's opinion stating that the consideration for the NR Assets Acquisition is fair and reasonable after taking into consideration, *inter alia*, the valuation of the NR Assets conducted by the Independent Valuer<sup>6</sup>, which has indicated that the valuation range for the NR Assets as at 30 September

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<sup>6</sup> As China's first appraisal group authorised and approved by the Ministry of Finance and registered with the State Administration of Industry and Commerce, China United Assets Appraisal Group (hereinafter referred to as "China United Appraisal") is the largest and most influential integrated professional provider of appraisal & consulting services in China. China United Assets Appraisal Group Co., Ltd-the Group's parent company, was established in 1994 as a division under China Economic and Technological Investment Guarantee Co. Ltd jointly founded by the Ministry of Finance and the former State Economic and Trade Commission. (Extracted and translated from <http://www.china-value.com/w>About.asp?pid=4&ID=258>)

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2015 was between RMB879.0 million and RMB960.0 million (or approximately between S\$196.9 million and S\$215.1 million based upon the exchange rate of S\$1:RMB4.4632 as at 30 September 2015).

The consideration for the NR Assets Acquisition was determined to be S\$210 million and will be satisfied by the allotment and issuance of new HAC Shares to SIO at an issue price of S\$0.75 per HAC Share. Accordingly, the aggregate number of new HAC Shares to be allotted and issued as consideration for the NR Assets is 280,000,000. Such consideration shares represent approximately:

- (a) 46.66% of the HAC LPD Share Capital;
- (b) 29.00% of HAC's enlarged share capital upon completion of the GMG VGO, which comprises approximately 965,565,968 HAC Shares pursuant to the GMG VGO Minimum Scenario;
- (c) 21.29% of HAC's enlarged share capital upon completion of the GMG VGO, which comprises approximately 1,315,018,126 HAC Shares pursuant to the GMG VGO Maximum Scenario; and
- (d) 17.55% of HAC's enlarged share capital upon completion of the Proposed Transactions, which comprises approximately 1,595,018,126 HAC Shares pursuant to the GMG VGO Maximum Scenario.

The issue price for each new HAC Share represents a premium of 3.2% over the VWAP of HAC Shares at S\$0.727 per share, based on trades done on Mainboard of the SGX-ST on the Last Trading Day.

Such new HAC Shares when issued as 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 for which the record date falls on or before the date of completion of the allotment and issuance.

### 2.5.4 Interest of Directors and Substantial Shareholders

As at the Latest Practicable Date, none of the other Directors and to the best of the Directors' knowledge, none of the substantial shareholders of HAC or their respective associates has any interest, direct or indirect, in the NR Assets.

### 2.5.5 Relative Figures Under Chapter 10 of the Listing Manual

For the purpose of Chapter 10 of the Listing Manual, the relative figures in relation to the NR Assets Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual, based on the HAC Group's latest announced consolidated financial statements, being FY2015, 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 <sup>(1)</sup>
(b)	Net profits <sup>(2)</sup> attributable to the assets acquired, compared with the group's net profits <sup>(2)</sup>	109.60 <sup>(3)</sup>
(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	48.14 <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	46.66 <sup>(5)</sup>

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Rule 1006	Bases	Relative Figures (%)
(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 <sup>(1)</sup>

Notes:

- (1) This basis is not applicable to the NR Asset Acquisition.
- (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 profit attributable to the NR Assets to be acquired is determined based on the audited net profit of NR Assets of approximately US\$13.4 million for FY2015. The audited net profit of the HAC Group was approximately US\$12.3 million for FY2015.
- (4) The Company's market capitalisation was approximately S\$436,266,884, determined by multiplying the total issued HAC Shares of 600,092,000 shares by the VWAP of HAC Shares of S\$0.727 per share, based on trades done on Mainboard on the Last Trading Day. The consideration for the NR Assets is S\$210 million.
- (5) The number of equity securities to be issued by the Company as consideration for the NR Assets is 280,000,000 new HAC Shares.

Based on the above figures, the NR Assets Acquisition is subject to the approval of HAC Shareholders at the EGM.

2.5.6 More information on the NR Assets can be found in Appendix C to this Circular. The audited financial information of the NR Assets for the latest three (3) financial years is set out in Appendix E to this Circular.

### 2.6 Relative Figures of the Proposed Transaction under Chapter 10 of the Listing Manual

For the benefit of shareholders, the relative figures in relation to the GMG VGO and the NR Assets Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual, based on the HAC Group's latest announced consolidated financial statements, being FY2015, are set out below:

Rule 1006	Bases	Relative Figures (%)	
		GMG VGO Minimum Scenario	GMG VGO Maximum Scenario
(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable <sup>(1)</sup>	Not applicable <sup>(1)</sup>
(b)	Net profits <sup>(2)</sup> attributable to the assets acquired, compared with the group's net profits <sup>(2)</sup>	-4.72 <sup>(3)</sup>	-9.23 <sup>(3)</sup>
(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	110.97 <sup>(4)</sup>	171.04 <sup>(4)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	107.56 <sup>(5)</sup>	165.80 <sup>(5)</sup>
(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 <sup>(1)</sup>	Not applicable <sup>(1)</sup>

Notes:

- (1) This basis is not applicable to the Proposed Transactions.



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- (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 assets acquired (being the audited net loss of GMG Group of approximately US\$14.6 million for FY2015 and audited net profit of NR Assets of approximately US\$13.4 million for FY2015) was approximately US\$1.1 million. The audited net profit of the HAC Group was approximately US\$12.3 million for FY2015. The relative figure for the GMG VGO Minimum Scenario is determined based on the 51.12% proportionate share of the GMG Group’s FY2015 net loss, being approximately US\$7.4 million.
- (4) The Company’s market capitalisation was approximately S\$436,266,884, determined by multiplying the total issued HAC Shares of 600,092,000 shares by the VWAP of HAC Shares of S\$0.727 per share, based on trades done on the Mainboard on the Last Trading Day. The implied consideration for the GMG VGO is (i) S\$274,105,476 under the GMG VGO Minimum Scenario and (ii) S\$536,194,595 under the GMG VGO Maximum Scenario. The consideration for the NR Assets Acquisition is S\$210,000,000.
- (5) The number of equity securities to be issued by the Company as consideration (a) for the GMG VGO is (i) 365,473,968 new HAC Shares under the GMG VGO Minimum Scenario and (ii) 714,926,126 new HAC Shares under the GMG VGO Maximum Scenario; and (b) for the NR Assets is 280,000,000 new HAC Shares.

Pursuant to Rule 1005 of the Listing Manual and based on the relative figures above, the Proposed Transactions are collectively considered as a very substantial acquisition (“**VSA**”) under Chapter 10 of the Listing Manual as the relative figures under Rules 1006(c) and (d) exceed 100%. Accordingly the Proposed Transactions are subject to the approval of Shareholders at the EGM.

Based on the representations made and information provided by the Company, the SGX-ST had on 12 May 2016, approved-in-principle the Proposed Transactions as a VSA, subject to the following conditions:

- (a) compliance with the SGX-ST’s listing requirements;
- (b) HAC Shareholders’ approval being obtained for the Proposed Transactions and for all other necessary and relevant proposals to put forth at the forthcoming EGM; and
- (c) submission of the following (the “**Relevant Documents**”):
  - (i) pursuant to Rule 1015(3)(c) of the Listing Manual, the moratorium undertakings in compliance with Rules 227, 228 and 229 by:
    - (1) Sinochem and SIO in relation to the new HAC Shares to be issued pursuant to the Proposed Transactions held by them respectively; and
    - (2) Mr Robert Meyer in relation to his HAC Shares;
  - (ii) pursuant to Rule 1015(2) of the Listing Manual which requires the Enlarged Group to comply with the requirements in Rule 210(5) and (6), read in conjunction with Rule 1015(4)(c), the required declarations under the aforementioned Rules for:
    - (1) Sinochem and on behalf of its principal subsidiaries;
    - (2) SIO; and
    - (3) Any new director and executive officer to be appointed to the Company;
  - (iii) a written confirmation from the Company’s Financial Adviser, Deutsche Bank that the signed moratorium undertakings from the relevant parties pursuant to Rule 227 of the Listing Manual are in accordance with the requirements of Rules 228 and 229 of the Listing Manual; and
  - (iv) a written confirmation from the Company’s Financial Adviser, Deutsche Bank that the Proposed Transactions, as a VSA, have complied with Rule 210(4)(a) of the Listing Manual.

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The Relevant Documents have been submitted by the respective parties to the SGX-ST on or prior to the date of this Circular.

The SGX-ST's in-principle approval in respect of the Proposed Transactions is not to be taken as an indication of the merits of the Proposed Transactions, the Company and/or its subsidiaries.

### 2.7 Waiver from Strict Compliance with Chapter 10 of the Listing Manual

Applications were made on 14 October 2015 and 29 April 2016 to the SGX-ST (followed by subsequent correspondences thereafter) for waiver from strict compliance with Chapter 10 of the Listing Manual in relation to the Proposed Transactions.

In its letters dated 18 December 2015, 12 February 2016 and 12 May 2016, the SGX-ST informed the Company that it has no objection to the Company's application for waivers (the "**Waivers**") from compliance with:

#### 2.7.1 Rule 1015(2) of the Listing Manual relating to the requirement for the target business to be profitable

The bases for the Company's application for waiver are as follows:

- (a) although GMG had incurred losses for FY2014 and for the six (6) months ended 30 June 2015, this was due primarily to the falling natural rubber prices;
- (b) notwithstanding the fall in natural rubber prices, the sales volume of the GMG Group had increased over the last five (5) years;
- (c) GMG had disclosed in its annual report for FY2014 the following corporate developments:
  - (i) strategic investment in new plant and replanting in the GMG Group's African plantations, having added another 2,267 hectares of new planting and 900 hectares of replanting in FY2014;
  - (ii) the increase of its annual processing capacity to 527,000 tonnes, which is 9.3% higher than 482,000 tonnes in FY2013;
  - (iii) the integration of all of GMG Group's operations in Indonesia and Thailand through the SAP system which is envisaged to bring about increased efficiencies and better cost management;
- (d) the GMG Group had been profitable for FY2010 to FY2013; and
- (e) the GMG Group, a subsidiary of Sinochem, is in the same businesses as the HAC Group, and the GMG VGO is undertaken with the support of Sinochem to turnaround the businesses of GMG by leveraging on the experience and track record of the Company and its management.

#### 2.7.2 Rule 1015(2) of the Listing Manual relating to the requirement for the Company to appoint a competent and independent valuer to value GMG and the NR Assets

The bases for the Company's application for waiver are as follows:

- (a) GMG is a company currently listed on the Mainboard of the SGX-ST, and the shares and business of GMG already have a prescribed market value;

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- (b) the Company will not have access to information necessary for a business valuation of GMG (for example, its projected financial performance or future business plans or strategies) as GMG is a listed company that is subject to strict confidentiality requirements, a business valuation of GMG is neither meaningful nor possible; and
- (c) the Company will obtain and set out in the HAC EGM Circular, the IFA's opinion as to whether each of the GMG VGO and the NR Assets Acquisition (i) is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders and (ii) that the consideration given for each of the Proposed Transactions is fair and reasonable. In arriving at its opinion, the IFA will take into consideration amongst others, the valuation of the NR Assets commissioned by an independent third party and will also disclose the name of the valuer as well as the valuation amount.

### 2.7.3 Rule 1015(5)(b) of the Listing Manual relating to the requirement that the HAC EGM Circular must contain an accountants' report on the assets to be acquired and the Enlarged Group

The bases for the Company's application for waiver are as follows:

- (a) as the acquisition of GMG is made by way of a voluntary general offer to the GMG Shareholders, the Company does not have access to GMG, its board or its management, and all information on GMG would have to be based on public information;
- (b) the audited financial statements of GMG for the latest three financial years were prepared on the same financial reporting standards (namely the Singapore Financial Reporting Standards) at December year-end as that of the Company. These publicly available audited financial statements of GMG (together with the notes to the financial statements) would have included material information to enable the HAC Shareholders to arrive at an informed decision about GMG;
- (c) GMG is in the same business as the Company and therefore the Proposed Transactions do not result in a change in the core business of the Company; and
- (d) the Company would be providing in the HAC EGM Circular, the pro forma financial information of the Enlarged Group which consists of the Company, GMG and the NR Assets after the completion of the Proposed Transactions, based on publicly available information in relation to GMG, for the latest three (3) financial years and the most recent interim period (if applicable). The HAC EGM Circular will also contain the audited financial information for the latest three (3) financial years and the unaudited financial information for the most recent interim period (if applicable) for GMG and the NR Assets.

### 2.7.4 Rule 1015(5)(b) of the Listing Manual relating to the requirement for the HAC EGM Circular to contain an accountant's report on the assets to be acquired and for the accountant's report to comply with Rule 609 of the Listing Manual

In particular, the Company sought a waiver from disclosing the full audited financial statements of GMG and the NR Assets. The bases for the Company's application for waiver are as follows:

- (a) the Company believes that the key financial information of the NR Assets, to be disclosed in the HAC EGM Circular provides HAC Shareholders with relevant and meaningful information on the financial position of the NR Assets;
- (b) Sinochem has not consented to the disclosure of the full financial statements of the NR Assets in the HAC EGM Circular. Certain full financial statements of the NR Assets were prepared for the purposes of asset appraisal and valuation only, and

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were provided to the Company by Sinochem for private use. Further, the auditors who prepared the financial statements of the NR Assets have also not given their consent for disclosure of the same in the HAC EGM Circular;

- (c) Sinochem is listed on the Shanghai Stock Exchange (the “SSE”). As far as the Directors of the Company are aware, Sinochem has not made the audited financial statements of the NR Assets publicly available on the SSE. As such, there would be disclosure implications for Sinochem under the listing rules of SSE, in the event the Company has to disclose the audited financial statements of the NR Assets in the HAC EGM Circular;
- (d) the full audited financial statements of Hainan Sinochem, Xishuangbanna and the rubber trading business division of SIO are in Mandarin. It would take considerable time to translate these full audited financial statements to English, and this would delay the despatch of the HAC EGM Circular, and consequently, the deal timetable. As the Proposed Transactions have been announced on 28 March 2016, it is firmly in the interests of the public shareholders that (i) HAC Shareholders receive the HAC EGM Circular as soon as possible to be presented with maximum information to make an informed decision on the Proposed Transactions, and that (ii) the Proposed Transactions are consummated without delay to prevent unnecessary uncertainty or confusion in the market; and
- (e) the full financial statements of GMG are publicly available and are voluminous.

The Waivers are subject to the following conditions:

- (I) the Company announcing the Waivers granted, the reasons for seeking the Waivers and the conditions as required under Rule 107 of the Listing Manual;
- (II) disclosure in the HAC EGM Circular on the Waivers granted, the reasons for seeking the Waivers and the conditions of the Waivers as required under Rule 107 of the Listing Manual; and
- (III) submission of a written confirmation from the Company that the Waivers do not contravene any laws and regulations governing the Company and the constitution of the Company (the “**Confirmation**”).

The Company announced the Waivers on 28 March 2016 and 13 May 2016. The Confirmation has been submitted by the Company to the SGX-ST on 13 May 2016.

### 2.8 SGX-ST Approval In-Principle for listing and quotation of the new HAC Shares

The Company had on 12 May 2016, received the approval in-principle from the SGX-ST for the listing and quotation of up to 994,926,351 new HAC Shares to be issued as consideration for the GMG VGO and the NR Assets Acquisition. The AIP is subject to the following conditions:

- (a) compliance with the SGX-ST’s listing requirements;
- (b) HAC Shareholders’ approval for the GMG VGO and NR Assets Acquisition, and
- (c) submission of the following documents (the “**AIP-Documents**”):
  - (i) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and
  - (ii) a written confirmation from the Company that it will not issue the new HAC Shares to persons prohibited under Rule 812(1) of the Listing Manual.

The AIP-Documents have been submitted to the SGX-ST on 13 May 2016.

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The AIP is not to be taken as an indication of the merits of the Proposed Transactions, the new HAC Shares, GMG, the NR Assets, the Company and/or its subsidiaries.

### 3. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Directors believe that the Proposed Transactions (namely the GMG VGO and the NR Assets Acquisition) would be in the best interests of the HAC Shareholders for the following reasons:

#### 3.1 The Proposed Transactions are consistent with the Company's business strategy of establishing itself as a leading global natural rubber supply chain manager

The Company's strategy to establish itself as a world leading natural rubber supply chain manager is based upon having the scale, scope and reach to provide customers with the natural rubber they need, whenever and wherever they need it.

The Proposed Transactions significantly enhance the Company's capabilities in every aspect of this strategy, increasing the scale of the Company's activities substantially, broadening the scope of the business by adding operations in new geographies and extending its reach by adding new customers and markets. Following completion of the Proposed Transactions, the Company would be the world's largest and most comprehensive natural rubber supply chain manager.

#### 3.2 The Proposed Transactions significantly enhance the scale and market position of the Company in each segment of the natural rubber supply chain

The Proposed Transactions significantly increase the scale of the HAC Group's operations in each segment of the natural rubber supply chain.

In the upstream/plantations segment, the Proposed Transactions will increase the total rubber plantation land held by the HAC Group by more than 26 times to in excess of 193,000 hectares<sup>7</sup> and significantly increase the total rubber planted area held by the HAC Group to in excess of 54,000 hectares<sup>7</sup>.

In the midstream/processing segment, the Proposed Transactions will increase the total processing capacity of the HAC Group by about 100% to approximately 1.5 million tonnes per annum<sup>7</sup>, making the Enlarged Group the world's largest producer of Technically Specified Rubber ("TSR") in terms of production capacity.

In the downstream/distribution segment, the Proposed Transactions would increase the HAC Group's annual distribution capability by approximately 100% to 2.0 million tonnes per annum.

#### 3.3 The Proposed Transactions broaden the geographic scope of the Company's operations and product offering

The Company currently produces TSR of Indonesian and Malaysian origin for sale to its customers. The Proposed Transactions would broaden the Company's operations and product offering significantly by adding the production of TSR of Chinese, Thai and African origins, as well as increasing the number of grades of natural rubber that the Company can produce. As a result, following completion of the Proposed Transactions, the Company's operations would cover the vast majority of rubber producing regions in the world and give it a comprehensive product suite to offer its customers.

#### 3.4 The Proposed Transactions extend the distribution reach of the Company into the PRC

The PRC is the world's largest consumer of natural rubber, accounting for approximately 4,820,000 tonnes of natural rubber consumption in 2015, which is approximately 39.0% of the world consumption. To date, a relatively small portion of the Company's total sales volume has been

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<sup>7</sup> Includes GMG's associate, SIAT S.A.

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to PRC customers. The Proposed Transactions extend the Company's existing distribution reach into PRC, providing a comprehensive network of sales offices, logistics assets and an extensive customer base.

### **3.5 The Proposed Transactions increase the vertical integration of the Company across the natural rubber supply chain**

The Proposed Transactions will provide the Company with a significant and growing production of natural rubber sourced from owned plantations. In an environment of increasing customer emphasis on sustainability and corporate social responsibility, the ability to control the supply chain from the natural rubber tree through to processing, combined with HAC's global distribution network provides the potential to give customers a premium product offering that aligns with their own sustainability and responsibility agendas.

### **3.6 Diversification of the Company's revenue base**

In addition to the strategic benefits of the enhanced geographic breadth of the Company's operations, the Proposed Transactions would benefit the Company by increasing the diversification of its revenues. In FY2015, more than 50% of GMG's revenue was from the PRC (34%) and Europe (25%), with the rest made to diversified markets including South Korea, the Americas, India and Thailand. In contrast, approximately 14% and 16% of the Company's FY2015 revenue was from the PRC and Europe respectively.

### **3.7 Potential synergies between the principal business activities of the Company, GMG and the NR Assets**

GMG and the NR Assets have business operations that are complementary to the Company, being the management of rubber plantations, operating rubber processing facilities and distributing natural rubber to customers. It is expected that, over time, there will be synergy opportunities through common corporate infrastructure, sharing best practices and economies of scale.

### **3.8 Enhancement of the investment and credit profile of the Company in financial markets**

The Proposed Transactions are expected to enhance the profile of the Company in equity and debt markets and have the potential to significantly increase the market capitalisation of the Company to become a sizeable listed natural rubber company. This would in turn, enable the Company to attract more extensive research coverage and has the potential to lead to an overall increase in investor interest and trading liquidity in the HAC Shares.

### **3.9 The Proposed Transactions represent an efficient and fair basis upon which to combine the relevant assets of GMG and the NR Assets with the Company**

The Proposed Transactions would, upon completion, result in the Company being the listed vehicle and holding company for: (a) at least a majority of the total issued and paid-up shares of GMG, via the GMG VGO; and (b) the NR Assets. HAC Shareholders would have a stake in this enlarged business, via a SGX-ST listed company. Accordingly, there would be an ongoing ready market for their HAC Shares.

Alternatively, the sequence of the transactions offers the HAC Shareholders the opportunity to realise their investment in HAC, via the HAC MGO, at S\$0.75 per HAC Share should they not wish to invest in the Enlarged Group (after completion of the Proposed Transactions), at the same price at which the Vendor Shareholders would be selling their HAC Shares to SIO, pursuant to the Vendor SPAs (as defined in Section 2.1 above). This offer price represents (i) a premium of 52.6% over the VWAP of HAC Shares for the one month period up to and including 8 September 2015 (the last full Market Day preceding the date whereby the SGX-ST posed queries to HAC on 9 September 2015 in relation to unusual trading activity in HAC Shares), and (ii) a premium of 18.1% over the last transacted price per HAC Share on 11 January 2016, being the Last Undisturbed Trading Day.

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### 4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial effects of the Proposed Transactions on HAC Group 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 Transactions. The financial effects set out below have been prepared based on the latest audited consolidated financial statements of HAC, GMG and NR Assets for the most recently completed financial year, being FY2015, and on the following key assumptions:

- (a) the number of equity securities to be issued by the Company as consideration (i) for the GMG VGO is 714,926,126 new HAC Shares under the GMG VGO Maximum Scenario; and (ii) for the NR Assets is 280,000,000 new HAC Shares;
- (b) the effect of the transaction on the EPS of the HAC Group shown in Section 4.1 below is based on the assumption that the Proposed Transactions had been effected at the beginning of FY2015; and
- (c) the effect of the transaction on the NTA per share and NAV per share of the HAC Group shown in Section 4.2 below is based on the assumption that the Proposed Transactions had been effected at the end of FY2015.

#### 4.1 EPS

EPS	As at 31 December 2015	After the completion of the Offers	After the completion of the Offers and NR Assets Acquisition
Earnings (US\$'000)	8,467 <sup>(1)</sup>	(4,804) <sup>(2)</sup>	5,762 <sup>(3)</sup>
Number of issued shares ('000)	600,092	1,315,018	1,595,018
Adjusted EPS (US cents)	1.41	(0.37)	0.36
Adjusted EPS (S\$ cents)	1.95	(0.50)	0.50

Notes:

- (1) The earnings are based on the consolidated profit attributable to the owners of the Company for FY2015.
- (2) Includes the earnings as set out in note (1), the GMG Group's audited net loss attributable to the owners of US\$13.3 million for FY2015, translated at the average exchange rate of US\$1.00:S\$1.3786 (being the HAC Group's average exchange rate for FY2015).
- (3) Includes the earnings as set out in note (2), the aggregate of NR Assets' audited net profit attributable to the owners of US\$10.6 million for FY2015, translated at the average exchange rate of US\$1.00:RMB6.2930 and US\$:MYR3.9406 (being the HAC Group's average exchange rate for FY2015).

#### 4.2. NTA and NAV

NTA/(Net tangible liabilities) ("NTL")	As at 31 December 2015	After the completion of the Offers	After the completion of the Offers and NR Assets Acquisition
Consolidated NTA/(NTL) (US\$'000)	(73,882) <sup>(1)</sup>	353,085 <sup>(2)</sup>	438,981 <sup>(3)</sup>
Number of issued shares ('000)	600,092	1,315,018	1,595,018
Adjusted NTA/(NTL) per share (US cents)	(12.31)	26.85	27.52
Adjusted NTA/(NTL) per share (S\$ cents) <sup>(7)</sup>	(17.41)	37.96	38.91

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NAV	As at 31 December 2015	After the completion of the Offers	After the completion of the Offers and NR Assets Acquisition
Consolidated net assets (US\$'000)	126,652 <sup>(4)</sup>	656,013 <sup>(5)</sup>	749,683 <sup>(6)</sup>
Number of issued shares ('000)	600,092	1,315,018	1,595,018
Adjusted net assets per share (US cents)	21.11	49.89	47.00
Adjusted net assets per share (S\$ cents) <sup>(7)</sup>	29.84	70.53	66.46

Notes:

- (1) Based on the HAC Group's consolidated NTA as at 31 December 2015.
- (2) Includes the NTA as set out in note (1), the GMG Group's audited NTA of US\$427.0 million as at 31 December 2015 which is adjusted to exclude goodwill recognised in GMG's investments in associates of US\$94.5 million, translated at the HAC Group's exchange rate of US\$1.00: S\$1.4139 as at 31 December 2015.
- (3) Includes the NTA as set out in note (2), the aggregate of NR Assets' audited NTA of approximately US\$85.9 million as at 31 December 2015, translated at the HAC Group's exchange rate of US\$1.00:RMB6.4947 and US\$1.00:MYR4.2923.
- (4) Based on the HAC Group's consolidated NAV as at 31 December 2015.
- (5) Includes the NAV as set out in note (4), the GMG Group's audited net assets of US\$529.4 million as at 31 December 2015, translated at the HAC Group's exchange rate of US\$1.00: S\$1.4139 as at 31 December 2015.
- (6) Includes the NAV as set out in note (5), the aggregate of NR Assets' audited net assets of US\$93.7 million as at 31 December 2015, translated at the HAC Group's exchange rate of US\$1.00:RMB6.4947 and US\$1.00:MYR4.2923.
- (7) Translated at the HAC Group's exchange rate of US\$1.00: S\$1.4139 as at 31 December 2015.

- 4.3 For illustration purposes, the unaudited pro forma consolidated (i) income statement, (ii) statement of financial position and (iii) statement of cash flows of the Enlarged Group, presented for the latest three (3) financial years, being FY2013, FY2014 and FY2015 are set out in Appendix B to this Circular.

The Directors of the Company have engaged Ernst & Young LLP to perform certain agreed-upon procedures on the unaudited pro forma consolidated financial information of the Enlarged Group as set out in Appendix B to this Circular. Please refer to Appendix G to this Circular for the report issued by Ernst & Young LLP on the agreed-upon procedures.

## 5. INTENTIONS FOR HAC, GMG AND THE ENLARGED GROUP AFTER COMPLETION OF THE PROPOSED TRANSACTIONS

### 5.1 SIO's intentions in relation to the HAC Group

As stated in the Pre-Conditional HAC MGO Announcement, save for integrating and consolidating the business of HAC, GMG and the NR Assets, SIO currently has no intentions to (i) introduce any major changes to the existing business of the HAC Group (including but not limited to any changes to the executive officers of the HAC Group), (ii) discontinue the employment of the employees of the HAC Group, or (iii) re-deploy any of the fixed assets of HAC Group, other than in the ordinary course of business. SIO retains the flexibility at any time to consider any options or opportunities in relation to HAC which may present themselves and which SIO may regard to be in the best interests of SIO or the HAC Group.

### 5.2 HAC's intentions in relation to GMG

In the event the Company receives acceptances for the GMG VGO such that less than 10% of the total number of issued GMG Shares (excluding any shares held by GMG as treasury shares) are held in public hands, the SGX-ST may suspend trading of GMG Shares at the close of the GMG



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VGO. The Company presently has no intention to support any action or take any steps to maintain the listing status of GMG on the SGX-ST. The Company will comply with all applicable rules of the Listing Manual in such an event, including Rules 1307 and 1309 of the Listing Manual, should the Company seek a delisting of GMG.

In addition, in the event the Company receives acceptances such that it becomes entitled to exercise its rights of compulsory acquisition under Section 215(1) of the Act, the Company intends to exercise such right to compulsorily acquire the remaining GMG Shares.

Upon completion of the GMG VGO, the Company may undertake a strategic and operational review of the organisation, business and operations of the GMG Group with a view to realise synergies and growth potential. It is the intention of the Company to ensure continuity of the GMG Group's operations and to lead the GMG Group to further growth and development.

The Company presently has no intention to introduce any major changes to the existing business of the GMG Group, or to discontinue the employment of any of the existing employees of the GMG group or re-deploy any of the fixed assets of the GMG group, other than in the ordinary course of business.

### Potential conflicts of interests between HAC and GMG

In the event GMG remains listed on the SGX-ST, it is not envisaged that there will be any material conflicts of interest between the business of the HAC Group (taking into account the NR Assets as part of the HAC Group for the purpose of addressing potential conflicts of interests) and the GMG Group for the following reasons:

- (a) The GMG Group has business operations that are complementary to the HAC Group and the NR Assets, and there is minimal geographical overlap in the operations of the GMG Group and the HAC Group. For instance:
  - (i) the HAC Group currently produces TSR of Indonesian and Malaysian origin and the NR Assets currently produces TSR of Chinese origin. On the other hand, the GMG Group produces TSR of Thai and African origins; and
  - (ii) to-date, a relatively small portion of the Company's total sales volume has been to PRC customers while the GMG Group derived approximately 34% of its FY2015 revenue from the PRC.

The combined business will benefit from a significantly enhanced market presence, economies of scale and greater diversification of operations.

- (b) The HAC Group and the GMG Group will continue to have separate distinct operation facilities and management teams. As mentioned above, the Company presently has no intention to introduce any major changes to the existing business of the GMG Group, or to discontinue the employment of any of the existing employees of the GMG Group. The management of the GMG Group, as well as its board of directors will remain independent, although if appropriate, HAC will propose and appoint representative(s) to the GMG board upon HAC becoming the majority shareholder of GMG after the completion of the Proposed Transactions. If and when such representative(s) are proposed by HAC to the GMG board, the nominating committee of GMG will assess the credentials of the candidate based on its policy and terms of reference for the appointment of directors which may include any conflicts of interests between the two groups.

In the unlikely event that any conflict of interest may arise, such events are and will be mitigated as follows:

- (i) under the Act, every director who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with the HAC Group or the GMG Group is required to disclose their interests as soon as practicable at a meeting of the directors after the relevant

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facts have come to his knowledge. In addition, every director who holds office or possesses any property whereby, whether directly or indirectly, any duty or interest might be created in conflict with their duties or interest, will declare at any meeting of the fact and nature, character and extent of any conflict of interests. Upon such disclosure, such directors will not participate in any proceedings of the board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the audit committee has determined that no such conflict of interest exists;

- (ii) HAC will abstain from voting, in its capacity of a shareholder of GMG, in respect of any contract, arrangement, proposal, transactions or matter in the event there is a conflict of interest;
- (iii) the audit committee of each of HAC and GMG will review any actual or potential conflicts of interests that may involve the directors as disclosed by them to the board. Where a conflict of interest does exist, the audit committee will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;
- (iv) GMG and HAC, as companies listed on the SGX-ST, are subject to the rules under Chapter 9 of the Listing Manual in relation to interested person transactions which require each company to make prompt announcements, disclosures in its annual report and/or seek shareholders' approval for material interested person transactions; and
- (v) any member of a company's board of directors owes fiduciary duties to the company and its shareholders. Accordingly, directors of GMG and HAC will have fiduciary obligations to their respective companies, including the duty to act in good faith and in the company's best interests.

In addition, HAC will review the practicality and effectiveness of the foregoing measures to mitigate the potential conflicts of interests annually and will make any changes to them when necessary in response to any changes in the operating environment and/or prior to the GMG Group or the HAC Group carrying out any new business activities.

### 5.3 Sinochem and HAC's intentions in relation to the Enlarged Group

#### 5.3.1 Shareholding Structure

Upon completion of the Proposed Transactions, SIO will own a majority of the resultant issued and paid-up share capital of HAC. HAC will in turn own (i) at least 51.12% of the total issued and paid-up share capital of GMG and (ii) the NR Assets.

#### 5.3.2 Board of Directors

##### (a) HAC Board

Mr Robert Meyer, the Chief Executive Officer of the Company, and Mr Pascal Demierre, an Executive Director of the Company, have indicated their willingness to remain on the Board and in executive management of the Company.

##### (b) GMG Board

If appropriate, HAC will propose and appoint representative(s) to the GMG Board upon HAC becoming the majority shareholder of GMG after the completion of the Proposed Transactions.

Any appointment of new directors will be subject to the nominating committee procedures of each of HAC and GMG, and such new directors will be required to satisfy the appropriate experience and expertise prerequisites. Appropriate announcements will be made in due course if there are any new appointments to the board of HAC and GMG.

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### 5.3.3 Executive Officers

#### (a) HAC Executive Officers

Save for integrating and consolidating the business of HAC, GMG and the NR Assets, SIO currently has no intentions to introduce any major changes to the executive officers of HAC.

#### (b) GMG Executive Officers

Upon GMG becoming a subsidiary of HAC, HAC will review the business and operational management of GMG and propose changes if required. No firm plans have been made by HAC to replace any present executive officers of GMG.

### 5.3.4 Business

HAC is a global natural rubber supply chain manager. HAC's business activities span the entire natural rubber supply chain and are organised around three (3) key stages of activity: Origination, Production and Distribution. HAC produces high quality natural rubber at its 14 processing facilities in Indonesia and Malaysia and produces sustainable, premium TSR under its proprietary HEVEAPRO brand. It sells its own products and products procured from third parties to an extensive customer base of the world's top tyre producers and hundreds of industrial manufacturers. HAC's distribution network is extensive, comprising sales offices and logistics assets spanning South East Asia, the PRC, South Africa, the United States and Europe. HAC is one of the top five (5) natural rubber companies globally, with a production capacity of 748,000 tonnes and a distribution capability in excess of one (1) million tonnes.

HAC is headquartered in Singapore and listed on the Mainboard of the SGX-ST. Since its founding in 2010, HAC has grown rapidly by successfully acquiring and integrating a number of the longest established and highest quality businesses in the industry, including the Anson Group (Lee Rubber Indonesia), which traces its roots back to the 1930s. A total of six (6) acquisitions have been completed since its initial public offering in 2013, establishing HAC as one of the natural rubber industry's leading participants, with unrivalled scale, scope and reach.

Following completion of the Proposed Transactions, the businesses of the Enlarged Group will be expanded to include the existing business of GMG and the NR Assets which are complementary in nature. The Proposed Transactions will allow the Company to gain access to an additional 21,684 hectares planted area of natural rubber plantations located in Cameroon and Cote d'Ivoire, which are owned by GMG, as well as GMG and the NR Assets' large combined network of rubber processing facilities with total annual capacity of 747,000 tonnes located in Thailand, Indonesia, Cameroon, Gabon, Cote d'Ivoire, Malaysia and the PRC. The combined natural rubber origination, production and distribution capabilities of the Enlarged Group will enable the Company to become the leading natural rubber supply chain manager in the world.

### 5.3.5 Prospects and Future Plans after the completion of the Proposed Transactions

#### (a) **Prospects**

The Directors believe that the prospects of the Enlarged Group are positive, in light of the consistent rising demand for natural rubber. The Proposed Transactions represent an opportunity for the Company to become the world's largest and most comprehensive natural rubber supply chain manager with strong capabilities across each segment of the supply chain.

The Company believes that the natural rubber price has, for some time, been disconnected from supply-demand fundamentals, which remain solid both in the near term and over the longer term. Instead, global economic sentiment and fears about the

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Chinese economy have weighed heavily on the commodity sector and have extended downward pressure on the natural rubber price to levels below the cost of production of most rubber producers.

The Company is optimistic that the natural rubber price will eventually return to a level which will provide for fair remuneration for smallholder farmers and support the sustainable operation and development of the natural rubber industry.

(b) **Future plans**

The Company's strategy, despite the backdrop of this market environment, remains to serve its customers by providing high quality products, and to serve its stakeholders and communities by upholding high standards of governance, sustainability and responsibility. The Company continues to seek opportunities to improve its business through enhancing the scale of operations and the integration of business across the natural rubber supply chain.

### 5.3.6 Risk Factors

The principal risk factors associated with the Enlarged Group are discussed below:

(a) **The Enlarged Group's operations will extend to Cameroon, Cote d'Ivoire, Congo, Thailand, the PRC and other developing countries and will be subject to risks relating to conducting business in such countries**

The Enlarged Group's operations will extend to emerging markets in Cameroon, Cote d'Ivoire, Congo, Thailand, the PRC and other developing countries in Africa. The Enlarged Group will be subject to political, social, economic, legal, operational and other risks arising from operating in these countries. These risks may include, *inter alia*:

- (i) civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- (ii) relatively less developed legal systems and business practices which may give rise to difficulties in enforcement of agreements entered into with counter-parties;
- (iii) changes in duties payable and taxation rates, import policies and tariffs;
- (iv) imposition of restrictions on currency conversion or the transfer of funds;
- (v) fluctuation in the currency values;
- (vi) limitations and/or bans on imports and exports;
- (vii) expropriation or nationalisation of private enterprises or confiscation of private property or assets;
- (viii) reversal or change of laws, regulations or policies;
- (ix) changes in or more vigorous enforcement of laws, regulations or governmental policies which increase the cost of compliance with such laws, regulations or policies;
- (x) imposition and enforcement of more stringent environmental regulations and the actions of environmental groups;

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- (xi) possible breach of the terms of land use rights grant contracts or an inability to obtain legal and valid titles to plants, warehouses and buildings;
- (xii) relatively less developed business and communication infrastructure which may hamper efficiency and internal controls;
- (xiii) reinstatement of commodity boards or state monopolies for any of their products;  
or
- (xiv) exposure of employees to infectious communicable diseases which would interrupt the operations at GMG's plantations.

Should any of the above risks materialise and they either exceed the coverage of, or are not covered by, the insurance policies of the Enlarged Group, the results of operations and financial position of the Enlarged Group may be adversely affected.

(b) **The Enlarged Group may not be able to fully realise the synergies that can arise from the acquisition of a controlling interest in GMG and the NR Assets**

There is no guarantee that HAC would be able to procure the cooperation of the board and management of GMG and/or the NR Assets in seeking to realise the synergies. In addition, any integration of the Company's operations with those of GMG and the NR Assets will take place following an operational review and is likely to involve streamlining and rationalisation of operations. Synergies may only be realised gradually due to the integration process. The continued growth and the success of the Enlarged Group will depend on the speed and ease of integration.

(c) **GMG and the NR Assets have incurred losses in the past and may incur losses in the future**

For FY2014, FY2015 and Q1 2016, GMG incurred losses after income tax and non-controlling interest of S\$40.6 million, S\$19.0 million and S\$3.5 million respectively. The NR Assets incurred losses after income tax of US\$2.9 million in FY2014 primarily due to low market prices for natural rubber. The environment for natural rubber is expected to remain challenging in the near future and there can be no assurance that GMG and the NR Assets will achieve profitability in future periods, nor the Enlarged Group will achieve profitability on a consolidated basis following the completion of the Proposed Transactions.

(d) **The Enlarged Group may require additional funding for its future growth**

The business of GMG and the NR Assets require continuous investments. The net funds of the Enlarged Group may not be sufficient for capital expenditure that may be required to maintain or to expand their respective operations or for other capital expenditure or otherwise in the Enlarged Group's operations. There is also no assurance that the Enlarged Group will be able to obtain such additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Enlarged Group, particularly having regard to the current uncertain economic environment. This may have an adverse effect on the Enlarged Group's financial results.

(e) **Risk of disruptions in the operations of GMG and/or the NR Assets**

GMG and/or the NR Assets may face disruptions in their operations, as a result of, *inter alia*, shortage in labour, costs overrun, adverse weather conditions and fluctuations in raw materials costs which may adversely affect their financial position and operations. They may also be liable for losses incurred by their end customers due to disruptions in their business operations, and this may have a material adverse effect on the Enlarged Group.

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(f) **GMG and the NR Assets may be exposed to the credit risk of their end customers**

GMG and the NR Assets are subject to the credit risks of their end customers. There is no assurance that they will be able to collect all or any part of its trade receivables within the credit terms stipulated in their contracts with their end customers. In the event that such end customers do not honour their payment terms, the Enlarged Group's cash flows and financial performance may be adversely affected.

(g) **The Enlarged Group will be subject to a wider range of governmental laws and regulations including environmental protection laws and regulations**

The Enlarged Group will have operations and plantations in more jurisdictions. Some of these jurisdictions and the countries have laws and regulations including environmental protection laws and regulations which must be complied with. Environmental laws and regulations applicable in the countries in which the Enlarged Group will operate might become more stringent in over the years and compliance may become increasingly difficult and costly. If such laws and regulations are not complied with, operations might have to be put on hold and the Enlarged Group's business would be adversely affected. This will have an adverse effect on the Enlarged Group's business, financial performance and financial condition.

(h) **GMG and the NR Assets require various permits, business licences and approvals for their operations**

Some of the permits and business licences currently owned by GMG and/or the NR Assets are subject to periodic renewal and reassessment by the relevant government authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes. Non-renewal of the permits, licences and approvals will have a material adverse effect on the Enlarged Group's operations and consequently on its business, financial performance and financial condition. In addition, it may be costly to comply any subsequent modifications of, or additions or new restrictions to any current compliance standards and the Enlarged Group may incur additional costs to comply with any modified standards which may adversely affect its profitability.

Some of the licences, permits and approvals may also be subject to the conditions stipulated therein and the Enlarged Group will have to undertake constant monitoring to ensure compliance with such conditions. Should there be any failure to comply with such conditions resulting in the revocation of any of the licences and permits, the operations and business, financial condition and operation results of the Enlarged Group may be adversely affected.

In addition, there may be inherent risks of liabilities in the operations of GMG or the NR Assets which may require significant capital and maintenance expenditures to be incurred in order to comply with laws and regulations. The failure to discharge such obligations could result in the imposition of fines and penalties, reputational damage, delays in production or the temporary or permanent closure of operations. Existing laws, regulations or policies may become stricter or more strictly enforced. The Enlarged Group may face investigation, scrutiny or evaluation. The Enlarged Group may also face new liabilities, reduced operating hours, additional investment requirements in pollution control equipment, or delays in the opening or expansion of operations and may be forced to conduct preventive or remedial actions. These may result in increased costs. Such costs, liabilities or disruptions in operations could materially and adversely affect the business of the Enlarged Group. In the event of any non-compliance with the conditions and regulations imposed pursuant to relevant laws, regulations, policies, guidelines, standards or requirements by the relevant governmental authorities, the business of the Enlarged Group may also be materially and adversely affected.

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There may be disagreements with regulatory bodies in the course of operations and the Enlarged Group may be subject to administrative proceedings and/or unfavourable orders, directives or decrees that may result in financial losses. If these disputes or proceedings cannot be resolved in a timely manner, or at all, the business, financial condition and results of operations of the Enlarged Group may be materially and adversely affected.

SIO has represented and warranted to HAC under the Share Sale Agreement that as at completion of the NR Assets Acquisition, the NR Assets will have all material regulatory approvals, permits, licenses and authorisations necessary for the operation of the business operated by the NR Assets in compliance with applicable laws, and the NR Assets will not have done or omitted to do anything prior to the completion of the NR Assets Acquisition which will result in termination or breach or expiry of such regulatory approvals, permits, licenses and authorisations without the approval of HAC, and based on their current terms, none of these regulatory approvals, permits, licences and authorisations will expire before 31 December 2016.

(i) **Risk of acquiring GMG with limited due diligence based on publicly available sources**

The Company does not have access to GMG to undertake full due diligence, hence there may be risks associated with GMG which the Company is not aware of. Upon the successful completion of the GMG VGO, the Company will own at least 51.12% of the total issued share capital of GMG. As such, the financials of GMG will be consolidated into the consolidated financial statements of the Company. Any discovery of adverse information concerning GMG after the completion of the GMG VGO could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Furthermore, GMG may not perform up to the Company's expectations for various reasons, including loss of key customers and personnel. Further, the information relating to GMG in this Circular has been obtained only from publicly available sources. Accordingly, there are limitations as to whether this Circular contains all the information relating to GMG that any individual investor or the HAC Shareholders may deem appropriate prior to making an investment decision in relation to the Company or that such information is capable of independent verification.

In view of the lack of access to information relating to GMG beyond public information, and the GMG VGO being made without cooperation from the board of directors of GMG, neither the Company nor any of its Directors can ensure the accuracy, reliability or completeness of the information in this Circular relating to GMG. Any inaccuracy in this information may adversely affect the anticipated prospects and benefits of the GMG VGO and results of the Enlarged Group.

(j) **Due diligence on the NR Assets companies may not identify all material defects, breaches of laws and regulations and other deficiencies**

The relevant review, survey or inspection reports (including but not limited to the legal due diligence reports for the NR Assets) on which we have relied upon may not reveal all defects or deficiencies affecting assets of the NR Assets companies, including the title thereof. In particular, we cannot assure you as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the NR Assets companies' business, financial condition, results of operations and prospects.

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(k) **Risk of litigation**

The Enlarged Group is exposed to the risk of litigation including but not limited to litigation proceedings initiated by customers, suppliers, landlords, employees and other persons as well as including the risk of being joined as third parties to litigation actions or involvement in frivolous claims. Such litigation actions and claims may be costly and time consuming, and could result in significant liabilities and reputational harm. The Enlarged Group may need to incur significant legal, settlement and other costs in defending such actions and if such claims against the Enlarged Group are successful, this could also materially and adversely affect the results of operations, financial condition and liquidity of the Enlarged Group.

### 6. MORATORIUM UNDERTAKING

Pursuant to the moratorium requirements set out in Rule 1015 read with Rules 227, 228 and 229 of the Listing Manual, the following persons have undertaken that they will not sell, transfer or otherwise dispose of their direct or effective interest in any of the new HAC Shares, for a period of six (6) months commencing from the date of listing of the new HAC Shares issued pursuant to the Proposed Transactions on the SGX-ST:

- (a) Sinochem;
- (b) SIO; and
- (c) Mr Robert Meyer,

in relation to the shares in the Company held by each of them after the completion of the Proposed Transactions.

### 7. CHANGE IN INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The shareholding effects of the Proposed Transactions as set out below are for illustrative purposes only and do not reflect the actual position of the shareholdings after the completion of the Proposed Transactions as the allotment and issuance of new HAC Shares under the GMG VGO is dependent on the valid acceptances of the GMG VGO.

In order to illustrate the maximum and minimum SIO's shareholdings in HAC after the completion of the Proposed Transactions, the shareholding effects shown in column (IV) below have been prepared based on the following key assumptions:

- (a) HAC MGO Minimum Scenario and GMG VGO Maximum Scenario, whereby SIO will receive minimum acceptance under the HAC MGO and HAC will issue maximum number of new shares under the GMG VGO; and
- (b) HAC MGO Maximum Scenario and GMG VGO Minimum Scenario, whereby SIO will receive maximum acceptance under the HAC MGO and HAC will issue minimum number of new shares under the GMG VGO.



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	As at the Latest Practicable Date		(I)		(II)			
			After completion of the Vendor SPAs		After (I) and completion of the HAC MGO			
	No. of Shares	%	No. of Shares	%	(A) <sup>(1)</sup> HAC MGO Minimum Scenario		(B) <sup>(2)</sup> HAC MGO Maximum Scenario	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>DIRECTORS</b>								
Robert Meyer <sup>(6)</sup>	179,642,000	29.94	55,550,000	9.26	550,000	0.09	55,000,000 <sup>(6)</sup>	9.17
Pascal Demierre	21,774,576	3.63	10,500,000	1.75	-	-	10,500,000	1.75
Alan Nisbet	400,000	0.07	400,000	0.07	400,000	0.07	-	-
Randolph Khoo	-	-	-	-	-	-	-	-
Liew Choon Wei	-	-	-	-	-	-	-	-
<b>SUBSTANTIAL SHAREHOLDERS</b>								
Angsana Capital Ltd	179,092,000	29.84	55,000,000	9.17	-	-	55,000,000	9.17
Keystone Pacific Pte. Ltd. <sup>(7)</sup>	179,092,000	29.84	55,000,000	9.17	-	-	55,000,000	9.17
Clear Tower Investments Limited	63,873,000	10.64	40,000,000	6.67	-	-	40,000,000	6.67
Leon Le Mercier <sup>(8)</sup>	63,873,000	10.64	40,000,000	6.67	-	-	40,000,000	6.67
Credence Capital Fund II (Cayman) Limited	52,500,000	8.75	52,500,000	8.75	52,500,000	8.75	52,500,000	8.75
Sinochem and concert parties	-	-	180,439,576	30.07	323,939,576	53.98	404,092,000	67.34

	(III)				(IV)			
	After (II) and completion of the GMG VGO				After (III) and completion of the NR Assets Acquisition			
	(C) <sup>(3)</sup> HAC MGO Minimum Scenario and GMG VGO Maximum Scenario		(D) <sup>(4)</sup> HAC MGO Maximum Scenario and GMG VGO Minimum Scenario		(E) <sup>(5)</sup> HAC MGO Minimum Scenario and GMG VGO Maximum Scenario		(F) <sup>(6)</sup> HAC MGO Maximum Scenario and GMG VGO Minimum Scenario	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>DIRECTORS</b>								
Robert Meyer <sup>(7)</sup>	550,000	0.04	55,000,000	5.70	550,000	0.03	55,000,000	4.42
Pascal Demierre	-	-	10,500,000	1.09	-	-	10,500,000	0.84
Alan Nisbet	400,000	0.04	-	-	400,000	0.03	-	-
Randolph Khoo	-	-	-	-	-	-	-	-
Liew Choon Wei	-	-	-	-	-	-	-	-

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	(III)				(IV)			
	After (II) and completion of the GMG VGO				After (III) and completion of the NR Assets Acquisition			
	(C) <sup>(3)</sup> HAC MGO Minimum Scenario and GMG VGO Maximum Scenario		(D) <sup>(4)</sup> HAC MGO Maximum Scenario and GMG VGO Minimum Scenario		(E) <sup>(5)</sup> HAC MGO Minimum Scenario and GMG VGO Maximum Scenario		(F) <sup>(6)</sup> HAC MGO Maximum Scenario and GMG VGO Minimum Scenario	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>SUBSTANTIAL SHAREHOLDERS</b>								
Angsana Capital Ltd	-	-	55,000,000	5.70	-	-	55,000,000	4.42
Keystone Pacific Pte. Ltd. <sup>(8)</sup>	-	-	55,000,000	5.70	-	-	55,000,000	4.42
Clear Tower Investments Limited	-	-	40,000,000	4.14	-	-	40,000,000	3.21
Leon Le Mercier <sup>(9)</sup>	-	-	40,000,000	4.14	-	-	40,000,000	3.21
Credence Capital Fund II (Cayman) Limited	52,500,000	3.99	52,500,000	5.44	52,500,000	3.29	52,500,000	4.21
Sinochem and concert parties	689,413,544	52.43	769,565,968	79.70	969,413,544	60.78	769,565,968	84.26

\* Any discrepancies in the totals thereof are due to rounding.

**Notes:**

- (1) Based on the HAC LPD Share Capital of 600,092,000 HAC Shares and assuming that (i) none of the other HAC Shareholders accept the HAC MGO; and (ii) the Vendor Shareholders tendered their HAC Shares in accordance with the undertaking as set out in Section 2.3.4 of this Circular.
- (2) Based on the HAC LPD Share Capital of 600,092,000 HAC Shares and assuming that other than the Undertaking Shareholders all HAC Shareholders (including Mr Gunther Richard Meyer and Mr Alan Nisbet) accept the HAC MGO.
- (3) Based on HAC's enlarged share capital of 965,565,968 HAC Shares upon completion of the GMG VGO, assuming the minimum scenario where only SIO accepts the GMG VGO in respect of its 51.12% interest in GMG.
- (4) Based on HAC's enlarged share capital of 1,315,018,126 HAC Shares upon completion of the GMG VGO, assuming the maximum scenario where all GMG Shareholders accept the GMG VGO.
- (5) Based on the enlarged share capital of the Company of 1,595,018,126 HAC Shares upon completion of the NR Assets Acquisition and issuance of 280,000,000 new HAC Shares as consideration for the NR Assets Acquisition, assuming scenarios under (1) and (4) above.
- (6) Based on the enlarged share capital of the Company of 1,245,565,968 HAC Shares upon completion of the NR Assets Acquisition and issuance of 280,000,000 new HAC Shares as consideration for the NR Assets Acquisition, assuming scenarios under (2) and (3) above.
- (7) Mr Robert Meyer is deemed interested in all the HAC Shares held by Angsana Capital Ltd., a company indirectly-owned by Mr Meyer and the 550,000 HAC Shares held by his father, Mr Gunther Richard Meyer.
- (8) Keystone Pacific Pte. Ltd. is deemed interested in all the HAC Shares held its wholly-owned subsidiary, Angsana Capital Ltd.
- (9) Mr Leon Le Mercier is deemed interested in all the HAC Shares held by Clear Tower Investments Limited, by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

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According to Rule 1303(1) of the Listing Manual, the SGX-ST may suspend trading of a listed company's shares when the percentage of an issuer's total number of issued shares held in public hands falls below 10%. In a takeover situation, such suspension would only take place at the close of the offer. Under Rule 724 of the Listing Manual, if the percentage of securities held in public hands falls below 10%, (i) the issuer must, as soon as practicable, announce that fact; and (ii) the SGX-ST may suspend trading of the class, or all the securities of the issuer. The SGX-ST may allow the issuer a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of securities in public hands to at least 10%. The issuer may be removed from the official list if it fails to restore the percentage of securities in public hands to at least 10% after that period.

Based on the table above, it is theoretically possible that, for the period in between the completion of the HAC MGO and the completion of the GMG VGO and NR Assets Acquisition, the percentage of HAC Shares held in public hands could temporarily fall below 10%. This would only arise if all HAC Shareholders (other than the Undertaking Shareholders) accept the HAC MGO (as stated in note 2 above). However, it is anticipated that acceptances of the GMG VGO for HAC Shares would raise the percentage of HAC Shares in public hands to at least 10% prior to or upon completion of GMG VGO and NR assets acquisition, which is expected to take place within two (2) months after completion of HAC MGO.

In the event the public float of the HAC Shares falls below 10%, the HAC Shares may be suspended by the SGX-ST. At that point in time, HAC will make the appropriate announcement and will make the relevant application pursuant to Rule 724(2) of the Listing Manual to the SGX-ST, to allow HAC a period of three (3) months (or such longer period as the SGX-ST may agree) to raise the percentage of HAC Shares in public hands to at least 10%. As set out above, HAC expects to raise the percentage of the public float to at least 10% prior to or upon completion of GMG VGO and NR Assets Acquisition. However, HAC Shareholders should note that HAC Shares could face suspension for a period under the rules of the Listing Manual.

### 8. INDEPENDENT FINANCIAL ADVISER'S OPINIONS

8.1 Xandar has been appointed as the IFA to advise the Non-Interested Directors as to whether each of the GMG VGO and NR Assets Acquisition:

- (a) is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders; and
- (b) the consideration given is fair and reasonable.

8.2 The IFA's opinion in respect of the GMG VGO and NR Assets Acquisition is extracted and set out in *italics* as follows:

#### **“10. OUR OPINION**

*Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the GMG VGO and NR Assets Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

#### **10.1 OUR OPINION ON THE GMG VGO**

*We set out below a summary of the key factors we have taken into our consideration:*

- (a) *the financial performance of the GMG Group which reported profits attributable to shareholders of S\$8.7 million in FY2013 and losses attributable to shareholders of S\$40.6 million, S\$18.3 million and S\$3.5 million in FY2014, FY2015 and 1Q2016 respectively, primarily due to the continued decline in the selling prices of natural rubber over the same periods;*

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- (b) *the Mitigating Factors;*
- (c) *the Implied Offer Price represents a premium of approximately 153.3%, 124.2%, 96.4%, 86.7% and 10.9% to the VWAP on 8 January 2016 and the 1-month, 3-month, 6-month and 12-month VWAP of the GMG Shares prior to the Unaffected Date respectively;*
- (d) *the Implied Offer Price of S\$0.70 represents a discount of 24.2% (or S\$0.2236) to the NAV per GMG Share as at 31 March 2016 of approximately S\$0.9236;*
- (e) *the Implied Offer Price of S\$0.70 represents a discount of 4.7% (or S\$0.0347) to the NTA per GMG Share as at 31 March 2016 of approximately S\$0.7347;*
- (f) *the P/NAV ratio of the GMG Group, as implied by the Implied Offer Price and based on the NAV per GMG Share, is within the range, and below the mean and median of the GMG Comparables;*
- (g) *the P/NTA ratio of the GMG Group, as implied by the Implied Offer Price and based on the NTA per GMG Share, is within the range, below the mean and the median of the GMG Comparables*
- (h) *the EV / Sales Tonnage ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables;*
- (i) *the EV / Processing Capacity ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables;*
- (j) *the premium implied by the Implied Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month period prior to the announcement date of GMG Shares is within the range and above the corresponding mean and median premium of Recent Privatisation Transactions;*
- (k) *the ratio of the Implied Offer Price over the NTA of GMG Shares, is within the range and below the mean and above the median offer price over NTA ratios of Recent Privatisation Transactions;*
- (l) *the Issue Price represents a premium of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to the Unaffected Date respectively;*
- (m) *the Issue Price of S\$0.75 per HAC Share, represents a premium of 210.1% (or S\$0.5082) to the NAV per HAC Share as at 31 December 2015 of approximately S\$0.2418;*
- (n) *the Issue Price of S\$0.75 per HAC Share, represents a significant premium over the net tangible liabilities position represented by each HAC Share as at 31 December 2015;*
- (o) *the EV/EBITDA ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables;*
- (p) *the P/NAV ratio of the HAC Group, as implied by the Issue Price, is above the range, the mean and the median of the HAC Comparables respectively;*
- (q) *the EV / Sales Tonnage ratio of the HAC Group, as implied by the Issue Price, is within the range, and below the mean and the median of the HAC Comparables;*

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- (r) *the EV / Processing Capacity ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables respectively;*
- (s) *for the 1-year period up to the Unaffected Date, HAC Shares have outperformed GMG Shares, rising 13.4% as compared to the 55.9% decline in GMG Shares over the same period. HAC Shares outperformed the FSSTI's decline of 19.0% over the same period;*
- (t) *the implied swap ratio, based on the historical price performance of HAC and GMG Shares, ranges between 0.4697 and 0.9369 HAC Share to one (1) GMG Share. The VGO Swap Ratio of 0.9333 falls within the historical implied swap ratio range of between 0.4697 and 0.9369 HAC Share to one (1) GMG Share;*
- (u) *the premium of the Issue Price to the last transacted price of the HAC Shares on 11 January 2016, being the Unaffected Date, of 18.1% is above the range, the mean and the median of the corresponding premia / discounts of Recent VSA Transactions;*
- (v) *the ratio of the issue price over NTA per share of Recent VSA Transactions were between 0.69 times and 1.28 times. As the HAC Group was in a net tangible liabilities position as at 31 December 2015, the ratio of the Issue Price over NTA per HAC Share was negative. This negative Issue Price over NTA per HAC Share ratio is favourable, as compared to the ratio of the issue price over NTA per share of Recent VSA Transactions, as the HAC Group will be issuing HAC Shares with net tangible liabilities vis-à-vis Recent VSA Transactions which issued shares with positive tangible asset backing;*
- (w) *the Transaction Value / NAV ratio and the Transaction Value / Enterprise Value ratio for the GMG VGO is within the range, and lower than the mean and the median of the Recent M&A Transactions respectively;*
- (x) *the proforma financial effects of the Proposed Transactions where (i) the adjusted net tangible liability per HAC Share of 12.31 US cents will improve to an adjusted NTA per HAC Share of 27.52 US cents; and (ii) the adjusted earnings per HAC Share will deteriorate from 1.41 US cents to 0.36 US cents; after the completion of the GMG VGO and NR Assets Acquisition; and*
- (y) *other considerations set out in paragraph 9 of this IFA Letter.*

**Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, (i) the consideration for the GMG VGO is fair and reasonable, and (ii) the GMG VGO is on normal commercial terms and is not prejudicial to the interests of the Company and its minority HAC Shareholders.**

### **10.2 OUR OPINION ON THE NR ASSETS ACQUISITION**

We set out below a summary of the key factors we have taken into our consideration:

- (a) *the financial performance of the NR Assets;*
- (b) *the Minimum NR Assets Adjusted NTA is at a 4.7% premium to the NTA attributable to the equity interest to be acquired in the NR Assets as at 31 December 2015, and the NR Consideration is at a 68.4% premium to the Minimum NR Assets Adjusted NTA;*
- (c) *the NR Consideration is at a 12.2% and 2.8% premium to the lower end and upper end of the Adjusted Valuation Range respectively;*

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## LETTER TO SHAREHOLDERS

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- (d) *the key factors set out in paragraph 10.1 (l), (m), (n), (o), (p), (q), (r), (s), (u) and (v) of this IFA Letter pertaining to the use of HAC Shares in satisfaction of the NR Consideration;*
- (e) *the EV/EBITDA ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables;*
- (f) *the P/E ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables;*
- (g) *the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the NAV of the NR Assets, is within the range, below the mean and above the median of the NR Comparables;*
- (h) *the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the Adjusted Valuation Range, is within the range, and below the mean and the median of the NR Comparables;*
- (i) *the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the NTA of the NR Assets, is within the range, and above the mean and the median of the NR Comparables;*
- (j) *the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the Minimum NR Assets Adjusted NTA, is within the range, and above the mean and the median of the NR Comparables;*
- (k) *the EV / Sales Tonnage ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables;*
- (l) *the EV / Processing Capacity ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables;*
- (m) *the proforma financial effects of the Proposed Transactions set out in paragraph 10.1 (x) of this IFA Letter; and*
- (n) *other factors as set out in paragraph 9 of this IFA Letter.*

***Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, (i) the consideration for the NR Assets Acquisition is fair and reasonable, and (ii) the NR Assets Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority HAC Shareholders.”***

Based on the IFA's analysis as set out in the IFA Letter, and after having considered carefully the information available to the IFA, the IFA is of the view that each of the GMG VGO and NR Assets Acquisition is (i) on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders and (ii) the consideration is fair and reasonable.

In arriving at its opinion, the IFA took into consideration amongst, others, the valuation report of the NR Assets prepared by the Independent Valuer, which has indicated that the valuation range for the NR Assets as at 30 September 2015 was between RMB879.0 million and RMB960.0 million (or approximately between S\$196.9 million and S\$215.1 million based upon the exchange rate of S\$1:RMB4.4632 as at 30 September 2015).

- 8.3 A copy of the IFA Letter is reproduced in Appendix A to this Circular. HAC Shareholders are advised to read the IFA Letter carefully in its entirety.

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## LETTER TO SHAREHOLDERS

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### 9. AUDIT COMMITTEE'S STATEMENTS

The Audit Committee, having considered the terms of the Proposed Transactions and the opinion of the IFA set out in the IFA Letter, is of the view that the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and that the consideration for the Proposed Transactions are fair and reasonable.

### 10. DIRECTORS' RECOMMENDATIONS

Save as disclosed in Section 2.4.7 of this Circular in relation to Mr Pascal Demierre's interest in GMG Shares, and noting that Mr Pascal Demierre's interest in GMG Shares represents 0.00% of GMG Shares, none of the Directors is considered to be interested for the purposes of making a recommendation to the Shareholders in respect of the Proposed Transactions.

Having considered and reviewed, *inter alia*, the terms and conditions for the Proposed Transactions as well as the opinion of the IFA set out in the IFA Letter, and having regard to all other relevant information set out in this Circular including the rationale for the Proposed Transactions, the Directors are of the opinion that the Proposed Transactions are fair and reasonable, and are in the best interests of the Company and its shareholders.

Accordingly, the Directors recommend that HAC Shareholders vote in favour of the Proposed Resolutions set out in the Notice of EGM.

### 11. INDEPENDENT DIRECTORS' STATEMENTS IN RELATION TO SIC RULINGS

The independent directors of the Company (being Mr Alan Nisbet, Mr Randolph Khoo Boo Teck and Mr Liew Choon Wei) confirm that the transactions involving the Vendor SPAs, the HAC MGO and the HAC MGO, GMG VGO and NR Assets Acquisition as structured and the HAC MGO Pre-Conditions are in the best interests of HAC and its shareholders.

### 12. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed in Sections 2.4.7 and 2.5.4 in this Circular, as at the Latest Practicable Date, 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 Transactions, other than that arising from their respective shareholdings and/or directorships, as the case may be, in the Company.

### 13. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is given on page 193 of this Circular, will be held at RELC International Hotel, 30 Orange Grove Road (off Orchard Road), Singapore 258352 on 2 June 2016 at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without any modification(s), the Proposed Resolutions as set out in the Notice of EGM.

### 14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

#### 14.1 Appointment of Proxies

If an HAC Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not later than 48 hours before the

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## LETTER TO SHAREHOLDERS

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time appointed for the EGM. Completion and return of the Proxy Form by an HAC Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if an HAC Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

### 14.2 When Depositor regarded as HAC Shareholder

A Depositor shall not be regarded as an HAC Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

### 14.3 Inter-conditionality

HAC Shareholders should note that:

14.3.1 The obligation on the part of SIO to make the HAC MGO will only be triggered upon SIO owning and/or acquiring an aggregate of 30% or more of the HAC Shares, which will take place as a consequence of completion under the Vendor SPAs. However, it is a condition to completion under the Vendor SPAs, *inter alia*, that the approval of HAC Shareholders is obtained for the Proposed Resolutions at the EGM. Accordingly, the HAC MGO (being a cash offer at S\$0.75 per HAC Share) will not be extended to HAC Shareholders if the HAC Shareholders do not approve the Proposed Resolutions at the EGM.

14.3.2 The Proposed Transactions (comprising the GMG VGO and the NR Assets Acquisition) which are conditional upon completion of HAC MGO, will not be completed unless HAC Shareholders approve the Proposed Resolutions at the EGM.

Accordingly, if the Proposed Resolutions are not approved by HAC Shareholders at the EGM, none of the HAC MGO, the GMG VGO or the NR Assets Acquisition will take place.

## 15. UNDERTAKINGS BY HAC SHAREHOLDERS

The Undertaking Shareholders, collectively interested in an aggregate of 376,439,576 HAC Shares, representing approximately 62.73% of the total issued and paid-up share capital of the Company as at the Latest Practicable Date, have each undertaken to the Company to vote in favour of the Proposed Resolutions.

## 16. RESPONSIBILITY STATEMENT OF THE DIRECTORS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the HAC Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.



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## LETTER TO SHAREHOLDERS

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### 17. RESPONSIBILITY STATEMENT OF THE FINANCIAL ADVISER

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or other publicly available sources or obtained from a named source, the sole responsibility of the Financial Adviser has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 18. CONSENTS

#### 18.1 The Financial Adviser, Deutsche Bank

Deutsche Bank has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and references to its name in the form and context in which they appear in this Circular.

#### 18.2 The IFA, Xandar

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

#### 18.3 Ernst & Young LLP

Ernst & Young LLP was engaged by the Company for the purpose as stated in Section 4.3 of this Circular. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the report set out in Appendix G to this Circular and all references thereto, in the form and context in which they appear in this Circular.

#### 18.4 PrimePartners Corporate Finance Pte. Ltd.

The Compliance Adviser, PrimePartners Corporate Finance Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

### 19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101 for a period commencing from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Implementation Agreement;
- (c) the Share Sale Agreement;
- (d) the letters of undertaking from the Undertaking Shareholders;
- (e) the deed of additional warranty from SIO;
- (f) the IFA Letter;

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## LETTER TO SHAREHOLDERS

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- (g) the deed of moratorium undertaking in relation to the moratorium undertakings referred to in Section 6 of this Circular;
- (h) the letter of consent from Deutsche Bank, referred to in Section 18.1 of this Circular;
- (i) the letter of consent from the IFA, referred to in Section 18.2 of this Circular;
- (j) the letter of consent from Ernst & Young LLP, referred to in Section 18.3 of this Circular;
- (k) the letter of consent from PrimePartners Corporate Finance Pte. Ltd., referred to in Section 18.4 of this Circular;
- (l) the annual report of GMG for FY2015; and
- (m) the annual report of the Company for FY2015.

Yours faithfully  
For and on behalf of the Board of Directors  
**HALCYON AGRI CORPORATION LIMITED**

Robert Meyer  
Executive Chairman and Chief Executive Officer

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## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

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16 May 2016

Halcyon Agri Corporation Limited  
250 North Bridge Road  
#12-01 Raffles City Tower  
Singapore 179101

**Attention: Non-Interested Directors  
(as defined herein)**

Dear Sirs

**LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRICULTURE CORPORATION LIMITED IN RESPECT OF:**

- (A) PROPOSED ACQUISITION OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF GMG GLOBAL LTD BY WAY OF A PRE-CONDITIONAL VOLUNTARY GENERAL OFFER; AND**
- (B) PROPOSED ACQUISITION OF THE NATURAL RUBBER PROCESSING FACILITIES AND TRADING BUSINESS FROM SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD.**

*Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein.*

### 1. INTRODUCTION

On 28 March 2016 (the “**Announcement Date**”), Halcyon Agri Corporation Limited (the “**Company**” or “**HAC**”) announced that the Company and certain of its shareholders have entered into agreements with Sinochem International (Overseas) Pte. Ltd. (“**SIO**”), a wholly-owned subsidiary of Sinochem International Corporation (“**Sinochem**”), to give effect to the following transactions:

- (a) subject to the satisfaction of certain conditions, SIO acquiring an aggregate of 30.07% of the total issued and paid-up ordinary shares in HAC (the “**HAC Shares**”) from Angsana Capital Ltd., Pascal Demierre, Clear Tower Investments Limited, Andrew Trevatt and Leonard Beschizza (collectively, the “**Vendor Shareholders**”) at a cash consideration of S\$0.75 per HAC Share (the “**Vendor Shareholders Sale**”), resulting in SIO being required, under the Singapore Code on Take-overs and Mergers (the “**Code**”), to make a mandatory general offer to all the shareholders of HAC (the “**HAC Shareholders**”) for all the HAC Shares (other than those already owned, controlled or agreed to be acquired by SIO and parties acting in concert with SIO) (the “**HAC MGO**”), at the same price of S\$0.75 per HAC Share. Pursuant to the HAC MGO Undertaking (as detailed in Section 2.3.4(b) of the Circular), SIO will own at least 53.98% of HAC Shares upon completion of the HAC MGO;
- (b) subject to the completion of the HAC MGO, HAC making a voluntary general offer pursuant to the Code to all the shareholders of GMG Global Ltd (“**GMG**”) (the “**GMG Shareholders**”) for all the issued and paid-up ordinary shares in the capital of GMG (the “**GMG Shares**”) (other than those already owned, controlled or agreed to be acquired by HAC and parties acting in concert with HAC) (the “**GMG VGO**”), the consideration of which is to be satisfied by the allotment and issuance of new HAC Shares at a ratio of 0.9333 HAC Share for each GMG Share. SIO has given an irrevocable undertaking that would result in HAC owning at least 51.12% of the GMG Shares upon the completion of the GMG VGO; and

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## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

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- (c) subject to the satisfaction of certain conditions, HAC acquiring the natural rubber processing facilities and trading business (collectively, the “**NR Assets**”) from SIO (the “**NR Assets Acquisition**”), the consideration of which is to be satisfied by the allotment and issuance of 280,000,000 new HAC Shares to SIO.

We understand that this series of transactions would create the world’s leading natural rubber supply chain manager with strong capabilities across each segment of the supply chain. Sinochem, through SIO, would become the majority shareholder in the Company pursuant to the completion of the GMG VGO and the NR Assets Acquisition (collectively, the “**Proposed Transactions**”).

### Shareholders’ Approval for the GMG VGO and the NR Assets Acquisition

The Proposed Transactions require the approval of HAC Shareholders at the extraordinary general meeting being convened (the “**EGM**”) pursuant to Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”). The Company has applied for, and the SGX-ST has granted certain waivers from strict compliance with Chapter 10 of the Listing Manual in relation to the GMG VGO and NR Assets Acquisition. Details of the waivers and bases upon which the Company applied for the waivers have been set out in Section 2.7 of the Circular.

As at the Latest Practicable Date, Mr Pascal Demierre has interest (direct and deemed) in 68,600 GMG Shares (representing 0.00% of the issued and paid up share capital of GMG). As set out on Section 10 of the Circular, none of the Directors is considered to be interested for the purposes of making a recommendation to the HAC Shareholders in respect of the Proposed Transactions (the “**Non-Interested Directors**”). Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the independent financial adviser (“**IFA**”) to advise the Non-Interested Directors as to (i) whether the consideration for each of the GMG VGO and NR Assets Acquisition is fair and reasonable respectively, and (ii) whether the GMG VGO and NR Assets Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority HAC Shareholders respectively.

This letter sets out our evaluation of the terms of the GMG VGO and NR Assets Acquisition and our advice to the Non-Interested Directors therein (the “**IFA Letter**”). This IFA Letter forms part of the Circular issued by the Company in connection with the GMG VGO and NR Assets Acquisition.

## 2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the negotiations pertaining to the GMG VGO and NR Assets Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the GMG VGO and NR Assets Acquisition. Our evaluation is limited to the financial terms of the GMG VGO and NR Assets Acquisition, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the GMG VGO and NR Assets Acquisition.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the GMG VGO and NR Assets Acquisition, or the future performance or prospects of the Company and its subsidiaries (the “**HAC Group**”). We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the HAC Group, whether with or without the GMG VGO and NR Assets Acquisition.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the GMG VGO and NR Assets Acquisition, are solely the responsibility of the Board. Likewise we are not expressing herein as to the prices at which the HAC Shares may trade upon completion of the GMG VGO and NR Assets Acquisition. We are also not addressing the relative merits of the GMG VGO and NR Assets Acquisition, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the HAC Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

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## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

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In the course of our evaluation and for the purpose of our opinion in relation to the GMG VGO and NR Assets Acquisition, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the GMG VGO and NR Assets Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular 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 the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the HAC Group, the GMG VGO and NR Assets Acquisition, are to the best of their knowledge and belief, fair and accurate in all material aspects.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real properties) of the Company, the HAC Group, GMG and its subsidiaries (the “**GMG Group**”) or the NR Assets, and we have not been furnished with any such evaluation or appraisal of such assets save as disclosed herein. We have been provided with a valuation report prepared by China United Assets Appraisal Group Co., Ltd (the “**Valuer**”) which opined on the business valuation of the NR Assets as at 30 September 2015 (the “**Valuation Report**”). We have placed sole reliance thereon for the valuation and/or information contained in the Valuation Report. We are not involved and assume no responsibility for the Valuation Report. We have not made any independent verification of the matters or bases set out in the Valuation Reports. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. HAC Shareholders should take note of any announcements relevant to their consideration of the GMG VGO and NR Assets Acquisition, which may be released by the Company after the Latest Practicable Date.

**In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any HAC Shareholder or any specific group of HAC Shareholders. We recommend that any individual HAC Shareholder or group of HAC Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.**

**Our opinion is for the use and benefit of the Non-Interested Directors in their deliberation of the GMG VGO and NR Assets Acquisition, and the recommendations made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.**

**The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification**

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## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

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of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

**Our opinion, in relation to the GMG VGO and NR Assets Acquisition, should be considered in the context of the entirety of this IFA Letter and the Circular.**

We recommend that the Non-Interested Directors advise the HAC Shareholders to read these pages carefully.

### 3 RATIONALE FOR THE PROPOSED TRANSACTIONS

The rationale for the Proposed Transactions can be found in Section 3 of the Circular and we recommend that the Directors advise the HAC Shareholders to read the section carefully. We have summarised the rationale as follows:

- (a) the Proposed Transactions are consistent with the Company's business strategy of establishing itself as the leading global natural rubber supply chain manager;
- (b) the Proposed Transactions significantly enhance the scale and market position of the Company in each segment of the natural rubber supply chain;
- (c) the Proposed Transactions broaden the geographic scope of the Company's operations and product offering;
- (d) the Proposed Transactions extend the distribution reach of the Company into the PRC;
- (e) the Proposed Transactions increase the vertical integration of the Company across the natural rubber supply chain;
- (f) diversification of the Company's revenue base;
- (g) potential synergies between the principal business activities of the Company, GMG and the NR Assets;
- (h) enhancement of the investment and credit profile of the Company in financial markets; and
- (i) the Proposed Transactions represent an efficient and fair basis upon which to combine the relevant assets of GMG and the NR Assets with the Company.

### 4. INFORMATION RELATING TO THE GMG VGO

#### 4.1 ABOUT GMG GROUP

GMG is a Singapore-based natural rubber producer with integrated capabilities extending from planting, cultivating, tapping and processing, to the marketing and exporting of natural rubber. Listed on the Mainboard of the SGX-ST, GMG focuses primarily on the production and supply of premium natural rubber to the European, American and Asian markets.

Through its various subsidiaries and associates, the GMG Group currently manages more than 78,000 hectares of rubber plantations located across Africa and Asia; and operates 12 rubber processing plants located in Thailand, Indonesia, Cameroon, Gabon and Cote d'Ivoire with a total annual capacity of 527,000 tonnes.

As at the Latest Practicable Date, GMG has 766,019,636 issued and paid up ordinary shares (excluding 1,565,000 treasury shares). Further information on the GMG Group is set out in Section 2.4.1 of the Circular, and HAC Shareholders are advised to read the information carefully.

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### 4.2 THE GMG VGO

An implementation agreement has been entered into between HAC and SIO on 28 March 2016 (the “**Implementation Agreement**”) pursuant to which (i) SIO will undertake the HAC MGO upon completion under the Vendor SPAs in accordance with the Code, (ii) HAC will undertake the GMG VGO upon completion of the HAC MGO in accordance with the Code, and (iii) SIO will accept the GMG VGO in respect of all its GMG Shares.

### 4.3 SALIENT TERMS OF THE GMG VGO

The salient terms of the GMG VGO are set out in Section 2.4.2 of the Circular. We have extracted some of the more pertinent terms below:

GMG VGO Pre-Conditions	The GMG VGO is subject to the following pre-conditions being satisfied: <ul style="list-style-type: none"><li>(i) the HAC Shareholders’ approval of the Proposed Resolutions at the EGM being obtained; and</li><li>(ii) completion of the HAC MGO which is subject to, among others, the satisfaction or waiver of conditions precedent under the Vendor SPAs as set out in Section 2.3.1 of the Circular.</li></ul>
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Minimum Acceptance Condition	The GMG VGO will be conditional upon the Company receiving valid acceptances in respect of such number of GMG Shares which, when taken together with the GMG Shares owned, controlled or agreed to be acquired by HAC and parties acting in concert with it (either before or during the GMG VGO and pursuant to the GMG VGO or otherwise), would result in HAC holding such number of GMG Shares carrying more than 50% of the voting rights attributable to the total issued and paid-up share capital of GMG (excluding treasury shares) as at the close of the GMG VGO.
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As at the Latest Practicable Date, HAC has procured an irrevocable undertaking from SIO to accept the GMG VGO for all its 51.12% GMG Shares. Accordingly, the GMG VGO (if and when made), will become unconditional as to acceptances upon SIO tendering its GMG Shares in acceptance of the GMG VGO. Further details of the undertaking from SIO are set out in Section 2.4.6 of the Circular.

Consideration and Financing of the GMG VGO	Consideration for the GMG VGO will be satisfied by the allotment and issuance of new HAC Shares on the following basis:
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**For every one (1) GMG Share: 0.9333 new fully paid-up ordinary shares in the issued and paid-up capital of HAC.**

Any fractional entitlements to such new HAC Shares will be rounded down to the nearest whole HAC Share.

The offer ratio of 0.9333 new HAC Share for every one GMG Share was derived based on the assessment by the management of HAC of the relative valuation of both HAC and GMG based on their respective historical share price performance, valuation ratios and fundamental analysis.

### 4.4 IMPLIED OFFER PRICE

We note that the HAC MGO will be made at S\$0.75 per HAC Share, which is the same price per HAC Share under the Vendor Shareholders Sale. The consideration for the NR Assets Acquisition will also be satisfied by the issuance of new HAC Shares to SIO at an issue price of S\$0.75 each (“**Issue Price**”).

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Based on the consideration of 0.9333 new HAC Share per GMG Share and the Issue Price, the implied offer price for each GMG Share under the GMG VGO would be equivalent to S\$0.70 (“Implied Offer Price”).

It should be noted that whilst all the new HAC Shares to be issued in relation to the GMG VGO and NR Assets Acquisition will be issued at the Issue Price of S\$0.75 each, there can be no assurance that (i) HAC Shares will continue to trade at or close to the Issue Price, or (ii) GMG Shares will continue to trade at or close to the Implied Offer Price; during or after the Proposed Transactions.

### 4.5 IRREVOCABLE UNDERTAKING TO ACCEPT THE GMG VGO

SIO has provided an irrevocable undertaking to HAC to accept the GMG VGO in respect of all the 391,593,237 GMG Shares held by SIO, representing a 51.12% interest in GMG. Accordingly, the GMG VGO will, pursuant to such acceptance, become unconditional as to acceptances.

### 4.6 GMG VGO CONSIDERATION

The exact number of new HAC Shares to be allotted and issued as consideration for the GMG VGO will depend on the level of acceptances received and the rounding of fractional entitlements. Such new HAC Shares when issued as fully paid, shall rank *pari passu* in all respects with the existing HAC 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 issuance.

The following table sets out the consideration payable by the Company for the GMG VGO depending on the level of acceptances received:

	Minimum Scenario (assuming that only SIO accepts the GMG VGO)		Maximum Scenario (assuming that all GMG Shareholders accept the GMG VGO)	
Number of GMG Shares accepted	391,593,237	51.12% of GMG	766,019,636 (excluding treasury shares)	100.00% of GMG (excluding treasury shares)
Number of new HAC Shares to be issued to GMG Shareholders pursuant to the acceptance of GMG VGO	365,473,968	60.90% of the HAC LPD Share Capital or 37.85% of the enlarged share capital of HAC immediately after the completion of GMG VGO	714,926,126	119.14% of the HAC LPD Share Capital or 54.37% of the enlarged share capital of HAC immediately after the completion of GMG VGO
Value of new HAC Shares issued	S\$274,105,476		S\$536,194,595	

For the purposes of our analysis, we will be using the GMG VGO Maximum Scenario as our base case.

### 4.7 Intention of the Company for GMG

As set out in Section 5.2 of the Circular, in the event the Company receives acceptances for the GMG VGO such that less than 10% of the total number of issued GMG Shares (excluding any shares held by GMG as treasury shares) are held in public hands, the SGX-ST may suspend trading of GMG Shares at the close of the GMG VGO. The Company presently has no intention to support any action or take any steps to maintain the listing status of GMG on the SGX-ST. The Company will comply with all applicable rules of the Listing Manual in such an event, including Rules 1307 and 1309 of the Listing Manual, should the Company seek a delisting of GMG. The



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Company also intends to exercise its rights of compulsory acquisition under Section 215(1) of the Act to acquire the remaining GMG Shares held in public hands, should this right arise. Further details of the Company's intentions in relation to GMG are set out in Section 5.2 of the Circular.

### 5. EVALUATION OF THE GMG VGO

In our evaluation of the GMG VGO, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the financial performance of the GMG Group;
- (b) the Implied Offer Price and GMG Shares;
- (c) the comparison of valuation ratios of selected companies which are broadly comparable with the GMG Group;
- (d) comparison with recent privatisation transactions;
- (e) the HAC Shares as consideration for the GMG VGO;
- (f) market price performance of HAC Shares and GMG Shares;
- (g) the swap ratio;
- (h) comparison with recent very substantial acquisition transactions;
- (i) comparison with recent merger and acquisition transactions involving all share consideration;
- (j) the rationale for the Proposed Transactions;
- (k) the pro forma financial effects of the Proposed Transactions; and
- (l) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

### 5.1 THE FINANCIAL PERFORMANCE OF THE GMG GROUP

#### 5.1.1 Income Statement

A summary of the consolidated income statements of GMG for the three financial years ended 31 December ("FY") 2015 and the three months ended 31 March 2015 ("1Q2015") and 31 March 2016 ("1Q2016") respectively is set out below:

S\$'millions	Audited			Unaudited	
	FY2013	FY2014	FY2015	1Q2015	1Q2016
Revenue	1,009.8	806.3	647.0	150.7	124.2
Gross profit	104.1	51.3	61.4	17.2	6.8
EBITDA <sup>(1)</sup>	30.0	(31.3)	2.0	8.7	(1.1)
Profit / (Loss) after tax	5.1	(54.3)	(22.6)	2.8	(5.6)
Profit / (Loss) after tax attributable to shareholders	8.7	(40.6)	(18.3)	2.7	(3.5)

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The sales tonnage and average selling price of rubber for GMG Group from FY2013 through FY2015 and 1Q2016 is set out below:

	FY2013	FY2014	FY2015	1Q2015	1Q2016
Sale tonnage (tonnes)	306,977	337,959	325,639	73,860	75,248
Average selling price (S\$/ tonne)	3,290	2,386	1,987	2,041	1,650

**Note:**

- (1) Earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.

*FY2014 versus FY2013*

Revenues declined by 20.2% (or S\$203.5 million) from S\$1.01 billion in FY2013 to S\$806.3 million in FY2014 as a result of the decline in the average selling prices of natural rubber which was cushioned by the growth in sales tonnage which rose 10.1% from 306,977 tonnes in FY2013 to 337,959 tonnes in FY2014.

Gross profits declined 50.7% (or S\$52.8 million) from S\$104.1 million in FY2013 to S\$51.3 million in FY2014 mainly due to lower selling prices. Share of loss of associates amounted to S\$5.2 million in FY2014 (S\$0.8 million share of profits from associates in FY2013) mainly due to a fall in contribution from the 35%-owned associate, SIAT S.A., which had its financial performance significantly impacted by lower rubber market prices and high operation costs in Gabon.

Consequently, EBITDA declined S\$61.3 million, from S\$30.0 million in FY2013 to a loss of S\$31.3 million in FY2014. The GMG Group registered a loss after tax attributable to shareholders of S\$40.6 million in FY2014 as compared to a profit after tax attributable to shareholders of S\$8.7 million in FY2013.

*FY2015 versus FY2014*

Revenues declined 19.8% (or S\$159.3 million) from S\$806.3 million in FY2014 to S\$647.0 million in FY2015 as a result of lower average selling prices of natural rubber and lower sales tonnage due to the challenging operating environment. Sales tonnage declined by 3.6% from 337,959 tonnes in FY2014 to 325,639 tonnes in FY2015.

In spite of the decline in revenues, gross profits increased by 19.7% (or S\$10.1 million) from S\$51.3 million in FY2014 to S\$61.4 million in FY2015 mainly due to higher sales premium, better raw material procurement and processing cost management.

Share of profits from associates improved from a loss of S\$5.2 million in FY2014 to profits of S\$3.1 million in FY2015 due to better performance from SIAT S.A.. Lower administrative expenses, distribution cost and other operating expenses in FY2015 as compared to FY2014 also helped to improve the bottom line.

Consequently, EBITDA improved from a loss of S\$31.3 million in FY2014 to earnings of S\$2.0 million in FY2015. The net loss attributable to shareholders improved from a loss of S\$40.6 million in FY2014 to a loss of S\$18.3 million in FY2015.

*1Q2016 versus 1Q2015*

Revenues declined 17.6% (or S\$26.5 million) from S\$150.7 million in 1Q2015 to S\$124.2 million in 1Q2016 as a result of lower average selling prices of natural rubber. Sales tonnage increased by 1.9% from 73,860 tonnes in 1Q2015 to 75,248 tonnes in 1Q2016.

Gross profits declined by 60.5% from S\$17.2 million in 1Q2015 to S\$6.8 million in 1Q2016 on the back of lower average selling prices of natural rubber. Finance cost increased by 53.5% from S\$1.2 million in 1Q2015 to S\$1.8 million in 1Q2016 due to higher bank borrowings undertaken to finance

## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

new plantations and operations. Other operating expense of S\$0.2 million in 1Q2016 as compared to a other operating gain of S\$2.5 million 1Q2015 mainly due to fair valuation of consumable biological assets and reversal of provisions for stock net realisable value.

In view of the above, EBITDA declined from earnings of S\$8.7 million in 1Q2015 to a loss of S\$1.1 million in 1Q2016. Net profits attributable to shareholders of S\$2.7 million in 1Q2015 also declined to loss of S\$3.5 million in 1Q2016.

We note that in the Company's application to the SGX-ST for a waiver from Rule 1015(2) of the Listing Manual relating to the requirement for the target business to be profitable, the Company had set out the bases for their waiver application which included, *inter alia*:

- (a) although the GMG Group had incurred losses for FY2014 and for the six (6) months ended 30 June 2015, this was due primarily to the falling natural rubber prices;
- (b) notwithstanding the fall in natural rubber prices, the sales volume of the GMG Group had increased over the last five (5) years;
- (c) GMG had in its FY2014 annual report disclosed the following corporate developments:
  - (i) strategic investments in new plant and replanting in the GMG Group's African plantations, having added another 2,267 hectares of new planting and 900 hectares of replanting in FY2014;
  - (ii) the increase of its annual processing capacity to 527,000 tonnes, which is 9.3% higher than the 482,000 tonnes in FY2013; and
  - (iii) the integration of all of GMG Group's operations in Indonesia and Thailand through the SAP system which is envisaged to bring about increased efficiencies and better cost management;
- (d) the GMG Group had been profitable for FY2010 to FY2013; and
- (e) the GMG Group, a subsidiary of Sinochem, is in the same businesses as the HAC Group, and the GMG VGO is undertaken with the support of Sinochem to turnaround the businesses of GMG by leveraging on the experience and track record of the Company and its management,

(collectively, the "Mitigating Factors").

Further details on the waivers and bases upon which the Company applied for the waivers have been set out in Section 2.7 of the Circular.

### 5.1.2 Balance Sheet

We set out below the key balance sheet information of the GMG Group as at 31 December 2015 and 31 March 2016.

S\$'millions	Audited 31 December 2015	Unaudited 31 March 2016
Current assets	231.8	252.9
Current liabilities	(183.6)	(197.3)
<b>Net current assets</b>	<b>48.2</b>	<b>55.6</b>
Non-current assets	783.9	788.7
Non-current liabilities	(83.7)	(106.3)
<b>Total equity</b>	<b>748.4</b>	<b>738.0</b>

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*31 December 2015*

As at 31 December 2015, GMG had total assets of S\$1.016 billion, mainly comprising plantation assets of S\$328.0 million, investment in associates of S\$299.5 million, property, plant and equipment of S\$117.6 million, inventories of S\$79.2 million, other receivables of S\$69.4 million, cash and cash equivalents of S\$40.2 million and trade receivables of S\$32.8 million.

Total liabilities as at 31 December 2015 was S\$267.3 million, mainly comprising short-term loans of S\$133.9 million, long term loans of S\$74.4 million, other payables of S\$21.4 million and trade payables of S\$23.3 million.

As at 31 December 2015, GMG had net asset value (“NAV”) (after excluding non-controlling interest) of S\$715.6 million. GMG had intangibles assets of S\$144.8 million (inclusive of S\$133.7 million included in the carrying amount of GMG’s investment in its associate, SIAT S.A.), hence its net tangible assets (“NTA”) (after excluding non-controlling interest) was S\$570.8 million.

### *Impairment*

We understand from the notes to the financial statements of GMG’s FY2015 annual report that GMG tests the carrying amount of investment in its directly-held associate annually for impairment or more frequently if there are indications that the carrying amount of the investment in the associate might be impaired.

GMG also assesses annually whether its plantation assets have any indication of impairment in accordance with its accounting policy. Such assessment is based on estimates of future rubber prices, exchange rates, operating expenses and sales orders and the appropriate discount rate to use. GMG management has assessed the carrying amount of plantation assets and made nil allowance for impairment of plantation assets in FY2015 as compared to S\$4.35 million in FY2014, which had been already been recognised in the FY2014 profit and loss.

### *Major Properties*

We set out below a list of major properties held by the GMG Group as at 31 December 2015, as extracted from GMG’s FY2015 annual report:

Description	Location	Tenure
Plantations covering land area of 40,992 hectares	Niete, Cameroon	50 years from 1996 plus 50 years, renewable
Factory, hospital, workshop buildings and housing complex within plantation areas	Niete, Cameroon	50 years from 1996 plus 50 years, renewable
Land for plantations covering 18,365 hectares	Kribi, Cameroon	Provisional concession received in 2012. Long term lease currently in process of finalisation
Housing complex within the plantation areas	Kribi, Cameroon	Long term lease currently in process of finalisation
Plantations covering land area of 45,198 hectares	Meyomessala, Cameroon	Freehold
Plantations covering land area of 1,580 hectares	Anguededou, Cote d’Ivoire	66 years leasehold from 1995
Factory buildings and housing complex within the plantation areas	Anguededou, Cote d’Ivoire	66 years leasehold from 1995
Factory buildings covering land area of 4 hectares	Dabou, Cote d’Ivoire	99 years leasehold from 2009

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Description	Location	Tenure
Factory buildings and housing complex covering land area of 6 hectares	Tanjung Tabalong, South Kalimantan	30 years leasehold from 2006
Factory buildings and housing complex covering land area of 1 hectare	Tanjung Tabalong, South Kalimantan	30 years leasehold from 2011
Factory buildings and housing complex covering land area of 12 hectares	Pontianak, West Kalimantan	30 years leasehold from 2010
Palm Plantation covering land area of 37 hectares	Songkhla, Thailand	Freehold
Bungalow covering land areas of 1 hectare	Songkhla, Thailand	Freehold
Office building covering land area of 0.12 hectare	Songkhla, Thailand	Freehold
Factory building and housing complex covering land area of 15 hectares	Yala, Thailand	Freehold
Factory building and housing complex covering land area of 17 hectares	Narathiwat, Thailand	Freehold
Factory building and housing complex covering land area of 11 hectares	Suratthani, Thailand	Freehold
Factory building and housing complex covering land area of 8 hectares	Pattani, Thailand	Freehold
Factory building and housing complex covering land area of 4 hectares	Nakornsri Thammarat, Thailand	Freehold
Vacant factory building and housing complex covering land area of 17 hectares	Trang, Thailand	Freehold
Vacant factory building and housing complex covering land area of 6 hectares	Pattani, Thailand	Freehold
Vacant factory building and housing complex covering land area of 7 hectares	Nakornsri Thammarat, Thailand	Freehold
Vacant factory building and housing complex covering land area of 5 hectares	Yala, Thailand	Freehold
Vacant factory building and housing complex covering land area of 3 hectares	Narathiwat, Thailand	Freehold
Vacant land area of 17 hectares	Krabi, Thailand	Freehold
Vacant land area of 6 hectares	Chantaburi, Thailand	Freehold

### 31 March 2016

As at 31 March 2016, GMG had total assets of S\$1.042 billion, mainly comprising plantation assets of S\$333.4 million, investment in associates of S\$298.5 million, property, plant and equipment of S\$117.2 million, inventories of S\$99.7 million, other receivables of S\$75.9 million, cash and cash equivalents of S\$36.8 million and trade receivables of S\$28.5 million.

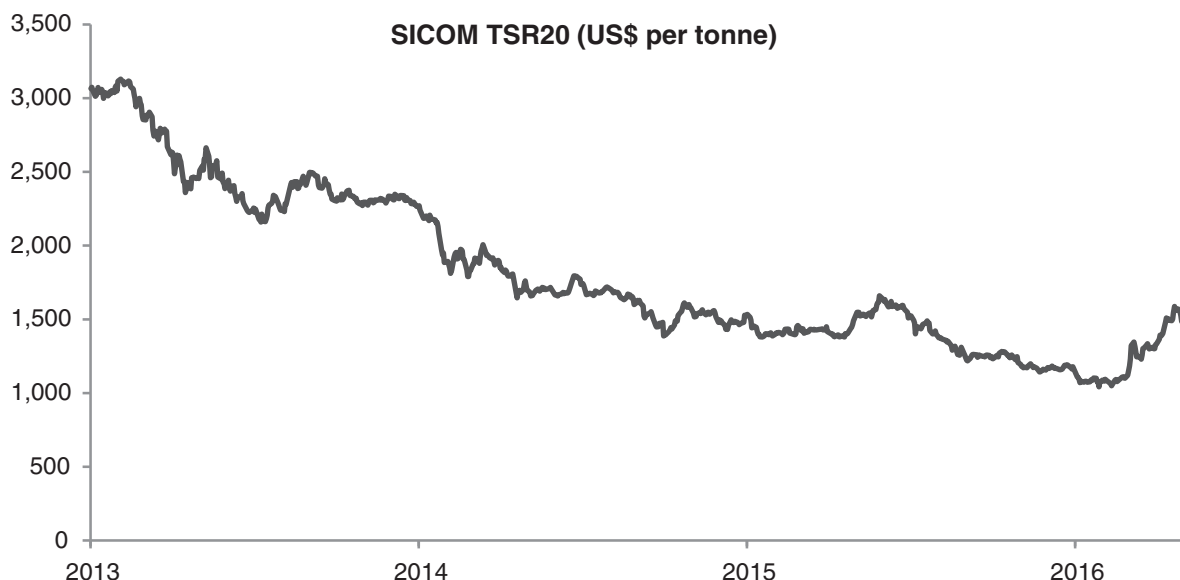
Total liabilities as at 31 March 2016 was S\$303.6 million, mainly comprising short-term loans of S\$139.4 million, long term loans of S\$97.2 million, trade payables of S\$30.6 million and other payables of S\$24.3 million.

As at 31 March 2016, GMG had NAV (after excluding non-controlling interest) of S\$707.5 million. GMG had intangibles asset of S\$144.7 million (inclusive of S\$133.7 million of goodwill included in the carrying amount of GMG's investment in its associate, SIAT S.A., as at 31 December 2015), hence its NTA (after excluding non-controlling interest) was S\$562.8 million.

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### 5.1.3 Natural Rubber Prices

As set out in paragraph 5.1.1 of this IFA Letter, GMG's revenues decreased from FY2013 through FY2015 largely due to the fall in prices of natural rubber in the corresponding period. We set out below the daily closing price of Technically Specified Rubber Grade 20 ("TSR20") on the Singapore Commodity Exchange Limited ("SICOM") from 1 January 2013 till the Latest Practicable Date:



Source: Bloomberg Finance L.P.

The table below sets out the highest, lowest, average and closing prices of TSR20 on SICOM from 1 January 2013 till the Latest Practicable Date as follows:

Period	US\$ per tonne			
	Highest	Lowest	Average	Closing
FY2013	3,129	2,159	2,510	2,265
FY2014	2,270	1,387	1,710	1,522
FY2015	1,660	1,143	1,370	1,178
1 January 2016 to the Latest Practicable Date	1,588	1,042	1,251	1,473

The price of natural rubber since 1 January 2013, as represented by the market price of TSR20 on SICOM, has been on a decreasing trend after it reached the high of US\$3,129 per tonne in FY2013. As at the Latest Practicable Date, the closing market price of TSR20 on SICOM was US\$1,473 per tonne which represented an increase of 25.0% to the closing market price of TSR20 on SICOM as at 31 December 2015.

We note from GMG's 1Q2016 results announcement that the GMG Group's performance is highly dependent on (i) the price of natural rubber which was averaging US\$1,428 per tonne in March 2016, (ii) the fluctuations of foreign currencies namely the Euro, United States Dollars, Thai Baht and Indonesia Rupiah and (iii) climatic changes. Barring unforeseen circumstances, GMG management expects rubber prices for 2016 to remain range-bound at current levels.

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We also note HAC's view on rubber prices in Section 5.3.5(a) of the Circular and have set out below in *italics* certain extracts for your reference:

*“The Company believes that the natural rubber price has, for some time, been disconnected from supply-demand fundamentals, which remain solid both in the near term and over the longer term. Instead, global economic sentiment and fears about the Chinese economy have weighed heavily on the commodity sector and have extended downward pressure on the natural rubber price to levels below the cost of production of most rubber producers.”*

*“The Company is optimistic that the natural rubber price will eventually return to a level which will provide for fair remuneration for smallholder farmers and support the sustainable operation and development of the natural rubber industry.”*

### 5.1.4 Contingent Liabilities

GMG's FY2015 annual report disclosed certain contingent liabilities in relation to the accrual for such post-employment benefits by one GMG subsidiary in Cameroon, Hevecam Cameroon S.A. which amounted to S\$2.1 million as at 31 December 2015. The accrual for post-employment benefits of S\$2.1 million has been made by the GMG Group and included as part of other payables in the statement of financial position as at 31 December 2015. Further details on these contingent liabilities can be found in the full text of note 37 of GMG's FY2015 annual report. We note that GMG is still in discussion with authorities on a new collective agreement.

### 5.1.5 Dividend Track Record

The dividend track record of GMG for FY2013 through FY2015 is set out below:

	FY2013	FY2014	FY2015
Dividends per GMG Share declared in respect of the each financial year (Singapore cents)	0.100 <sup>(1)</sup>	Nil	Nil

**Note:**

(1) Dividends per GMG Share have not been adjusted for the 10-into-1 share consolidation which was effective on 18 May 2015.

We note from GMG's FY2015 annual report that GMG's normal dividend policy is to target a dividend payout of 25% of GMG's net profit attributable to shareholders, barring unforeseen circumstances. No dividend has been proposed or declared in respect of FY2014 and FY2015 given GMG's losses for both these years.

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### 5.2 THE IMPLIED OFFER PRICE AND GMG SHARES

#### 5.2.1 The Implied Offer Price and the Market Performance of the GMG Shares

The historical price chart (based on closing prices and the number of GMG Shares traded on a daily basis) for GMG Shares during the period commencing from the 12-month period prior to 11 January 2016 (the “**Unaffected Date**”), being the last full Market Day prior to the queries of the SGX-ST on 12 January 2016 (the “**SGX-ST Query Date**”), up to the Latest Practicable Date is set out below:



Note: GMG share prices and trading volumes have been adjusted for the 10-into-1 share consolidation which was effective on 18 May 2015.

Source: Bloomberg L.P

#### Earnings Announcements

- E1: On 9 February 2015, GMG issued a profit warning for its unaudited financial results for the financial year ended 31 December 2014.
- E2: On 13 February 2015, GMG announced its unaudited financial results for the financial year ended 31 December 2014.
- E3: On 23 April 2015, GMG announced its unaudited financial results for the three months ended 31 March 2015.
- E4: On 31 July 2015, GMG announced its unaudited financial results for the six months ended 30 June 2015.
- E5: On 30 October 2015, GMG announced its unaudited financial results for the nine months ended 30 September 2015.
- E6: On 26 February 2016, GMG announced its unaudited financial results for the financial year ended 31 December 2015.
- E7: On 28 April 2016, GMG announced its unaudited financial results for the three months ended 31 March 2016.



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Other selected announcements:

- A1: On 23 January 2015, GMG announced the resignation of Mr Zhang Zenggen as non-executive Chairman and director. GMG also announced the appointment of Mr Qin Hengde, an existing director, as the new non-executive chairman.
- A2: On 13 February 2015, GMG announced that Mr Li Xuetao will be rejoining the Company as executive director and chief executive officer from 1 March 2015. GMG also announced that Mr Yao Xingliang whose term as executive director, chief executive officer will cease on 1 March 2015.
- A3: On 17 March 2015, GMG announced a proposed share consolidation of every ten (10) existing issued ordinary shares in the share capital of GMG into one consolidated share ("**GMG Share Consolidation**").
- A4: On 7 May 2015, GMG announced the books closure date for the GMG Share Consolidation and that the GMG Share Consolidation would be effective on 18 May 2015.
- A5: On 3 July 2015, GMG announced the resignation of Zhou Laichun, its present chief financial officer, and the appointment of Mr Alan Wong Tuan Keng as the new chief financial officer effective 1 August 2015.
- A6: On 2 November 2015, GMG announced the cessation of Mr Yao Xingliang as non-executive director.
- A7: On 12 January 2016, the SGX-ST queried GMG regarding the trading activities of GMG Shares.
- On 13 January 2016, GMG requested for a trading halt pending the release of an announcement.
- On 15 January 2016, GMG announced that they had been informed by SIO that SIO was currently in discussions with HAC on a potential strategic transaction involving the combination of HAC, SIO's interests in GMG and certain rubber related assets of Sinochem. GMG also announced that the trading halt would be lifted on the morning of 18 January 2016.
- A8: On 4 March 2016, GMG announced the appointment of Mr Li Dajun as a non-executive director.
- A9: On 28 March 2016, GMG announced the GMG VGO.

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We have tabulated below selected statistical information on the share price performance and trading liquidity of GMG Shares commencing from the 12-months period prior to 11 January 2016, being the Unaffected Date, up to the Latest Practicable Date.

GMG Shares <sup>(1)</sup>	Highest price S\$ <sup>(2)</sup>	Lowest price S\$ <sup>(3)</sup>	VWAP S\$ <sup>(4)</sup>	Premium of Implied Offer Price over VWAP %	Average daily trading volume '000 <sup>(5)</sup>	Average daily trading volume as a percentage of free float % <sup>(6)</sup>
<b><u>Prior to the Unaffected Date</u></b>						
Last 12 months	0.780	0.300	0.6310	10.9	313	0.11
Last 6 months	0.485	0.300	0.3749	86.7	114	0.04
Last 3 months	0.425	0.300	0.3565	96.4	145	0.05
Last 1 month	0.340	0.300	0.3122	124.2	128	0.05
8 January 2016 (being the last traded day up till and including the Unaffected Date)	0.300	0.300	0.2763	153.3	85	0.03
<b><u>After the SGX-ST Query Date up to 23 March 2016</u></b>						
After 12 January 2016 up to 23 March 2016	0.615	0.275	0.4666	50.0	605	0.22
23 March 2016 (being the last traded day prior to the Announcement Date)	0.615	0.615	0.6123	14.3	4,299	1.53
<b><u>After the Announcement Date</u></b>						
After the Announcement Date to the Latest Practicable Date	0.625	0.575	0.6019	16.3	760	0.27

Source: Bloomberg Finance L.P.

**Notes:**

- (1) GMG share prices and trading volumes have been adjusted for the 10-into-1 share consolidation which was effective on 18 May 2015.
- (2) The highest price refers to the highest daily closing price during the relevant period.
- (3) The lowest price refers to the lowest daily closing price during the relevant period.
- (4) The volume weighted average price ("VWAP") of GMG Shares over the relevant period.
- (5) The average daily trading volume of GMG Shares is computed based on the total volume of GMG Shares traded during the relevant period, divided by the number of days on which the SGX-ST is open for the trading of securities during the relevant period.
- (6) Free float refers to the GMG Shares other than those directly and deemed held by the directors and the substantial shareholders of GMG. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of approximately 280.4 million GMG Shares as extracted from GMG's FY2015 annual report, representing approximately 36.6% of the 766,019,636 total issued GMG Shares (excluding treasury shares).

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Based on the above graph and table, we note that:

- (i) the prices of GMG Shares have ranged between S\$0.30 and S\$0.78 in the 12 months prior to the Unaffected Date. GMG share price has been on the decline since April 2015 up till the Unaffected Date;
- (ii) VWAP of GMG Shares prior to the Unaffected Date have been on the decline, decreasing from S\$0.6310 (12-month VWAP) to S\$0.3749 (6-month VWAP) to S\$0.3565 (3-month VWAP) and to S\$0.3122 (1-month VWAP);
- (iii) the Implied Offer Price represents premiums of approximately 153.3%, 124.2%, 96.4%, 86.7% and 10.9% to the VWAP on 8 January 2016 and the 1-month, 3-month, 6-month and 12-month VWAP of the GMG Shares prior to the Unaffected Date respectively;
- (iv) the Implied Offer Price represents a premium of 50.0% to the VWAP of GMG Shares for the period after the SGX-ST Query Date and up to 23 March 2016, being the last traded day prior to the Announcement Date;
- (v) the Implied Offer Price represents a premium of 16.3% to the VWAP of the GMG Shares for the period between the Market Day immediately after the Announcement Date and up to the Latest Practicable Date;
- (vi) in the 12 months leading up till the Unaffected Date, the GMG Shares were traded on 244 days out of a possible 248 Market Days, or approximately 98.4% of Market Days during the corresponding period;
- (vii) the average daily trading volume of the GMG Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Unaffected Date was low, representing only 0.05%, 0.05%, 0.04% and 0.11% of the free float respectively; and
- (viii) the average daily trading volume of the GMG Shares improved to 0.27% of the free float for the period between the Market Day immediately after the Announcement Date and up to the Latest Practicable Date.

### 5.2.2 The Implied Offer Price versus the NAV per GMG Share

As GMG is a public listed company that is listed on the Mainboard of the SGX-ST, our analysis of GMG is necessarily limited to the public information available, including *inter alia*, GMG's annual reports, quarterly financial results and announcements on the SGX-ST's website. We did not have access nor did we hold any discussions with the management of GMG or GMG's financial advisors. As such, apart from publicly available information, we are unable to ascertain if there are any subsequent material events which may impact GMG's unaudited consolidated balance sheet as at 31 March 2016 (including new material contingent liabilities or whether there is a necessity to revalue any of GMG's assets).

Based on the audited NAV of the GMG Group (after excluding non-controlling interest) of S\$715.6 million as at 31 December 2015 and the issued share capital of 766,019,636 GMG Shares as at the Latest Practicable Date, the audited NAV per GMG Share was approximately S\$0.9342. The Implied Offer Price represents a discount of 25.1% (or S\$0.2342) to the NAV of each GMG Share as at 31 December 2015.

Based on the unaudited NAV of the GMG Group (after excluding non-controlling interest) of S\$707.5 million as at 31 March 2016 and the issued share capital of 766,019,636 GMG Shares as at the Latest Practicable Date, the unaudited NAV per GMG Share was approximately S\$0.9236. The Implied Offer Price represents a discount of 24.2% (or S\$0.2236) to the NAV of each GMG Share as at 31 March 2016.

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### 5.2.3 The Implied Offer Price versus the NTA per GMG Share

The GMG Group had intangible assets of S\$144.8 million (inclusive of S\$133.7 million included in the carrying amount of GMG's investment in its associate, SIAT S.A.) as at 31 December 2015. Accordingly, the net tangible assets of the GMG Group (after excluding non-controlling interest) as at 31 December 2015 was S\$570.8 million or a NTA per GMG Share of S\$0.7452. The Implied Offer Price represents a discount of 6.1% (or S\$0.0452) to the NTA of each GMG Share as at 31 December 2015.

As at 31 March 2016, the GMG Group had intangible assets of S\$144.7 million (inclusive of S\$133.7 million of goodwill included in the carrying amount of GMG's investment in its associate, SIAT S.A., as at 31 December 2015) as at 31 March 2016. Accordingly, the net tangible assets of the GMG Group (after excluding non-controlling interest) as at 31 March 2016 was S\$562.8 million or a NTA per GMG Share of S\$0.7347. The Implied Offer Price represents a discount of 4.7% (or S\$0.0347) to the NTA of each GMG Share as at 31 March 2016.

### 5.3 COMPARISON OF VALUATION RATIOS OF SELECTED LISTED COMPANIES WHICH ARE BROADLY COMPARABLE WITH THE GMG GROUP

The GMG Group is principally engaged in the business of planting, growing, tapping, processing, marketing, and exporting natural rubber in the United States, Asia and Europe. For the purposes of assessing the Implied Offer Price, we have considered listed companies whose business are broadly comparable with the GMG Group ("**GMG Comparables**").

We had discussions with management about the suitability and reasonableness of the GMG Comparables. We wish to highlight that the GMG Comparables are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the GMG Group in terms of location, business activities, customer base, size of operations, asset base, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made here is necessarily limited and it may be difficult to place reliance on the comparison of valuation for the GMG Comparables. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the GMG Comparables is set out below:

<b>GMG Comparables</b>	<b>Listing Location</b>	<b>Brief Business Description</b>	<b>Market Capitalisation as at the Latest Practicable Date <sup>(1) (2)</sup> (S\$ million)</b>
The Company	Singapore	The HAC Group is a supply chain manager, specialising in the origination, production and distribution of natural rubber. The HAC Group owns natural rubber plantations and sources rubber of a range of origins and grades for distribution to customers through its international sales network. The HAC Group also owns and operates natural rubber processing factories.	441

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GMG Comparables	Listing Location	Brief Business Description	Market Capitalisation as at the Latest Practicable Date <sup>(1) (2)</sup> (S\$ million)
Sri Trang Agro-Industry Public Company Limited (“ <b>Sri Trang</b> ”)	Singapore	Sri Trang is engaged in the manufacture and sale of rubber products. Its products include rubber smoked sheets, which are used as raw material in the production of automobile tires, pipes, shoes and parts of automobiles; block rubber, which is used in the automobile tyre industry, as well as a substitute to grade-3 rubber smoked sheet, and concentrated latex, which can be used as a raw material in the production of latex examination gloves, condoms, and elastic rubber thread.	627
China Hainan Rubber Industry Group Co. Ltd. (“ <b>Hainan Rubber</b> ”)	PRC	Hainan Rubber is principally engaged in the planting, processing and distribution of natural rubber. It is also involved in the cutting and distribution of rubber trees. The major products include rubber products, such as latex thread, natural rubber gloves, concentrated natural latex rubber, standard rubber for aircraft tire use and others, as well as rubber woods.	4,925
Thai Rubber Latex Corporation (Thailand) Public Company Limited (“ <b>Thai Rubber</b> ”)	Thailand	Thai Rubber manufactures latex concentrate and related products used as raw material for producing rubber products such as latex gloves, condoms, rubber thread, balloons, rubber bands, rubber tubes, and belt conveyor.	44
Société Internationale de Plantations d’Hévéas (“ <b>SIPH</b> ”)	France	SIPH specialises in the production, manufacturing and marketing of natural rubber for industrial use. SIPH operates 58,000 hectares of mature rubber plantations spread over 4 countries (Ivory Coast, Ghana, Nigeria and Liberia). SIPH markets its products, which are mainly reserved for the tyre business, on the international market.	287

Source: Bloomberg Finance L.P., annual reports, announcements and websites of respective companies

**Notes:**

- (1) Market capitalisation of the GMG Comparables is based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the closing exchange rate of S\$1:RMB4.7816, S\$1:THB25.7926, and S\$1:EUR0.6441 as at the Latest Practicable Date. RMB, THB and EUR refer to the Chinese Yuan, Thai Baht and Euro respectively.

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For the comparison with the GMG Comparables, we have referred to various valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies. In this respect, we have considered the following widely used ratios:

<b>Valuation Ratio</b>	<b>General Description</b>
<b>EV/EBITDA</b>	<p>“EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.</p> <p>The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.</p>
Price-to-Earnings (“P/E”)	<p>The P/E ratio illustrates the ratio of the market price of a company’s share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-Net Asset Value (“P/NAV”)	<p>P/NAV ratio illustrates the ratio of the market price of a company’s share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>
Price-to-Net Tangible Asset (“P/NTA”)	<p>P/NTA ratio illustrates the ratio of the market price of a company’s share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.</p>
EV-to-Sales Tonnage (“EV / Sales Tonnage”)	<p>The historical EV/Sales-Tonnage ratio illustrates the ratio of the market value of a company’s business relative to the sales (in tonnes) of the company. It provides an indication of the relative market value of the company’s business per tonne of sales. “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. Sales tonnage refers to the rubber sales (in tonnes) of the respective company based on the latest publicly available information, where available.</p>

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Valuation Ratio	General Description
EV-to-Processing Capacity Capacity ("EV / Processing Capacity")	The historical EV/Processing-Capacity ratio illustrates the ratio of the market value of a company's business relative to the processing capacity (in tonnes) of the respective company. It provides an indication of the relative market value of the company's business per tonne of processing capacity. "EV" or "Enterprise Value" is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. Processing capacity refers to the rubber processing capacity (in tonnes) of the respective company based on the latest publicly available information, where available.

We set out in the table below the financial ratios of the GMG Comparables as at the Latest Practicable Date:

GMG Comparables	Net Profit / (Loss) <sup>(1)</sup> (S\$m)	EV / EBITDA <sup>(2)</sup> (times)	P/E <sup>(3)</sup> (times)	P/NAV <sup>(4)</sup> (times)	P/NTA <sup>(4)</sup> (times)	EV / Sales Tonnage <sup>(5)</sup> (S\$/Tonne)	EV / Processing Capacity <sup>(5)</sup> (S\$/Tonne)
The Company	11.7	15.1	38.3	3.2	n.m. <sup>(6)</sup>	1,511	1,349
Sri Trang	44.8	11.0	14.5	0.8	0.8	1,150	858
Hainan Rubber	(210.7)	n.m. <sup>(7)</sup>	n.m. <sup>(7)</sup>	3.0	3.1	6,919	12,387
Thai Rubber	(3.1)	14.8	n.m. <sup>(7)</sup>	0.7	0.7	n.a. <sup>(8)</sup>	724
SIPH	(4.1)	21.6	n.m. <sup>(7)</sup>	1.7	2.0	2,645	2,535
Maximum		21.6	38.3	3.2	3.1	6,919	12,387
Minimum		11.0	14.5	0.7	0.7	1,150	724
Mean		15.6	26.4	1.9	1.7	3,056	3,570
Median		14.9	26.4	1.7	1.4	2,078	1,349
<b>GMG Group <sup>(9)</sup></b>	(24.5)	n.m. <sup>(10)</sup>	n.m. <sup>(10)</sup>	0.8	1.0	2,346	1,456
(Based on Implied Offer Price)							

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies, and other publicly available information.

### Notes:

- (1) The net profits attributable to shareholders in the most recent last twelve months ("LTM") compiled from the respective companies' financial results. Net profit figures are based upon the average exchange rates prevailing during the corresponding LTM period for each respective company.
- (2) The EBITDA figures of the GMG Comparables are based upon the LTM information compiled from the respective companies' financial results. EV of the companies are based on their respective market capitalisations as at the Latest Practicable Date.
- (3) The P/E ratios of the GMG Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the net profits attributable to shareholders in the LTM compiled from the respective companies' financial results.
- (4) The P/NAV and P/NTA ratios of the GMG Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV and NTA attributable to shareholders as announced by the respective companies.
- (5) Based upon the latest sales tonnage and processing capacity of the GMG Comparables, where available
- (6) Not meaningful as the Company was in a net tangible liabilities position.

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- (7) Not meaningful as Hainan Rubber had losses and negative EBITDA in the LTM whilst both Thai Rubber and SIPH had losses in the LTM.
- (8) Information on sales tonnage was not available.
- (9) Based on the Implied Offer Price of S\$0.70 and the GMG Group's LTM financials. EV for the GMG Group is determined as the sum of the market capitalisation of the GMG Group, as implied by the Implied Offer Price, in addition to minority interest, short term and long term borrowings less cash and cash equivalents.
- (10) Not meaningful as GMG Group had losses and negative EBITDA in the LTM.

Based on the above ratio analysis, we noted that:

- (a) as the GMG Group was in a loss making position and had negative EBITDA in the LTM, the EV/EBITDA and P/E ratios are not meaningful. For reference only, the GMG Comparables are trading at (i) EV/EBITDA ratios of between 11.0 and 21.6 times and (ii) P/E ratios of between 14.5 times and 38.3 times;
- (b) the P/NAV ratio of the GMG Group, as implied by the Implied Offer Price and based on the NAV per GMG Share, is within the range, and below the mean and median of the GMG Comparables;
- (c) the P/NTA ratio of the GMG Group, as implied by the Implied Offer Price and based on the NTA per GMG Share, is within the range, below the mean and the median of the GMG Comparables;
- (d) the EV / Sales Tonnage ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables; and
- (e) the EV / Processing Capacity ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables.

### 5.4 COMPARISON WITH RECENT PRIVATISATION TRANSACTIONS

As disclosed in Section 5.2 of the Circular, in the event that the Company receives acceptances for the GMG VGO such that GMG is unable to continue to meet the public float requirement, the Company does not have any present intention to support any action or take any steps to maintain the listing status of GMG on the SGX-ST. HAC also intends to exercise its rights of compulsory acquisition under Section 215(1) of the Act to acquire the all the GMG Shares of GMG Shareholders who have not accepted the GMG VGO, should this right of compulsory acquisition arise.

In assessing the Implied Offer Price, in light of the above stated intention of the Company, we have compared the financial terms of the GMG VGO with those of selected successful privatisation transactions that were announced and completed since January 2014 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Act or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST ("**Recent Privatisation Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs prior to the announcement of the respective Recent Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the



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relevant companies below. Further, the list of target companies involved in Recent Privatisation Transactions set out in the analysis below are not directly comparable with the GMG Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the GMG VGO with the Recent Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the GMG Group.

	Announcement Date	Type <sup>(1)</sup>	Premium / (Discount) of Offer Price over/(to):				Offer Price / NTA (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Singapore Land Limited <sup>(2)</sup>	24-Feb-14	VGO	11.2	16.9	13.9	11.0	0.7
Chemoil Energy Limited <sup>(3)</sup>	25-Feb-14	VD	29.0	31.1	32.5	31.1	1.1
Olam International Limited <sup>(4)</sup>	14-Mar-14	VGO	11.8	24.3	33.0	39.9	1.8
Asia Power Corporation Limited <sup>(5)</sup>	24-Mar-14	VD	-	1.2	2.1	9.7	0.6
China XLX Fertiliser Ltd <sup>(6)</sup>	31-Mar-14	VD	23.1	28.9	24.8	22.2	0.9
CapitaMalls Asia Limited <sup>(7)</sup>	14-Apr-14	VGO	23.0	27.0	25.5	20.5	1.2
Hotel Properties Limited <sup>(8)</sup>	14-Apr-14	MGO	11.8	15.6	16.7	14.3	0.8
ASJ Holdings Limited <sup>(9)</sup>	7-May-14	VGO	18.2	43.7	55.4	62.0	0.7
Goodpack Limited <sup>(10)</sup>	27-May-14	SOA / VGO	23.2	30.8	31.3	34.3	3.1
Lee Kim Tah Holdings Limited <sup>(11)</sup>	25-Sep-14	VGO	6.4	11.8	12.3	13.5	1.0
Perennial China Retail Trust <sup>(12)</sup>	27-Oct-14	VGO	29.6	34.0	33.0	32.1	0.9
Forterra Trust <sup>(13)</sup>	4-Nov-14	MGO	32.4	51.1	49.7	39.8	0.6
ECS Holdings Limited <sup>(14)</sup>	14-Nov-14	VGO	11.5	9.0	11.5	9.3	0.6
euNetworks Group Limited <sup>(15)</sup>	17-Nov-14	MGO / VD	32.6	58.4	69.2	101.2	2.1
UE E&C Ltd <sup>(16)</sup>	28-Nov-14	VGO	(2.3)	2.7	5.0	(2.9)	1.2
CH Offshore Ltd <sup>(17)</sup>	11-Dec-14	VGO	18.3	20.1	17.0	16.8	1.0
STATS ChipPAC Ltd <sup>(18)</sup>	30-Dec-14	VGO	1.3	7.1	(7.5)	(22.5)	1.9
LCD Global Investments Ltd <sup>(19)</sup>	12-Jan-15	VGO	10.0	11.5	13.4	13.4	1.2
Popular Holdings Limited <sup>(20)</sup>	14-Jan-15	VGO	39.1	39.7	37.3	32.2	1.2
Keppel Land Limited <sup>(21)</sup>	23-Jan-15	VGO	20.0	25.0	28.8	28.2	0.9
Action Asia Limited <sup>(22)</sup>	27-Feb-15	VD	69.6	67.6	66.7	64.5	0.8
United Envirotech Ltd <sup>(23)</sup>	5-Mar-15	VGO	12.6	16.5	20.2	28.1	7.2
Junma Tyre Cord Company Limited <sup>(24)</sup>	10-Mar-15	VD	222.6	162.3	174.7	167.7	0.9

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	Announcement Date	Type <sup>(1)</sup>	Premium / (Discount) of Offer Price over/(to):				Offer Price / NTA (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Lizhong Wheel Group Ltd. <sup>(25)</sup>	17-Aug-15	VGO	96.1	87.3	79.2	92.3	0.6
Chosen Holdings Limited <sup>(26)</sup>	1-Sep-15	VGO	21.2	26.3	27.0	33.3	0.9
Eastern Holdings Ltd. <sup>(27)</sup>	22-Sep-15	VD	41.7	67.3	34.1	25.7	0.8
Zagro Asia Limited <sup>(28)</sup>	3-Nov-15	VD	15.4	19.0	20.0	16.3	0.9
Sinotel Technologies Ltd. <sup>(29)</sup>	30-Nov-15	VD	50.6	30.6	45.5	(4.5)	0.8
Maximum			222.6	162.3	174.7	167.7	7.2
Minimum			(2.3)	1.2	(7.5)	(22.5)	0.6
Mean			31.4	34.5	34.7	33.2	1.3
Median			20.6	26.7	27.9	26.9	0.9
<b>GMG Group(30)</b> (Based on Implied Offer Price)	15-Jan-16	VGO	133.3	124.2	96.4	86.7	1.0

### Notes:

- (1) VGO – Voluntary General Offer, VD – Voluntary Delisting, MGO – Mandatory General Offer, SOA – Scheme of Arrangement.
- (2) Based on the NTA per share of S\$13.07 as at 31 December 2013.
- (3) Based on the NTA per share of US\$0.382 as at 31 December 2013.
- (4) Based on the P/NTA ratio stated in the independent financial adviser letter to Olam International Limited as at 31 December 2013.
- (5) Based on the NTA per share of S\$0.247 as at 31 December 2013.
- (6) Based on the unaudited consolidated NTA per share of S\$0.47 as at 31 March 2014.
- (7) Based on the NAV per share of S\$1.87 as at 31 March 2014.
- (8) Based on the revalued NAV per share of S\$5.01 on an as-is basis as at 31 March 2014.
- (9) Based on the revalued NTA per share of S\$0.091 as at 31 December 2013.
- (10) Based on the unaudited NTA per share of S\$0.81 as at 31 March 2014.
- (11) Based on the revalued NAV per share (taking into account contingent tax liability) of S\$1.107 as at 30 June 2014.
- (12) Based on the NAV per share of S\$0.74 as at 30 September 2014.
- (13) Based on the revalued NAV per share of S\$3.87 as at 30 September 2014.
- (14) Based on the unaudited NAV per share of S\$1.06 as at 30 September 2014.
- (15) Based on the NTA per share of S\$0.565 as at 31 December 2014.
- (16) Based on the adjusted NAV per share of S\$1.05 stated in the independent financial adviser letter to UE E&C Ltd less goodwill as at 30 September 2014.
- (17) Based on the revalued NTA of US\$291.06 million as at 31 December 2014.
- (18) Based on the NTA (excluding the value of perpetual securities) of US\$393,641,000 as at 29 March 2015.
- (19) Based on the unaudited NTA of S\$285.65 million as at 31 December 2014.

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- (20) Based on the unaudited revalued NTA attributable to shareholders (taking into account the revaluation surplus arising from the revalued properties) of S\$218.1 million as at 31 October 2014.
- (21) Based on the NAV per share of S\$4.95 as at 31 December 2014.
- (22) Based on the unaudited consolidated NTA per share of S\$0.233 as at 31 March 2015.
- (23) Based on the unaudited NAV of S\$702,655,000 stated in the independent financial adviser letter to United Envirotech Ltd less goodwill and intangible assets as at 31 December 2014.
- (24) Based on the revalued NTA per share of S\$0.21 as at 31 December 2014.
- (25) Based on the revalued NTA per share of S\$0.86 as at 30 June 2015.
- (26) Based on the revalued NTA per share of S\$0.2826 as at 30 June 2015.
- (27) Based on the revalued NTA per share of S\$0.515 as at 30 September 2015.
- (28) Based on the revalued NTA per share of S\$0.35 as at 30 June 2015.
- (29) Based on the NTA per share of S\$0.158 as at 30 September 2015.
- (30) Based on the Implied Offer Price of S\$0.70, the GMG Group's LTM financials, the last transacted price of S\$0.30 for GMG Shares on 8 January 2016 (no trades done on 11 January 2016), and the respective VWAP periods up to and including 11 January 2016, being the Unaffected Date. On 15 January 2016, GMG announced on that they had been informed by SIO that SIO was currently in discussions with HAC on a potential strategic transaction involving the combination of HAC, SIO's interests in GMG and certain rubber related assets of Sinochem.

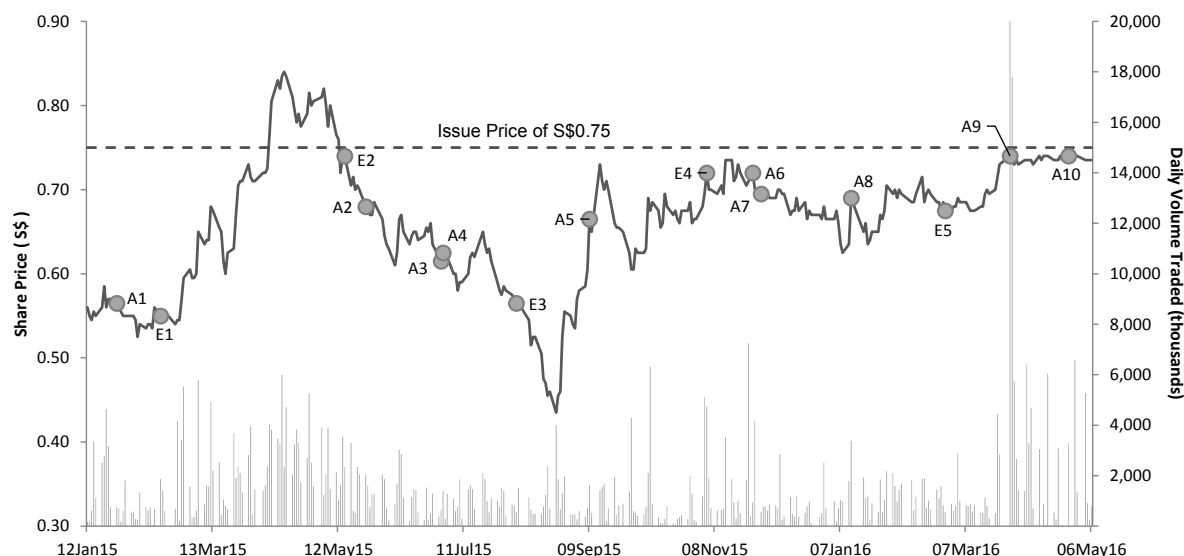
Based on the above, we note that:

- (i) the premium implied by the Implied Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month period prior to the announcement date of GMG Shares is within the range and above the corresponding mean and median premium of Recent Privatisation Transactions; and
- (ii) the ratio of the Implied Offer Price over the NTA of GMG Shares, is within the range, below the mean and above the median offer price over NTA ratios of Recent Privatisation Transactions.

### 5.5 THE HAC SHARES AS CONSIDERATION FOR THE GMG VGO

#### 5.5.1 The Issue Price and the Market Performance of HAC Shares

The historical price chart (based on closing prices and the number of HAC Shares traded on a daily basis) for the HAC Shares during the period commencing from the 12-months period prior to the Unaffected Date, up to the Latest Practicable Date is set out below.



Source: Bloomberg L.P

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### Earnings Announcements

- E1: On 16 February 2015, the Company announced its unaudited financial results for the financial year ended 31 December 2014.
- E2: On 15 May 2015, the Company announced its unaudited financial results for the three months ended 31 March 2015.
- E3: On 5 August 2015, the Company announced its unaudited financial results for the six months ended 30 June 2015.
- E4: On 4 November 2015, the Company announced its unaudited financial results for the nine months ended 30 September 2015.
- E5: On 26 February 2016, the Company announced its unaudited financial results for the financial year ended 31 December 2015.

### Other selected announcements:

- A1: On 26 January 2015, the Company announced that it had entered into a master share purchase agreement with Centrotech Holding AG ("**Centrotech**") for the acquisition of Centrotech Deutschland GmbH, Centrotech Commodities Malaysia Sdn. Bhd., Centrotech Singapore Pte Ltd and Centrotech Minerals & Metals, Inc. (collectively the "**Centrotech Rubber Group**").
- A2: On 25 May 2015, the Company announced that it had received the approval in-principle from the SGX-ST on 22 May 2015, for the transfer of the listing of the Company from the Catalyst sponsored regime to the Mainboard of the SGX-ST.
- A3: On 30 June 2015, the Company announced that it had completed the acquisition of the Centrotech Rubber Group.
- A4: On 1 July 2015, the Company announced that it has successfully completed a refinancing of up to US\$413 million, replacing existing debts with a mix of term loan and working capital facilities.
- A5: On 9 September 2015, the SGX-ST queried HAC regarding the trading activities of HAC Shares. HAC responded that the Company was currently in confidential discussions with certain parties regarding a potential strategic transaction. However, no agreement had been reached and there could be no assurance that an agreement will be concluded.
- A6: On 26 November 2015, the Company announced that Angsana Capital Ltd. ("**Angsana**") had on 26 November 2015 accepted the Company's offer (the "**Exchange Offer**") made on 1 September 2015 for the exchange of 75,000,000 Halcyon Rubber Company Pte. Ltd. preference shares ("**HRC Preference Shares**") held by Angsana into new fully paid-up ordinary shares in the capital of the Company (the "**New HAC Shares**").
- A7: On 30 November 2015, the Company announced that it had issued 179,092,000 New HAC Shares to Angsana at the exchange price of S\$0.5027 per New HAC Share, in exchange for the 75,000,000 HRC Preference Shares. With the completion of the Exchange Offer, Halcyon Rubber Company Pte. Ltd. has become a wholly-owned subsidiary of the Company.
- A8: On 12 January 2016, being the SGX-ST Query Date, the SGX-ST queried HAC regarding the trading activities of HAC Shares. HAC requested for a trading halt pending the release of an announcement.

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On 15 January 2016, HAC announced that they were in discussions with Sinochem over the possibility of a potential strategic transaction involving the combination of HAC, Sinochem's interests in GMG and certain rubber-related assets of Sinochem, as well as the possibility of Sinochem purchasing a controlling interest in the HAC. HAC also announced that the trading halt would be lifted on the morning of 18 January 2016.

A9: On 28 March 2016, the Company announced the Proposed Transactions.

A10: On 25 April 2016, the Company announced that the pre-condition relating to waivers from bondholders had been fulfilled.

A11: On 26 April 2016, the Company announced that the pre-condition relating to consent from the lenders under the Facilities Agreement had been fulfilled.

We have tabulated below selected statistical information on the share price performance and trading liquidity of the HAC Shares commencing from the 12-months period prior to the Unaffected Date, up to the Latest Practicable Date.

	Highest price S\$ <sup>(1)</sup>	Lowest price S\$ <sup>(2)</sup>	VWAP S\$ <sup>(3)</sup>	Premium of Issue Price over VWAP %	Average daily trading volume '000 <sup>(4)</sup>	Average daily trading volume as a percentage of free float % <sup>(5)</sup>
<b><u>Prior to the Unaffected Date</u></b>						
Last 12 months	0.840	0.435	0.6735	11.4	1,465	0.52
Last 6 months	0.735	0.435	0.6424	16.7	1,148	0.41
Last 3 months	0.735	0.625	0.6942	8.0	1,104	0.39
Last 1 month	0.690	0.625	0.6646	12.8	831	0.29
Unaffected Date	0.635	0.635	0.6286	19.3	1,794	0.64
<b><u>After the SGX-ST Query Date up to 23 March 2016</u></b>						
After 12 January 2016 up to 23 March 2016	0.730	0.635	0.6883	9.0	1,139	0.40
23 March 2016 (being the last traded day prior to the Announcement Date)	0.730	0.730	0.7269	3.2	2,840	1.01
<b><u>After the Announcement Date</u></b>						
After the Announcement Date to the Latest Practicable Date	0.740	0.730	0.7357	1.9	2,731	0.97

Source: Bloomberg Finance L.P.

### Notes:

- (1) The highest price refers to the highest daily closing price during the relevant period.
- (2) The lowest price refers to the lowest daily closing price during the relevant period.
- (3) The volume weighted average price ("VWAP") of the HAC Shares over the relevant period.
- (4) The average daily trading volume of the HAC Shares is computed based on the total volume of HAC Shares traded during the relevant period, divided by the number of days on which the SGX-ST is open for the trading of securities during the relevant period.

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- (5) Free float refers to the HAC Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of approximately 281.9 million Shares, representing approximately 47.0% of the 600,092,000 total issued HAC Shares.

Based on the above table, we note that:

- (i) the price of the HAC Shares have ranged between S\$0.435 and S\$0.84 in the 12 months prior to the Unaffected Date;
- (ii) VWAP of the HAC Shares has fluctuated over the various periods prior to the Unaffected Date between S\$0.6424 (6-month VWAP) and S\$0.6942 (3-month VWAP);
- (iii) the Issue Price represents a premium of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to the Unaffected Date respectively;
- (iv) the Issue Price represents a premium of 9.0% to the VWAP of the HAC Shares for the period after the SGX-ST Query Date and up to 23 March 2016, being the last traded day prior to the Announcement Date;
- (v) the Issue Price represents a premium of 1.9% to the VWAP of the HAC Shares for the period between the Market Day immediately after the Announcement Date and up to the Latest Practicable Date;
- (vi) in the 12 months leading up till the Unaffected Date, the HAC Shares were traded on 248 days out of a possible 248 Market Days, or 100.0% of Market Days during the corresponding period;
- (vii) the average daily trading volume of HAC Shares for the 1-month, 3-month, 6-month and 12-month period prior to the Announcement Date was low, representing only 0.29%, 0.39%, 0.41% and 0.52% of the free float respectively; and
- (viii) the average daily trading volume of HAC Shares increased to 0.97% of the free float for the period between the Market Day immediately after the Announcement Date and up to the Latest Practicable Date.

### 5.5.2 The Issue Price versus the NAV per HAC Share

Based on the audited NAV of the HAC Group (after excluding non-controlling interest) of US\$102.4 million as at 31 December 2015 and the issued share capital of 600,092,000 HAC Shares as at the Latest Practicable Date, the audited NAV per HAC Share was approximately S\$0.2418. The Issue Price represents a premium of 210.1% (or S\$0.5082) to the NAV per HAC Share as at 31 December 2015.

### 5.5.3 The Issue Price versus the NTA per HAC Share

The HAC Group had intangible assets of US\$200.5 million as at 31 December 2015. Accordingly, the net tangible liabilities of the HAC Group (after excluding non-controlling interest) as at 31 December 2015 was US\$98.1 million, equivalent to a net tangible liability per HAC Share of S\$0.2317.

The Issue Price represents a significant premium over the net tangible liability per HAC Share as at 31 December 2015.

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### 5.5.4 The financial performance of the HAC Group

#### (a) Income Statement

A summary of the consolidated income statements of the HAC Group for the three financial years ended 31 December (“FY”) 2015 is set out below:

US\$'millions	Audited		
	FY2013	FY2014	FY2015
Revenue	205.0	479.2	994.7
Gross profit	20.2	24.9	62.2
Profit / (Loss) after tax	9.1	(12.9)	6.3
Profit / (Loss) after tax attributable to shareholders	9.1	(9.4)	8.5

#### (b) Balance Sheet

We set out below the key balance sheet information of the HAC Group as at 31 December 2015.

US\$'millions	Audited as at 31 December 2015
Current assets	293.4
Current liabilities	(231.0)
<b>Net current assets</b>	<b>62.4</b>
Non-current assets	366.6
Non-current liabilities	(302.4)
<b>Total equity</b>	<b>126.7</b>

#### 31 December 2015

As at 31 December 2015, the HAC Group had total assets of US\$660.1 million, mainly comprising intangible assets of US\$200.5 million, inventories of US\$102.9 million, property, plant and equipment of US\$99.5 million, cash and bank balances of US\$70.5 million, trade receivables of US\$65.0 million, plantation related properties of US\$35.5 million, other receivables of US\$27.4 million, derivative financial instruments of US\$24.3 million and investment properties of US\$21.4 million.

Total liabilities as at 31 December 2015 was US\$533.4 million, mainly comprising of non-current loans payables of US\$270.2 million, current loan payables of US\$191.9 million, deferred tax liabilities of US\$20.5 million, other payables of US\$18.3 million and trade payables of US\$11.2 million.

As at 31 December 2015, the HAC Group had an NAV (after excluding non-controlling interest) of US\$102.4 million. As the HAC Group's intangibles asset was US\$200.5 million, it was in a net tangible liabilities position.

### 5.5.5 The valuation of the HAC Group implied by the Issue Price versus the valuation of companies comparable to the HAC Group

The HAC Group is principally engaged in the origination, production and distribution of natural rubber. The HAC Group owns natural rubber plantations and sources rubber of a range of origins and grades for distribution to customers through its international sales network. The HAC Group

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also owns and operates natural rubber processing factories. For the purposes of assessing the valuation of the HAC Group as implied by the Issue Price, we have considered listed companies whose business are broadly comparable with the HAC Group (“**HAC Comparables**”).

We had discussions with management about the suitability and reasonableness of the HAC Comparables. We wish to highlight that the HAC Comparables are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the HAC Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made here is necessarily limited and it may be difficult to place reliance on the comparison of valuation for the HAC Comparables. Therefore, any comparison made serves only as an illustrative guide.

The HAC Comparables are as follows:

- (a) Sri Trang;
- (b) GMG;
- (c) Hainan Rubber;
- (d) Thai Rubber; and
- (e) SIPH.

Please refer to paragraphs 4.1 and 5.3 of this IFA Letter for the relevant information of the HAC Comparables.

For the comparison with the HAC Comparables, we have referred to various valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies.

We set out in the table below the financial ratios of the HAC Comparables as at the Latest Practicable Date:

HAC Comparables	Net Profit / (Loss) <sup>(1)</sup> (S\$m)	EV / EBITDA <sup>(2)</sup> (times)	P/E <sup>(3)</sup> (times)	P/NAV <sup>(4)</sup> (times)	P/NTA <sup>(4)</sup> (times)	EV / Sales Tonnage <sup>(5)</sup> (S\$/Tonne)	EV / Processing Capacity <sup>(5)</sup> (S\$/Tonne)
Sri Trang	44.8	11.0	14.5	0.8	0.8	1,150	858
GMG	(24.5)	n.m. <sup>(6)</sup>	n.m. <sup>(6)</sup>	0.6	0.8	2,100	1,303
Hainan Rubber	(210.7)	n.m. <sup>(6)</sup>	n.m. <sup>(6)</sup>	3.0	3.1	6,919	12,387
Thai Rubber	(3.1)	14.8	n.m. <sup>(6)</sup>	0.7	0.7	n.a. <sup>(7)</sup>	724
SIPH	(4.1)	21.6	n.m. <sup>(6)</sup>	1.7	2.0	2,645	2,535
Maximum		21.6	14.5	3.0	3.1	6,919	12,387
Minimum		11.0	14.5	0.6	0.7	1,150	724
Mean		15.8	14.5	1.4	1.5	3,203	3,561
Median		14.8	14.5	0.8	0.8	2,373	1,303
<b>HAC Group</b> <sup>(8)</sup> (Based on the Issue Price)	11.7	15.2	39.1	3.2	n.m. <sup>(9)</sup>	1,522	1,359

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies, and other publicly available information.



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### Notes:

- (1) The net profits attributable to shareholders in the most recent last twelve months (“LTM”) compiled from the respective companies’ financial results. Net profit figures are based upon the average exchange rates prevailing during the corresponding LTM period for each respective company.
- (2) The EBITDA figures of the HAC Comparables are based upon the LTM information compiled from the respective companies’ financial results. EV of the companies are based on their respective market capitalisations as at the Latest Practicable Date.
- (3) The P/E ratios of the HAC Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the net profits attributable to shareholders in the LTM compiled from the respective companies’ financial results.
- (4) The P/NAV and P/NTA ratios of the HAC Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV and NTA attributable to shareholders as announced by the respective companies.
- (5) Based upon the latest sales tonnage and processing capacity of the HAC Comparables, where available.
- (6) Not meaningful as Thai Rubber and SIPH had losses in the LTM whilst GMG and Hainan Rubber had losses and negative EBITDA in the LTM.
- (7) Information on sales tonnage not available.
- (8) Based on the HAC Group’s LTM financials and the Issue Price. EV for the HAC Group is determined as the sum of the market capitalisation of the HAC Group, as implied by the Issue Price, in addition to minority interest, short term and long term borrowings less cash and cash equivalents.
- (9) Not meaningful as the HAC Group was in a net tangible liabilities position.

Based on the above ratio analysis, we noted that:

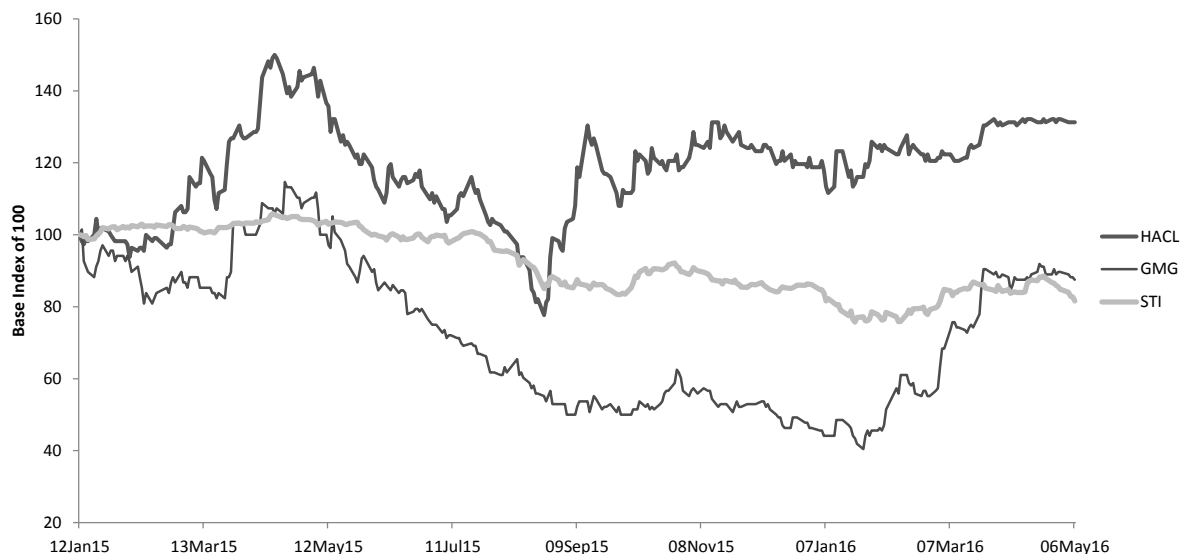
- (a) the EV/EBITDA ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables;
- (b) the P/E ratio of the HAC Group, as implied by the Issue Price, is double the P/E ratio of Sri Trang, the only profitable HAC Comparable for the LTM;
- (c) the P/NAV ratio of the HAC Group, as implied by the Issue Price and based on the NAV per HAC Share, is above the range, the mean and the median of the HAC Comparables;
- (d) as the HAC Group was in a net tangible liabilities position as at 31 December 2015, the P/NTA ratio is not meaningful. For reference only, the HAC Comparables are trading at P/NTA ratios of between 0.7 times and 3.1 times;
- (e) the EV / Sales Tonnage ratio of the HAC Group, as implied by the Issue Price, is within the range, and below the mean and the median of the HAC Comparables; and
- (f) the EV / Processing Capacity ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables.

### 5.6 MARKET PRICE PERFORMANCE OF HAC SHARES AND GMG SHARES

To gauge the market price performance of HAC Shares and GMG Shares relative to each other as well the general share price performance of the Singapore equity market, we have compared the movement of HAC Shares and GMG Shares with the FTSE Straits Times Index (the “FSSTI”), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

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The chart below sets out the market price performance of HAC Shares, GMG Shares and the FSSTI for the period from 12 January 2015, being the one year period prior to the Unaffected Date, up to and including the Latest Practicable Date.



Source: Bloomberg Finance L.P.

**Note:**

- (1) All share prices and FSSTI values have been rebased to 100 as at 12 January 2015 for comparison purposes

We have also set out the changes in the rebased index values for HAC Shares, GMG Shares and the FSSTI for the one year period prior to the Unaffected Date up till and including the Latest Practicable Date:

	HAC	GMG	FSSTI
Rebased Index as at 12 January 2015	100	100	100
Rebased Index as at Unaffected Date	113.4	44.1	81.0
Change from 12 January 2015 (%)	13.4	(55.9)	(19.0)
Rebased Index as at 23 March 2016, being the last traded day prior to the Announcement Date	130.4	90.4	86.2
Change from Unaffected Date (%)	15.0	105.0	6.4
Rebased Index as at Latest Practicable Date	131.3	87.5	81.6
Change from 12 January 2015 (%)	31.3	(12.5)	(18.4)
Change from 23 March 2016 (%)	0.7	(3.2)	(5.3)

Based on the above, we note the following:

- (a) GMG Shares have underperformed the FSSTI for most of the 1-year period up to the Unaffected Date;
- (b) for the 1-year period up to the Unaffected Date, HAC Shares have outperformed GMG Shares, rising 13.4% as compared to the 55.9% decline in GMG Shares over the same period. HAC Shares outperformed the FSSTI's decline of 19.0% over the same period;

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- (c) for the period after the Unaffected Date up till 23 March 2016, being the last traded day prior to the Announcement Date, HAC Shares and GMG Shares have risen 15.0% and 105.0% respectively on the back of news of the Proposed Transactions, as compared to the 6.4% increase in the FSSTI over the same period; and
- (d) for the period after 23 March 2016 up till the Latest Practicable Date, HAC Shares have increased a further 0.7% relative to a 3.2% and 5.3% decline in GMG Shares and the FSSTI respectively.

### 5.7 THE SWAP RATIO

The GMG VGO will be made on the basis of 0.9333 new HAC Shares for every one GMG Share tendered in acceptance of the GMG VGO (the “**VGO Swap Ratio**”). As such, we have examined the historical exchange ratio of HAC Shares for GMG Shares based on their historical closing prices and VWAP respectively. We set out below the value of GMG Shares implied by the VGO Swap Ratio and the exchange ratio implied by the VWAP for the 1-month, 3-month, 6-month and 12-month periods up to 11 January 2016, being the Unaffected Date, and the VWAP on 23 March 2016, being the last traded day prior to the Announcement Date.

	GMG Share Price (S\$)	HAC Share Price (S\$)	Implied Value of GMG Shares <sup>(1)</sup> (S\$)	Implied swap ratio <sup>(2)</sup>	Premium / (discount) of VGO Swap Ratio over implied swap ratio (%)
VWAP on 23 March 2016, being the last traded day prior to the Announcement Date	0.6123	0.7269	0.678	0.8423	10.8
VWAP for 1-month period up to and including the Unaffected Date	0.3122	0.6646	0.620	0.4697	98.7
VWAP for 3-month period up to and including the Unaffected Date	0.3565	0.6942	0.648	0.5135	81.8
VWAP for 6-month period up to and including the Unaffected Date	0.3749	0.6424	0.600	0.5835	60.0
VWAP for 12-month period up to and including the Unaffected Date	0.6310	0.6735	0.629	0.9369	(0.4)

Source: Bloomberg Finance L.P.

#### Notes:

- (1) Implied value of GMG Shares is calculated as the HAC Share price for each corresponding period multiplied by the VGO Swap Ratio of 0.9333.
- (2) Implied swap ratio is calculated as the GMG share price over the corresponding HAC Share price for each respective period.

Based on the above, we note the following:

- (a) the implied swap ratio, based on the historical price performance of HAC Shares and GMG Shares, ranges between 0.4697 and 0.9369 HAC Share to one (1) GMG Share;
- (b) the VGO Swap Ratio of 0.9333 falls within the historical implied swap ratio range of between 0.4697 and 0.9369 HAC Share to one (1) GMG Share;
- (c) the VGO Swap Ratio of 0.9333 is at a premium of 10.8%, 98.7%, 81.8% and 60.0% to the swap ratio implied by the VWAP on 23 March 2016, 1-month VWAP, 3-month VWAP and 6-month VWAP up to and including the Unaffected Date respectively; and
- (d) the VGO Swap Ratio of 0.9333 is at a discount of 0.4% to the swap ratio implied by the 12-month VWAP.

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### 5.8 COMPARISON WITH RECENT VERY SUBSTANTIAL ACQUISITION TRANSACTIONS

For the purpose of our evaluation, we have compared the valuation parameters implied by the Issue Price vis-à-vis selected recent very substantial acquisition transactions, involving the issuance of shares as consideration, that were completed by companies listed on the SGX-ST (the “Recent VSA Transactions”).

We wish to highlight that the list of companies involved in the Recent VSA Transactions, as set out in the analysis below, may not be directly comparable to HAC in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. In addition, the list of Recent VSA Transactions is by no means exhaustive and information relating to the Recent VSA Transactions was compiled from publicly available information. Therefore, any comparison with the Recent VSA Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative *premia* or discounts for the transactions.

Company	Date of announcement	Issue price (S\$)	Premium / (Discount) of issue price over/ (to) last transacted price prior to announcement (%)	Issue price over NTA per share (times)
Top Global Limited <sup>(1)</sup>	10-Dec-13	0.008	0.0	0.69
Swissco Holdings Limited <sup>(2)</sup>	28-Feb-14	0.315	(16.0)	0.98
MYP Limited <sup>(3)</sup>	20-May-14	0.220	10.0	0.96
EMS Energy Limited <sup>(4)</sup>	24-Apr-15	0.023	4.5	1.28
Maximum			10.0	1.28
Minimum			(16.0)	0.69
Mean			(0.4)	0.98
Median			2.3	0.97
The Company <sup>(5)</sup> (Based on Issue Price)	15-Jan-16	0.750	18.1	(3.38)

**Notes:**

- (1) Based on the unaudited NTA of the group as at 31 March 2014 of S\$0.0116 per share.
- (2) Based on the NTA per share of S\$0.3212 as at 31 December 2013.
- (3) Based on the NTA per share of S\$0.230 as at 31 March 2014.
- (4) Based on the NTA per share of S\$0.018 as at 31 December 2014.
- (5) Based on the Issue Price of S\$0.75, the net tangible liabilities per HAC Share of S\$0.2317 as at 31 December 2015 and the last transacted price S\$0.635 on 11 January 2016, being the Unaffected Date. Trading in HAC Shares was halted on 12 January 2016, the SGX-ST Query Date. On 15 January 2016, HAC announced that they were in discussions with Sinochem over the possibility of a potential strategic transaction involving the combination of HAC, Sinochem’s interests in GMG and certain rubber-related assets of Sinochem, as well as the possibility of Sinochem purchasing a controlling interest in the HAC.

We note that in respect of Recent VSA Transactions:

- (a) the premium of the Issue Price to the last transacted price of the HAC Shares on 11 January 2016, being the Unaffected Date, of 18.1% is above the range, the mean and the median of the corresponding *premia* / discounts of Recent VSA Transactions; and

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- (b) the ratio of the issue price over NTA per share of Recent VSA Transactions were between 0.69 times and 1.28 times. As the HAC Group was in a net tangible liabilities position as at 31 December 2015, the ratio of the Issue Price over NTA per HAC Share was negative. This negative Issue Price over NTA per HAC Share ratio is favourable, as compared to the ratio of the issue price over NTA per share of Recent VSA Transactions, as the HAC Group will be issuing HAC Shares with net tangible liabilities vis-à-vis Recent VSA Transactions which issued shares with positive tangible asset backing.

### 5.9 COMPARISON WITH RECENT MERGER AND ACQUISITION TRANSACTIONS INVOLVING ALL SHARE CONSIDERATION

For the purpose of our evaluation, we have also compared the GMG VGO against selected recent merger and acquisition transactions, involving the acquisition of the publicly listed shares of the target company with consideration being satisfied via the publicly listed shares of the acquirer, that were completed by companies listed on regional exchanges (the “Recent M&A Transactions”).

We wish to highlight that the list of companies involved in the Recent M&A Transactions, as set out in the analysis below, may not be directly comparable to the GMG VGO in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. In addition, the list of Recent M&A Transactions is by no means exhaustive and information relating to the Recent M&A Transactions was compiled from Bloomberg Finance L.P.. Therefore, any comparison with the Recent M&A Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative valuation parameters for the transactions.

Target / Acquirer <sup>(1)</sup>	Date of announcement	Announced Transaction Value <sup>(2)</sup> (\$ millions)	Transaction Value / NAV <sup>(3)</sup> (times)	Transaction Value / Enterprise Value <sup>(3)</sup> (times)
TriAusMin Ltd (ASX) / Heron Resources Ltd (ASX)	10-Mar-14	14.4	0.43	1.39
Perennial China Retail Trust (SGX) / Perennial Real Estate Holdings Ltd (SGX)	14-Mar-14	1,464.6	2.03	1.93
Blackthorn Resources Ltd (ASX) / Intrepid Mines Ltd (ASX)	28-Aug-14	36.2	0.63	2.55
Mutiny Gold Ltd (ASX) / Doray Minerals Ltd (ASX)	28-Oct-14	45.6	1.09	2.77
Keppel Infrastructure Trust (SGX) / Cityspring Infrastructure Trust (SGX)	18-Nov-14	670.8	1.14	1.08
Amcom Telecommunications Ltd (ASX) / Vocus Communications Ltd (ASX)	17-Dec-14	693.1	4.30	1.40
China CNR Corp Ltd (SSE and HKEX) / CSR Corporation Ltd (SSE and HKEX)	31-Dec-14	18,928.7	1.75	0.73
Hutchison Whampoa Ltd (HKEX) / CK Hutchison Holdings Ltd (HKEX)	09-Jan-15	55,622.3	0.99	0.85
Vicinity Holdings Ltd (ASX) / Vicinity Centres (ASX)	02-Feb-15	10,723.1	1.66	1.13
Tandou Ltd (ASX) / Webster Ltd (ASX)	27-Feb-15	163.9	1.38	1.21
The Nomad Group Bhd (Bursa) / Plenitude Bhd (Bursa)	02-Mar-15	73.4	0.56	1.35

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Target / Acquirer <sup>(1)</sup>	Date of announcement	Announced Transaction Value <sup>(2)</sup> (S\$ millions)	Transaction Value / NAV <sup>(3)</sup> (times)	Transaction Value / Enterprise Value <sup>(3)</sup> (times)
M2 Group Ltd (ASX) / Vocus Communications Ltd (ASX)	28-Sep-15	2,309.6	6.45	0.95
Drillsearch Energy Ltd (ASX) / Beach Energy Ltd (ASX)	23-Oct-15	342.7	1.19	0.70
Maximum			6.45	2.77
Minimum			0.43	0.70
Mean			1.82	1.39
Median			1.19	1.21
GMG Group (SGX) / HAC Group (SGX) <sup>(4)</sup>	28-Mar-16	659.2	0.88	0.99

Source: Bloomberg Finance L.P.

**Notes:**

- (1) The names of the target and acquirer companies and the stock exchange in which their shares are/were publicly listed at the time of the announcement of the respective transactions. Abbreviations used for the respective stock exchanges are as follows: SGX - Singapore Exchange Securities Trading Limited, ASX - Australian Securities Exchange Limited, HKEX - The Stock Exchange of Hong Kong Limited, SSE - Shanghai Stock Exchange, and Bursa - Bursa Malaysia Berhad.
- (2) Based on the equity value of the transaction plus net debt. Equity value of the transaction is based on the respective deal pricing, percentage of shares being sought in the target company and the 20-day average trading price of acquirer's shares prior to announcement date. Net debt being short and long term borrowings less cash and cash equivalents and marketable securities of the target company.
- (3) Based on the net asset value and enterprise value of the respective target companies on the most recent balance sheet date available prior to the transaction announcement.
- (4) Based on the GMG's 766,019,636 issued and paid up ordinary shares (excluding treasury shares), the VGO Swap Ratio, the 20-day average trading price of HAC Shares prior to the announcement and GMG's net asset value as at 31 December 2015 and enterprise value as at 23 March 2016, being the last traded date prior to the Announcement Date. We have used the enterprise value as at 23 March 2016 instead of 31 December 2015 to better reflect the substantial increase in GMG share price between the two dates.

We note that in respect of Recent M&A Transactions:

- (a) the Transaction Value / NAV ratio for the GMG VGO is within the range, and lower than the mean and the median of the Recent M&A Transactions; and
- (b) the Transaction Value / Enterprise Value ratio for the GMG VGO is within the range, and lower than the mean and the median of the Recent M&A Transactions.

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### 6. INFORMATION RELATING TO THE NR ASSETS ACQUISITION

Information on the NR Assets and the NR Assets Acquisition is set out in Appendix C and Section 2.5 of the Circular respectively. HAC Shareholders are advised to read the information carefully.

#### 6.1 THE NR ASSETS

For the purpose of the NR Assets Acquisition, the Company will acquire all the shares in a new private limited company to be incorporated in Singapore by SIO (the “**NR Assets Holdco**”) which will hold the following NR Assets (directly or indirectly) prior to the completion of the NR Assets Acquisition:

- (a) a minimum of 97.5% of the issued and paid up share capital of Euroma Rubber Industries Sendirian Berhad (“**Euroma**”), a company incorporated in Malaysia which operates a natural rubber processing plant in Kedah, Malaysia, with an annual processing capacity of 40,000 tonnes;
- (b) a minimum of 95.5% of the issued and paid up share capital of Hainan Sinochem Rubber Co., Ltd. (海南中化橡胶有限公司) (“**Hainan Sinochem**”), a company incorporated in the PRC which operates three (3) natural rubber processing plants in Hainan province, with an aggregate annual production capacity of 105,000 tonnes. Hainan Sinochem is also the holding company for two (2) companies incorporated in the PRC, namely Baisha Sinochem Rubber Co., Ltd. (白沙中化橡胶有限公司) and Hainan Baoting Rubber Co., Ltd. (海南保亭中化橡胶有限公司), both of which are based in Hainan province and are primarily engaged in the procurement and sales of raw materials;
- (c) a minimum of 96.67% of the issued and paid up share capital of Xishuangbanna Sinochem Rubber Co., Ltd. (西双版纳中化橡胶有限公司) (“**Xishuangbanna**”), a PRC incorporated company which operates five (5) natural rubber processing plants in Yunnan province, with an aggregate annual processing capacity of 75,000 tonnes; and
- (d) the rubber trading business division of SIO and certain employees of Sinochem that are involved in the business of trading and distribution of natural rubber products (“**Natural Rubber Trading and Distribution Business Division**”) sourced from GMG, Euroma, Hainan Sinochem, Xishuangbanna and third party suppliers into PRC and other key markets including the United States and Europe, through, *inter alia*, the acquisition of Shanghai Hancheng Trading Co., Ltd. (上海瀚承贸易有限公司), a PRC incorporated company which will be 100% owned by Hainan Sinochem prior to the completion of the NR Assets Acquisition.

We understand from management that the NR Assets recorded sales of approximately 562,000 tonnes of natural rubber products in FY2015.

##### 6.1.1 Euroma Rubber Industries Sendirian Berhad

###### (a) About Euroma

Euroma is a private limited liability company incorporated in Malaysia in 1984. As at the Latest Practicable Date, Euroma has an issued share capital of RM20,000,000 comprising 20,000,000 ordinary shares. SIO currently holds 97.5% of the ordinary share capital of Euroma with the remaining 2.5% held by Chin Kin Hua @ Tan Kim Pah, an existing director of Euroma.

Euroma is principally involved in the manufacture and trading of Standard Malaysia Rubber (“**SMR**”) and special grade rubber. Euroma operates a natural rubber processing plant in Kedah, Malaysia, with an annual capacity of 40,000 tonnes.

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### (b) Financials of Euroma

For purposes of the NR Assets Acquisition, we have been provided with the audited financial statements of Euroma for financial years FY2013, FY2014 and FY2015 that were audited by Deloitte.

RM'millions	Audited		
	FY2013	FY2014	FY2015
Revenue	310.8	229.1	189.1
Gross profit / (loss)	7.9	(3.5)	5.3
Profit / (Loss) after tax	1.2	(11.4)	(8.4)

**Note:**

(1) The financial statements of Euroma were presented in Malaysian Ringgit ("RM").

Euroma's revenues and profits declined in FY2014 as compared to FY2013. We understand from management that the decline was due to (a) decline sales volumes, (b) declining gross profits, arising from a larger decline in average selling price of rubber relative to the decline in raw material costs, and (c) higher distribution cost, arising from increase in export duty and higher charges to import raw materials due to a supply shortage in 2014.

Revenues in FY2015 continued to decline on the back of lower sales volumes. Gross profit in FY2015 improved due to larger declines in raw material cost relative to decline in average selling price of rubber as well as lower processing cost. Lower administrative costs were partially offset by losses on foreign exchange.

RM'millions	Audited as at 31 December 2015
Current assets	29.5
Current liabilities	(41.1)
<b>Net current assets</b>	<b>(11.6)</b>
Non-current assets	12.7
Non-current liabilities	-
<b>Total equity</b>	<b>1.1</b>

As at 31 December 2015, Euroma had total assets of RM42.2 million, with the bulk being inventories of RM20.9 million, property, plant and equipment of RM12.7 million and cash and bank balances of RM5.5 million. Total liabilities as at 31 December 2015 was RM41.1 million, comprising mainly amounts owing to its immediate holding company, SIO, of RM19.2 million and short-term loans of RM17.0 million. The amount owing to SIO arose mainly from trade transactions and funds received in advance for the sale of finished goods.

As at 31 December 2015, Euroma had an audited NAV of RM1.1 million (or approximately S\$0.4 million). Euroma does not have any intangible assets, hence its NAV is equivalent to its NTA.

### 6.1.2 Xishuangbanna Sinochem Rubber Co., Ltd. (西双版纳中化橡胶有限公司)

#### (a) About Xishuangbanna

Xishuangbanna was incorporated in the PRC on 8 August 2005. Sinochem holds 96.7% of the equity interest in Xishuangbanna with the remaining 3.3% being held by Xu Zhihe 许稚禾.



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Xishuangbanna is based in Jinghong City, Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and mainly engaged in rubber production and processing, sales and the acquisition of rubber raw materials. Xishuangbanna operates 5 natural rubber processing plants in Yunnan province, with an aggregate annual processing capacity of 75,000 tonnes.

### (b) Financials of Xishuangbanna

For purposes of the NR Assets Acquisition, we have been provided with the audited financial statements of Xishuangbanna for FY2013, FY2014 and FY2015 that were audited by Ernst & Young Hua Ming LLP.

RMB'millions	Audited		
	FY2013	FY2014	FY2015
Revenue	967.4	1,025.5	646.6
Gross profit	63.1	82.0	50.7
Profit after tax	18.9	0.8	18.3

Xishuangbanna's FY2014 profits decreased despite the slight improvement in FY2014 revenues. We understand from management that the decline is primarily due to higher distribution costs driven by increase in freight expenses arising from changes in delivery terms in 2013 and 2014.

Revenues declined in FY2015 due to lower sales volumes and lower average selling price of rubber. Despite the decline in revenues, profits after tax in FY2015 improved due to significantly lower distribution costs arising from a change of payment terms in 2015.

RMB'millions	Audited as at 31 December 2015
Current assets	69.5
Current liabilities	(30.6)
<b>Net current assets</b>	<b>38.9</b>
Non-current assets	107.6
Non-current liabilities	-
<b>Total equity</b>	<b>146.5</b>

As at 31 December 2015, Xishuangbanna had total assets of RMB177.1 million, comprising mainly property, plant and equipment of RMB79.4 million, inventories of RMB58.5 million and intangible assets of RMB24.0 million. Intangible assets comprised of land use rights of RMB21.5 million and software rights of RMB2.5 million. Total liabilities as at 31 December 2015 was RMB30.6 million, comprising mainly advances from customers of RMB17.7 million, other payables of RMB6.9 million and account payables of RMB5.7 million.

As at 31 December 2015, Xishuangbanna had an NAV of RMB146.5 million (or approximately S\$31.9 million) and NTA of RMB122.5 million (or approximately S\$26.7 million).

### 6.1.3 Hainan Sinochem Rubber Co., Ltd. (海南中化橡胶有限公司)

#### (a) About Hainan Sinochem

Hainan Sinochem was incorporated in the PRC on 8 December 2004. Sinochem and SIO collectively hold 95.5% of the equity interest in Hainan Sinochem with the remaining equity interest being held by Hainan Xinjiacheng Trading Co., Ltd. 海南信佳成贸易有限公司(4.0%) and Wang Zhicheng 汪治成(0.5%).

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Hainan Sinochem is based in Hainan Danzhou City and mainly engaged in the processing of rubber products. Hainan Sinochem operates 3 natural rubber processing plants in Hainan province, with an aggregate annual capacity of 105,000 tonnes. Two of these natural rubber processing plants, with an aggregate processing capacity of 85,000 tonnes, are held by directly by Hainan Sinochem.

Hainan Sinochem has two fully owned subsidiaries, Baisha Sinochem Rubber Co., Ltd. 白沙中化橡胶有限公司 (“**Baisha**”) and Hainan Baoting Rubber Co., Ltd. 海南保亭中化橡胶有限公司 (“**Baoting**”), which are both based in Hainan province. Baisha’s principal activity is the procurement of raw materials for Hainan Sinochem. Baoting’s principal activity is the processing of rubber products. Baoting currently has one non-operational rubber processing plant with a processing capacity of 20,000 tonnes per annum. This plant suspended operations since 2015 due to weak rubber price environment.

### (b) Financials of Hainan Sinochem

For purposes of the NR Assets Acquisition, we have been provided with the audited financial statements of Hainan Sinochem for FY2013, FY2014 and FY2015 that were audited by Ernst & Young Hua Ming LLP.

RMB'millions	Audited		
	FY2013	FY2014	FY2015
Revenue	986.7	604.8	625.8
Gross profit	66.9	38.1	40.5
Profit / (Loss) after tax attributable to owners of company	24.1	(1.2)	7.9

We note that Hainan Sinochem’s revenue and profitability declined in FY2014 as compared to FY2013. We understand from management that the decline is due to: (a) declining gross profits, arising from a larger decline in average selling price of rubber relative to the decline in raw material costs, and (b) higher processing costs. FY2015 profitability improved on the back of gross profit improvements, lower selling, distribution and processing costs.

RMB'millions	Audited as at 31 December 2015
Current assets	120.0
Current liabilities	(119.5)
<b>Net current assets</b>	0.5
Non-current assets	181.7
Non-current liabilities	(13.7)
<b>Total equity</b>	168.4

As at 31 December 2015, Hainan Sinochem had total assets of RMB301.6 million, comprising mainly property, plant and equipment of RMB145.6 million, inventories of RMB55.2 million, other current assets of RMB47.2 million, intangible assets of RMB26.5 million and prepayments of RMB16.3 million. Intangible assets comprised of land use rights of RMB24.5 million, software rights of RMB1.7 million and trademarks of RMB0.3 million Total liabilities as at 31 December 2015 was RMB133.2 million, comprising mainly trade payables of RMB102.6million, deferred revenue of RMB13.7 million and advances from customers of RMB8.8 million.

As at 31 December 2015, Hainan Sinochem had an NAV of RMB168.4 million (or approximately S\$36.6 million) and NTA of RMB141.9 million (or approximately S\$30.9 million).

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### (c) Shanghai Hancheng Trading Co., Ltd. (“Hancheng”)

The NR Assets Acquisition will, *inter alia*, also involve the acquisition of Shanghai Hancheng Trading Co., Ltd. (上海瀚承贸易有限公司), a PRC incorporated company which will be 100% owned by Hainan Sinochem prior to the completion of the NR Assets Acquisition.

Hancheng was incorporated in 2010 with issued and paid up share capital of RMB 1 million comprising 1,000,000 shares, all of which are fully paid up. Hancheng is currently 100% owned by Shanghai Wenchuang Trading Co., Ltd. since the date of incorporation. Shanghai Wenchuang Trading Co., Ltd. is a wholly-owned subsidiary of Sinochem.

The principal activities of Hancheng were the export and import of various chemicals, construction materials, automobile parts and other products related to Sinochem. Since the start of 2016, Sinochem had started to wind down the principal activities of Hancheng to give rise to a clean company, ready to house certain PRC-based natural rubber business employees pursuant to the NR Assets Restructuring. Pursuant to a deed of additional warranty, SIO has further represented and warranted that at completion of the NR Assets Acquisition, Hancheng shall not have any business, assets or liabilities (contingent or otherwise) whatsoever, save as necessary for its maintenance as a legal entity.

It is envisaged that the future principal activity of Hancheng will be the trading and distribution of natural rubber products sourced from Hainan Sinochem, Xishuangbanna and other third party suppliers.

### 6.1.4 Natural Rubber Trading and Distribution Business Division

#### (a) About the Natural Rubber Trading and Distribution Business Division

SIO’s natural rubber trading and distribution business is an existing business unit of SIO. The principal activity of this business unit is the trading and distribution of natural rubber products sourced from GMG, Euroma and other third party suppliers. Products are sold to the PRC and other key global markets including the United States and Europe, with customers including tyre companies, brokers and future exchanges.

#### (b) Financials of the Natural Rubber Trading and Distribution Business Division

For purposes of the NR Assets Acquisition, we have been provided with the audited financial statements of the Natural Rubber Trading & Distribution Business Division for FY2013, FY2014 and FY2015 audited by Ernst & Young Hua Ming LLP.

RMB'millions	Audited		
	FY2013	FY2014	FY2015
Revenues	5,844.0	4,540.7	5,091.2
Gross (loss) / profit	(2.3)	17.4	44.0
(Loss) / Profit after tax	(21.7)	3.9	54.0

Revenues of the Natural Rubber Trading and Distribution Business Division declined in FY2014 as compared to FY2013 mainly due to the decline in average selling price of rubber over the same period. Nonetheless, gross profits and profits/(losses) after tax improved in FY2014 due to better profitability from the trading of natural rubber products in the spot market.

Revenues and profit after tax for continued to improve FY2015 due to better profitability from the trading of natural rubber products in the spot market. We note that the profits after tax of RMB54.0 million for FY2015 included a RMB15.7 million gain from natural rubber futures (less RMB1.1

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million from forex losses) which was used to hedge the price risk for natural rubber sales and purchase contracts entered into by Sinochem (FY2014: RMB0.7 million loss and FY2013: RMB4.5 million loss).

RMB'millions	Audited as at 31 December 2015
Current assets	435.8
Current liabilities	(144.1)
<b>Net current assets</b>	<b>291.7</b>
Non-current assets	-
Non-current liabilities	-
<b>Total equity</b>	<b>291.7</b>

As at 31 December 2015, the Natural Rubber Trading and Distribution Business Division had total assets of RMB435.8 million, comprising mainly other current assets of RMB139.1 million, trade receivables of RMB134.1 million, other receivables of RMB78.4 million, inventory of RMB54.9 million and prepayments of RMB29.3 million. Total liabilities as at 31 December 2015 was RMB144.1 million, comprising mainly trade payables of RMB111.0 million, advances from customers of RMB25.7 million and tax payables of RMB5.5 million.

As at 31 December 2015, the Natural Rubber Trading and Distribution Business Division had an NAV and NTA of RMB291.7 million (or approximately S\$63.4 million).

### 6.1.5 Amalgamated financials of the NR Assets

The following amalgamated financials of the NR Assets are applied in our evaluation of the terms of the NR Assets Acquisition:

	Euroma	Xishuangbanna	Hainan Sinochem	Natural Rubber Trading & Distribution Business Division	Total
Percentage of equity interest to be acquired	97.5%	96.67%	95.5%	100.0	n.a.
Profits / (losses) in the LTM attributable to equity interest to be acquired (S\$ millions)	(2.9)	3.9	1.7	11.8	14.5
NAV as at 31 December 2015 attributable to equity interest to be acquired (S\$ millions)	0.4	30.8	35.0	63.4	129.6
NTA as at 31 December 2015 attributable to equity interest to be acquired (S\$ millions)	0.4	25.8	29.5	63.4	119.1

**Note:**

- (1) We have not been provided with the detailed full set of proforma consolidated financials for the NR Assets. The amalgamated financials are (i) based upon the audited financials of Euroma, Xishuangbanna, Hainan Sinochem and the Natural Rubber Trading and Distribution Business Division, (ii) the minimum equity interest to be acquired in each entity respectively, (iii) have not been adjusted for intercompany transactions between the various entities which comprise the NR Assets, and (iv) does not include Hancheng in view of the deed of additional warranty from SIO. Please refer to paragraph 6.1.3(c) for further details on Hancheng.



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- (h) *no special incentive, bonuses nor rewards are payable by SIO or the NR Assets Group to its employees arising solely from the transactions contemplated in the HAC MGO, GMG VGO and the Share Sale Agreement, other than incentives, bonuses and rewards payable in accordance with current practices of SIO and the NR Assets Group;*
- (j) *The Adjusted Net Tangible Assets (as defined under the Share Sale Agreement) of the NR Assets Group shall be no less than US\$88 million as at the date of the Share Sale Completion, and SIO shall compensate the NR Assets Group for any shortfall of the Adjusted Net Tangible Assets from the amount of US\$88 million; and*
- (k) *in the event there shall be any material deficiencies in the legal ownership or title of the NR Assets Group to the assets of the NR Assets Group or its usage of such assets, which are existing as at the date of the Share Sale Completion and which results in actual loss to the NR Assets Group subsequent to the Share Sale Completion, SIO shall compensate the NR Assets Group for such loss.*

### 6.3 THE CONSIDERATION FOR THE NR ASSETS ACQUISITION

The consideration for the NR Assets Acquisition was determined to be S\$210.0 million and will be satisfied by the allotment and issuance of 280,000,000 new HAC Shares to SIO at the Issue Price of S\$0.75 per HAC Share (the “**NR Consideration**”). The NR Consideration was negotiated between HAC and SIO at arm’s length and on a willing-buyer willing-seller basis, after taking into account the following:

- (a) the combined NAV of the NR Assets of approximately US\$93.7 million as at 31 December 2015;
- (b) the business prospects of the NR Assets and the benefits arising from the NR Assets Acquisition which include:
  - (i) enhancing the operational scale of HAC;
  - (ii) broadening the geographic scope of the HAC’s operations and product offering;
  - (iii) extending HAC’s distribution reach into the PRC;
  - (iv) potential synergy opportunities through common corporate infrastructure, sharing best practices and economies of scale.

The 280,000,000 new HAC Shares to be allotted and issued to satisfy the NR Consideration represent approximately 46.66% of the existing issued share capital of the Company and 17.55% of the enlarged share capital of the Company upon completion of the Proposed Transactions, which comprises approximately 1,595,018,126 HAC Shares pursuant to the GMG VGO Maximum Scenario.

### 6.4 THE VENDORS

The vendor of the NR Assets is SIO. Further details on SIO and its parent company, Sinochem, are detailed in Section 2.1 of the Circular.

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### 7. EVALUATION OF THE NR ASSETS ACQUISITION

In our evaluation of the NR Assets Acquisition, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the financial performance of the NR Assets;
- (b) the net asset value and net tangible assets of the NR Assets;
- (c) the Valuation Report;
- (d) the comparison of valuation ratios of selected companies which are broadly comparable with the NR Assets;
- (e) the HAC Shares as consideration for the NR Assets Acquisition;
- (f) the rationale for the Proposed Transactions;
- (g) the pro forma financial effects of the Proposed Transactions; and
- (h) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

#### 7.1 THE FINANCIAL PERFORMANCE OF THE NR ASSETS

Save for the Natural Rubber Trading and Distribution Business Division, the other NR Assets all reported a decline in profitability for FY2014 as compared to FY2013. We understand from management that this has been largely due to lower sales volumes, declining gross profit margins (arising from the decline in average selling prices of natural rubber being larger than the relative decline in the cost of raw materials over the same period) and higher distribution costs. Please refer to paragraph 5.1.3 of this IFA Letter for further details on natural rubber prices.

Profitability of the NR Assets improved in FY2015 on the back of gross profit improvement, lower distribution costs and lower processing costs. All the NR Assets, with the exception of Euroma, were profitable for FY2015. Based upon the amalgamated financials of the NR Assets, the net profits attributable to the equity interest to be acquired for FY2015 was approximately S\$14.5 million.

#### 7.2 NET ASSET VALUE AND NET TANGIBLE ASSETS OF THE NR ASSETS

Based upon the amalgamated financials of the NR Assets, the NAV and NTA attributable to the equity interest to be acquired as at 31 December 2015 was approximately S\$129.6 million and S\$119.1 million respectively.

The management of the Company have confirmed, to the best of their knowledge and belief, there were no material contingent liabilities, unrecorded earnings, expenses or provisions which could have a material impact on the NAV or NTA of the NR Assets as at 31 December 2015.

As per the Share Sale Agreement, SIO has warranted that the adjusted net tangible assets of the NR Assets shall be no less than US\$88.0 million as at the completion date of the NR Assets Acquisition, and SIO shall compensate for any shortfall of the adjusted net tangible assets from the amount of US\$88.0 million (the “**Minimum NR Assets Adjusted NTA**”). Adjusted net tangible assets refers to NTA adjusted for certain inventory and mark to market adjustments. We note that (i) the Minimum NR Assets Adjusted NTA is at a 4.7% premium to the NTA attributable to the equity interest to be acquired in the NR Assets as at 31 December 2015, and (ii) the NR Consideration is at a 68.4% premium to the Minimum NR Assets Adjusted NTA.

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### 7.3 THE VALUATION REPORT

We have been provided with the Valuation Report, dated 3 February 2016, that was prepared by China United Assets Appraisal Group Co., Ltd. As stated in the Valuation Report, the Valuer utilized the asset-based approach and the income approach for valuation purposes. The Valuer has opined that the valuation range for the NR Assets as at 30 September 2015 was between RMB879.0 million and RMB960.0 million (or approximately between S\$196.9 million and S\$215.1 million based upon the exchange rate of S\$1:RMB4.4632 as at 30 September 2015).

We note that the audited FY2015 financial results for the NR Assets have been made available subsequent to the Valuation Report, which had a valuation date as at 30 September 2015. The Company has confirmed that to the best of their knowledge, there have been no material change to the financial results of the NR Assets since 30 September 2015 which may materially affect the validity of the Valuation Report.

We also note that the Valuation Report was based upon the 100% equity interest in all of the individual NR Asset entities, being Euroma, Xishuangbanna, Hainan Sinochem and the Natural Rubber Trading & Distribution Business Division. As the NR Assets Acquisition will only involve the acquisition of a minimum of 97.5%, a minimum of 95.5%, a minimum of 96.67% and 100% of the equity interest in Euroma, Hainan Sinochem, Xishuangbanna and the Natural Rubber Trading & Distribution Business Division respectively, we have applied a 5.0% discount to the valuation range to account for the difference. After factoring in the discount, the adjusted valuation range will be between S\$187.1 million and S\$204.3 million (“**Adjusted Valuation Range**”). We note that the NR Consideration is at a 12.2% and 2.8% premium to the lower end and upper end of the Adjusted Valuation Range respectively.

### 7.4 COMPARISON WITH SELECTED COMPARABLES

The NR Assets are principally involved in the processing, trading and distribution of natural rubber products. While we note that the NR Assets are not publicly-traded, reference can be made to companies which are listed and traded on regional exchanges, whose business activities and industries are largely comparable to those of the NR Assets (“**NR Comparables**”) to give an indication of the current market expectations with regards to the valuation of these businesses, implied by their respective closing market prices as at the Latest Practicable Date.

We note, however, that the NR Comparables may not be directly comparable to the NR Assets in terms of geographical location, principal business activities, scale of operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria.

The NR Comparables are as follows:

- (a) The Company;
- (b) Sri Trang;
- (b) GMG;
- (c) Hainan Rubber;
- (d) Thai Rubber; and
- (e) SIPH.

Please refer to paragraphs 4.1 and 5.3 of this IFA Letter for the relevant information of the NR Comparables.



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We set out in the table below the financial ratios of the NR Comparables as at the Latest Practicable Date:

NR Comparables	Net Profit / (Loss) <sup>(1)</sup> (S\$m)	EV / EBITDA <sup>(2)</sup> (times)	P/E <sup>(3)</sup> (times)	P/NAV <sup>(4)</sup> (times)	P/NTA <sup>(4)</sup> (times)	EV / Sales Tonnage <sup>(5)</sup> (S\$/Tonne)	EV / Processing Capacity <sup>(5)</sup> (S\$/Tonne)
The Company	11.7	15.1	38.3	3.2	n.m. <sup>(6)</sup>	1,511	1,349
Sri Trang	44.8	11.0	14.5	0.8	0.8	1,150	858
GMG	(24.5)	n.m. <sup>(7)</sup>	n.m. <sup>(7)</sup>	0.6	0.8	2,100	1,303
Hainan Rubber	(210.7)	n.m. <sup>(7)</sup>	n.m. <sup>(7)</sup>	3.0	3.1	6,919	12,387
Thai Rubber	(3.1)	14.8	n.m. <sup>(7)</sup>	0.7	0.7	n.a. <sup>(8)</sup>	724
SIPH	(4.1)	21.6	n.m. <sup>(7)</sup>	1.7	2.0	2,645	2,535
Maximum		21.6	38.3	3.2	3.1	6,919	12,387
Minimum		11.0	14.5	0.6	0.7	1,150	724
Mean		15.6	26.4	1.7	1.5	2,865	3,193
Median		14.9	26.4	1.2	0.8	2,100	1,326
<b>NR Assets <sup>(9)</sup></b>	14.5	8.8	14.5	1.6	1.8	324.1	828.0
<b>(Based on the NR Consideration)</b>				1.1 <sup>(10)</sup>	1.7 <sup>(11)</sup>		

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

### Notes:

- (1) The net profits attributable to shareholders in the LTM compiled from the respective companies' financial results. Net profit figures are based upon the average exchange rates prevailing during the corresponding LTM period for each respective company.
- (2) The EBITDA figures of the NR Comparables are based upon the LTM information compiled from the respective companies' financial results. EV of the companies are based on their respective market capitalisations as at the Latest Practicable Date.
- (3) The P/E ratios of the NR Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the net profits attributable to shareholders in the LTM compiled from the respective companies' financial results.
- (4) The P/NAV and P/NTA ratios of the NR Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV and NTA attributable to shareholders as announced by the respective companies.
- (5) Based upon the latest sales tonnage and processing capacity of the NR Comparables, where available.
- (6) Not meaningful as the Company was in a net tangible liabilities position.
- (7) Not meaningful as SIPH and Thai Rubber had losses in the LTM whilst GMG and Hainan Rubber had losses and negative EBITDA in the LTM.
- (8) Information on sales tonnage not available.
- (9) Based on the amalgamated financials of the NR Assets for the LTM. EV for the NR Assets is determined as the sum of the NR Consideration in addition to minority interest, short term and long term borrowings less cash and cash equivalents. Please refer to paragraph 6.1.5 of this IFA Letter for the amalgamated figures used.
- (10) Based on the NR Consideration and the mid-point of the Adjusted Valuation Range, being approximately S\$195.7 million.
- (11) Based on the NR Consideration and the Minimum NR Assets Adjusted NTA, Please refer to paragraph 7.2 of this IFA Letter for further details.

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Based on the above ratio analysis, we noted that:

- (a) the EV/EBITDA ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables;
- (b) the P/E ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables;
- (c) the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the NAV of the NR Assets, is within the range, below the mean and above the median of the NR Comparables;
- (d) the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the Adjusted Valuation Range, is within the range, and below the mean and the median of the NR Comparables;
- (e) the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the NTA of the NR Assets, is within the range, and above the mean and the median of the NR Comparables;
- (f) the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the Minimum NR Assets Adjusted NTA, is within the range, and above the mean and the median of the NR Comparables;
- (g) the EV / Sales Tonnage ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables; and
- (h) the EV / Processing Capacity ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables.

### 7.5 THE HAC SHARES AS CONSIDERATION FOR THE NR ASSETS

We note that the NR Consideration is to be fully satisfied via the issuance of up to 280,000,000 new HAC Shares at S\$0.75 each. Please refer to paragraph 5.5 and 5.6 of this IFA Letter for our analysis of HAC Shares as consideration and the market price performance of HAC Shares.

Please also refer to paragraph 9(e) of this IFA Letter for shareholding effects of the Proposed Transactions.

### 8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

In our evaluation of the GMG VGO and the NR Assets Acquisition, we have also noted the following pro forma financial effects:

- (a) the adjusted net tangible liability per HAC Share of 12.31 US cents will improve to an adjusted NTA per HAC Share of 27.52 US cents after the completion of the GMG VGO and NR Assets Acquisition; and
- (b) the adjusted earnings per HAC Share will deteriorate from 1.41 US cents to 0.36 US cents after the completion of the GMG VGO and NR Assets Acquisition.

Further details of the pro forma financial effects of the Proposed Transactions are set out in Section 4 of the Circular.

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### 9. OTHER CONSIDERATIONS

In determining (i) whether the consideration for each of the GMG VGO and NR Assets Acquisition is fair and reasonable, and (ii) whether the GMG VGO and NR Assets Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority HAC Shareholders respectively, we have also considered the following:

(a) All share consideration for GMG VGO and NR Assets Acquisition

We note that the consideration for both the GMG VGO and NR Assets Acquisition will be entirely satisfied via the issuance of new HAC Shares. As such, the Group will not be required to (i) increase its borrowings to fund the GMG VGO and NR Assets Acquisition, and (ii) increase its gearing any further.

(b) Inter-conditionality

We note that the obligation on the part of SIO to make the HAC MGO will only be triggered upon SIO acquiring 30% or more of the HAC Shares, which will take place as a consequence of completion under the Vendor SPAs. However, it is a condition to completion under the Vendor SPAs, *inter alia*, that the approval of HAC Shareholders is obtained for the Proposed Resolutions at the EGM. Accordingly, the HAC MGO (being a cash offer at S\$0.75 per HAC Share) will not be extended to HAC Shareholders if the HAC Shareholders do not approve the Proposed Resolutions at the EGM.

The GMG VGO and the NR Assets Acquisition which are conditional upon completion of the HAC MGO, will not be completed unless HAC Shareholders approve the Proposed Resolutions at the EGM.

Accordingly, if the Proposed Resolutions are not approved by HAC Shareholders at the EGM, none of the HAC MGO, GMG VGO or NR Assets Acquisition will take place.

(c) Undertaking to Vote in Favour

SIO has obtained undertakings from each of the Vendor Shareholders, Mr Goi Seng Hui and Credence Capital Fund II (Cayman) Limited (collectively, the “**Undertaking Shareholders**”), who hold an aggregate of 376,439,576 HAC Shares, representing approximately 62.73% of the total issued HAC Shares, to vote in favour of the ordinary resolutions relating to the GMG VGO and the NR Assets Acquisition in respect of all of their HAC Shares at the EGM.

Shareholders should note that in view of the above mentioned undertakings, it is a matter of course for the ordinary resolutions relating to the GMG VGO and NR Assets Acquisition to be passed at the EGM.

(d) Moratorium undertakings

Pursuant to the moratorium requirements set out in Rule 1015 read with Rules 227, 228 and 229 of the Listing Manual, Sinochem, SIO and Mr Robert Meyer have undertaken that they will not sell, transfer or otherwise dispose of their direct or effective interest in any of the new HAC Shares, for a period of six (6) months commencing from the date of listing of the new HAC Shares issued pursuant to the Proposed Transactions on the SGX-ST, in relation to the shares in the Company held by each of them after the completion of the Proposed Transactions.

(e) Dilution impact of the Proposed Transactions

The shareholding effects of the Proposed Transactions has been set out in Section 7 of the Circular. Sinochem, through SIO, would become the majority shareholder in the Company upon completion of the Proposed Transactions. The existing 600,092,000 total issued HAC Shares will be diluted by approximately 62.4% via the issuance of an additional

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994,926,126 new HAC Shares (comprising 714,926,126 new HAC Shares assuming all GMG Shareholders accept the GMG VGO and 280,000,000 new HAC Shares to satisfy the NR Consideration) resulting in an enlarged share capital of approximately 1,595,018,126 HAC Shares (under the HAC MGO Minimum Scenario and GMG VGO Maximum Scenario).

- (f) Expertise and track record of the Company and its management

The GMG Group, which is a subsidiary of Sinochem, is in the same business as the HAC Group. The GMG VGO is undertaken with the support of Sinochem to turnaround the businesses of GMG by leveraging on the expertise and track record of the Company and its management.

Following HAC's listing on the SGX-ST on 1 February 2013, HAC Group has embarked on two strategies. Firstly, to expand and update their original factories in Palembang, and secondly, to grow the business through carefully selected acquisitions. HAC's objective was to expand the scale, scope and reach of the business, without diluting the margin focused operating model.

The HAC Group has undertaken the following acquisitions since its listing on the SGX-ST on 1 February 2013:

Date of announcement	Date of completion	Subject of acquisition	Consideration
3 June 2013	16 January 2014	Assets of Chip Lam Seng Sdn. Bhd.	S\$25.7 million
25 October 2013	19 February 2014	95% equity interest in PT. Golden Energi	S\$8.7 million
6 November 2013	29 January 2014	100% equity interest in JFL Agro Pte. Ltd	S\$56.1 million
11 July 2014	12 August 2014	100% equity interest in Anson Company (Private) Limited	S\$450.0 million
13 August 2014	30 September 2014	100% equity interest in New Continent Enterprises (Private) Limited	S\$38.0 million
31 October 2014	30 June 2015	100% equity interest in Centrotrade Rubber Group	S\$13.3 million

We set out the natural rubber processing capacity of the HAC Group upon the completion of the GMG VGO and the NR Assets Acquisition as follows:

	Location	Processing capacity per annum (metric tonnes)
HAC Group	14 natural rubber production facilities in Indonesia and Malaysia	748,000
GMG Group	12 natural rubber processing plants located in Thailand, Indonesia, Cameroon, Gabon and Cote d'Ivoire	527,000 <sup>(1)</sup>
NR Assets	9 natural rubber processing plants located in Malaysia and the PRC	220,000
<b>Total</b>		<b>1,495,000</b>

Source: HAC and GMG's FY2015 annual reports and respective company announcements.

**Notes:**

- (1) Includes GMG's associate, SIAT S.A.

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The GMG VGO and NR Assets Acquisition is expected to increase the total plantation land held by the HAC Group by more than 26 times to in excess of 193,000 hectares, double the processing capacity from 748,000 metric tonnes per annum to 1,495,000 metric tonnes per annum and double HAC Group's annual distribution capacity to 2.0 million metric tonnes per annum.

Mr Robert Meyer, the Chief Executive Officer of the Company, and Mr Pascal Demierre, an Executive Director of the Company, both of whom have been with the Company since its listing on the SGX-ST on 1 February 2013, have indicated their willingness to remain on the Board and in executive management of the Company.

### 10. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the GMG VGO and NR Assets Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

#### 10.1 OUR OPINION ON THE GMG VGO

We set out below a summary of the key factors we have taken into our consideration:

- (a) the financial performance of the GMG Group which reported profits attributable to shareholders of S\$8.7 million in FY2013 and losses attributable to shareholders of S\$40.6 million, S\$18.3 million and S\$3.5 million in FY2014, FY2015 and 1Q2016 respectively, primarily due to the continued decline in the selling prices of natural rubber over the same periods;
- (b) the Mitigating Factors;
- (c) the Implied Offer Price represents a premium of approximately 153.3%, 124.2%, 96.4%, 86.7% and 10.9% to the VWAP on 8 January 2016 and the 1-month, 3-month, 6-month and 12-month VWAP of the GMG Shares prior to the Unaffected Date respectively;
- (d) the Implied Offer Price of S\$0.70 represents a discount of 24.2% (or S\$0.2236) to the NAV per GMG Share as at 31 March 2016 of approximately S\$0.9236;
- (e) the Implied Offer Price of S\$0.70 represents a discount of 4.7% (or S\$0.0347) to the NTA per GMG Share as at 31 March 2016 of approximately S\$0.7347;
- (f) the P/NAV ratio of the GMG Group, as implied by the Implied Offer Price and based on the NAV per GMG Share, is within the range, and below the mean and median of the GMG Comparables;
- (g) the P/NTA ratio of the GMG Group, as implied by the Implied Offer Price and based on the NTA per GMG Share, is within the range, below the mean and the median of the GMG Comparables;
- (h) the EV / Sales Tonnage ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables;
- (i) the EV / Processing Capacity ratio of the GMG Group, as implied by the Implied Offer Price, is within the range, below the mean and above the median of the GMG Comparables;

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- (j) the premium implied by the Implied Offer Price over the last transacted price, VWAP for the 1-month, 3-month and 6-month period prior to the announcement date of GMG Shares is within the range and above the corresponding mean and median premium of Recent Privatisation Transactions;
- (k) the ratio of the Implied Offer Price over the NTA of GMG Shares, is within the range and below the mean and above the median offer price over NTA ratios of Recent Privatisation Transactions;
- (l) the Issue Price represents a premium of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to the Unaffected Date respectively;
- (m) the Issue Price of S\$0.75 per HAC Share, represents a premium of 210.1% (or S\$0.5082) to the NAV per HAC Share as at 31 December 2015 of approximately S\$0.2418;
- (n) the Issue Price of S\$0.75 per HAC Share, represents a significant premium over the net tangible liabilities position represented by each HAC Share as at 31 December 2015;
- (o) the EV/EBITDA ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables;
- (p) the P/NAV ratio of the HAC Group, as implied by the Issue Price, is above the range, the mean and the median of the HAC Comparables respectively;
- (q) the EV / Sales Tonnage ratio of the HAC Group, as implied by the Issue Price, is within the range, and below the mean and the median of the HAC Comparables;
- (r) the EV / Processing Capacity ratio of the HAC Group, as implied by the Issue Price, is within the range, below the mean and above the median of the HAC Comparables respectively;
- (s) for the 1-year period up to the Unaffected Date, HAC Shares have outperformed GMG Shares, rising 13.4% as compared to the 55.9% decline in GMG Shares over the same period. HAC Shares outperformed the FSSTI's decline of 19.0% over the same period;
- (t) the implied swap ratio, based on the historical price performance of HAC and GMG Shares, ranges between 0.4697 and 0.9369 HAC Share to one (1) GMG Share. The VGO Swap Ratio of 0.9333 falls within the historical implied swap ratio range of between 0.4697 and 0.9369 HAC Share to one (1) GMG Share;
- (u) the premium of the Issue Price to the last transacted price of the HAC Shares on 11 January 2016, being the Unaffected Date, of 18.1% is above the range, the mean and the median of the corresponding *premia* / discounts of Recent VSA Transactions;
- (v) the ratio of the issue price over NTA per share of Recent VSA Transactions were between 0.69 times and 1.28 times. As the HAC Group was in a net tangible liabilities position as at 31 December 2015, the ratio of the Issue Price over NTA per HAC Share was negative. This negative Issue Price over NTA per HAC Share ratio is favourable, as compared to the ratio of the issue price over NTA per share of Recent VSA Transactions, as the HAC Group will be issuing HAC Shares with net tangible liabilities vis-à-vis Recent VSA Transactions which issued shares with positive tangible asset backing;
- (w) the Transaction Value / NAV ratio and the Transaction Value / Enterprise Value ratio for the GMG VGO is within the range, and lower than the mean and the median of the Recent M&A Transactions respectively;

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- (x) the proforma financial effects of the Proposed Transactions where (i) the adjusted net tangible liability per HAC Share of 12.31 US cents will improve to an adjusted NTA per HAC Share of 27.52 US cents; and (ii) the adjusted earnings per HAC Share will deteriorate from 1.41 US cents to 0.36 US cents; after the completion of the GMG VGO and NR Assets Acquisition; and
- (y) other considerations set out in paragraph 9 of this IFA Letter.

**Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, (i) the consideration for the GMG VGO is fair and reasonable, and (ii) the GMG VGO is on normal commercial terms and is not prejudicial to the interests of the Company and its minority HAC Shareholders.**

### 10.2 OUR OPINION ON THE NR ASSETS ACQUISITION

We set out below a summary of the key factors we have taken into our consideration:

- (a) the financial performance of the NR Assets;
- (b) the Minimum NR Assets Adjusted NTA is at a 4.7% premium to the NTA attributable to the equity interest to be acquired in the NR Assets as at 31 December 2015, and the NR Consideration is at a 68.4% premium to the Minimum NR Assets Adjusted NTA;
- (c) the NR Consideration is at a 12.2% and 2.8% premium to the lower end and upper end of the Adjusted Valuation Range respectively;
- (d) the key factors set out in paragraph 10.1 (l), (m), (n), (o), (p), (q), (r), (s), (u) and (v) of this IFA Letter pertaining to the use of HAC Shares in satisfaction of the NR Consideration;
- (e) the EV/EBITDA ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables;
- (f) the P/E ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables;
- (g) the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the NAV of the NR Assets, is within the range, below the mean and above the median of the NR Comparables;
- (h) the P/NAV ratio of the NR Assets, as implied by the NR Consideration and based on the Adjusted Valuation Range, is within the range, and below the mean and the median of the NR Comparables;
- (i) the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the NTA of the NR Assets, is within the range, and above the mean and the median of the NR Comparables;
- (j) the P/NTA ratio of the NR Assets, as implied by the NR Consideration and based on the Minimum NR Assets Adjusted NTA, is within the range, and above the mean and the median of the NR Comparables;
- (k) the EV / Sales Tonnage ratio of the NR Assets, as implied by the NR Consideration, is below the range, the mean and the median of the NR Comparables;
- (l) the EV / Processing Capacity ratio of the NR Assets, as implied by the NR Consideration, is within the range, and below the mean and the median of the NR Comparables;

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## APPENDIX A – LETTER FROM INDEPENDENT FINANCIAL ADVISER

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- (m) the proforma financial effects of the Proposed Transactions set out in paragraph 10.1 (x) of this IFA Letter; and
- (n) other factors as set out in paragraph 9 of this IFA Letter.

**Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, (i) the consideration for the NR Assets Acquisition is fair and reasonable, and (ii) the NR Assets Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority HAC Shareholders.**

This IFA Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the GMG VGO and NR Assets Acquisition, and the recommendation made by them to the HAC Shareholders shall remain the responsibility of the Non-Interested Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the GMG VGO and NR Assets Acquisition, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly  
For and on behalf of  
**XANDAR CAPITAL PTE. LTD.**

ALEX TAN KAH KOON  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE



## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

**Unaudited pro forma consolidated income statement of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	1,874,036	1,855,684	2,329,163
Cost of sales	(1,749,322)	(1,771,897)	(2,199,536)
<b>Gross profit</b>	<b>124,714</b>	<b>83,787</b>	<b>129,627</b>
Distribution costs	(34,369)	(42,822)	(39,120)
Administrative expenses	(38,876)	(66,242)	(58,366)
Net other income/(costs)	(22,046)	(13,037)	2,770
Share of associates	641	(4,126)	2,225
<b>Operating profit/(loss)</b>	<b>30,064</b>	<b>(42,440)</b>	<b>37,136</b>
Finance income	1,548	2,816	2,241
Finance cost	(5,737)	(14,331)	(28,246)
<b>Profit/(loss) before income tax</b>	<b>25,875</b>	<b>(53,955)</b>	<b>11,131</b>
Income tax expense	(8,841)	(4,648)	(10,561)
<b>Net profit/(loss) after tax</b>	<b>17,034</b>	<b>(58,603)</b>	<b>570</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Enlarged Group	19,790	(44,209)	5,761
Non-controlling interest	(2,756)	(14,394)	(5,191)

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

**Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Cash and bank balances	106,579	111,863	100,946
Pledged deposits	9,704	7,551	3,453
Trade receivables and prepayments	53,407	153,432	115,238
Other receivables	59,538	77,041	90,616
Derivative financial instruments	2,379	8,011	24,355
Inventories	239,565	218,079	189,716
Other current assets	40,544	55,903	33,202
<b>Current assets</b>	<b>511,716</b>	<b>631,880</b>	<b>557,526</b>
Intangible assets	27,980	214,862	216,176
Property, plant and equipment	134,784	246,407	221,429
Plantation related properties	165,509	217,105	227,627
Biological assets	52,631	45,364	46,208
Investment properties	12,870	34,088	33,141
Deferred tax assets	4,250	6,407	8,044
Investment in associates	260,740	232,281	211,811
Other non-current assets	7,210	4,644	4,076
<b>Non-current assets</b>	<b>665,974</b>	<b>1,001,158</b>	<b>968,512</b>
<b>Total assets</b>	<b>1,177,690</b>	<b>1,633,038</b>	<b>1,526,038</b>
Derivative financial instruments	2,202	5,740	8,126
Trade payables	49,862	67,375	58,295
Other payables and advances	95,322	132,053	48,258
Loan payables	107,186	163,425	291,946
Provision for taxation	2,970	1,582	3,527
Finance lease	153	540	509
Other current liabilities	10,229	2,182	2,024
<b>Current liabilities</b>	<b>267,924</b>	<b>372,897</b>	<b>412,685</b>
Loan payables	12,807	370,473	322,794
Retirement benefit obligations	648	11,033	10,703
Deferred tax liabilities	8,633	25,827	26,968
Finance lease	356	1,691	1,100
Other non-current liabilities	1,234	2,163	2,108
<b>Non-current liabilities</b>	<b>23,678</b>	<b>411,187</b>	<b>363,673</b>
<b>Total liabilities</b>	<b>291,602</b>	<b>784,084</b>	<b>776,358</b>
<b>Total equity</b>	<b>886,088</b>	<b>848,954</b>	<b>749,680</b>
<b>Total liabilities and equity</b>	<b>1,177,690</b>	<b>1,633,038</b>	<b>1,526,038</b>

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

**Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	FY2013	FY2014	FY2015
<b>Cash flow from operating activities<sup>(1)</sup></b>	<b>65,464</b>	<b>43,862</b>	<b>25,234</b>
<b>Investing activities</b>			
Investment income	2,454	8	9
Net proceeds from plant, property and equipment and other investments	5,965	2,354	831
Capital expenditure on plant, property and equipment, plantation assets and intangible assets	(69,295)	(414,248)	(73,503)
Cash paid for investment/loan to associate	(1,739)	(4,581)	(8,467)
Cash receipts from other investing activities	73	1,139	2,330
Payments for other investing activities	(731)	(117)	-
<b>Cash flow (used in) investing activities</b>	<b>(63,273)</b>	<b>(415,445)</b>	<b>(78,800)</b>
<b>Financing activities</b>			
Dividends and interest payment	(13,383)	(26,008)	(19,995)
Net drawdowns/(repayments) of borrowings	(39,369)	352,613	46,736
Net drawdowns/(repayments) of finance leases	(50)	1,728	(601)
Acquisition of non-controlling interest in a subsidiary	(6,619)	-	-
Capital contribution by non-controlling interests	22	62,293	-
Net proceeds from share issuance	51,213	14,485	-
Share issuance expense	-	-	(153)
Movements in fixed deposits	(3,318)	1,100	3,870
Finance income	2,586	-	-
Other cash received relating to financing activities	-	-	17,006
Other cash paid relating to financing activities	(13,347)	(18,332)	(129)
<b>Cash flow from/(used in) financing activities</b>	<b>(22,265)</b>	<b>387,879</b>	<b>46,734</b>
Effect of exchange rate changes	8,784	(9,434)	(1,866)
<b>Net change in cash and bank balances</b>	<b>(11,290)</b>	<b>6,862</b>	<b>(8,698)</b>
Beginning cash and bank balance	121,117	106,579	111,863
Foreign exchange adjustment	(3,248)	(1,578)	(2,219)
<b>Ending cash and bank balances</b>	<b>106,579</b>	<b>111,863</b>	<b>100,946</b>

Note:

- (1) Breakdown of cash flow from operating activities is not presented because Xishuangbanna, Hainan Sinochem and SIO's natural rubber division present their cash flow statements based on direct method which is different from that of HAC, GMG and Euroma which present their cash flow statements based on indirect method.
- (2) Unaudited pro forma consolidated statement of cash flows of the Enlarged Group was prepared by aggregating the statement of cash flows of HAC Group, GMG Group and pro forma consolidated statement of cash flows of the NR Assets.

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## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

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### 1. BACKGROUND

This appendix has been prepared for inclusion in this Circular to the HAC Shareholders in connection with the Proposed Transactions. Following completion of the Proposed Transactions, the enlarged group comprises the HAC Group, GMG Group and NR Assets and they are collectively known as the “Enlarged Group”.

### 2. BASIS OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

2.1 The unaudited pro forma consolidated financial information of the Enlarged Group set out in this appendix is expressed in United States Dollars (“**US\$**”) and all values are rounded to the nearest thousand (US\$’000) except where otherwise indicated. The underlying financial information of the NR Assets is expressed in Renminbi (“**RMB**”) and Malaysian Ringgit (“**MYR**”) and has been translated into US\$ for preparation of the unaudited pro forma consolidated financial information of the Enlarged Group. The financial information has been prepared for illustration purposes only. It has been prepared based on certain assumptions and after making certain adjustments, to show what:

- (a) the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2013, 31 December 2014 and 31 December 2015 would have been if the Proposed Transactions had occurred as at 31 December 2013;
- (b) the unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial years ended 31 December 2013, 2014, and 2015 would have been had the Proposed Transactions had occurred on 1 January 2013; and
- (c) the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014, and 31 December 2015 would have been had the Enlarged Group structure been in place since 1 January 2013.

The objective of the unaudited pro forma consolidated financial information of the Enlarged Group is to show what the historical financial information would have been had the Enlarged Group existed since 1 January 2013. However, this unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Enlarged Group actually existed earlier.

2.2 The unaudited pro forma consolidated financial information of the Enlarged Group have been compiled from the following:

- (a) the audited consolidated financial statements of HAC Group for the financial years ended 31 December 2013 which were prepared in accordance with Singapore Financial Reporting Standards (“**SFRS**”), audited by Deloitte & Touche LLP and were not subject to any qualification;
- (b) the audited consolidated financial statements of HAC Group for the financial years ended 31 December 2014 and 2015 which were prepared in accordance with SFRS, audited by Ernst & Young LLP and were not subject to any qualification;
- (c) the audited consolidated financial statements of GMG Group for the financial years ended 31 December 2013, 2014 and 2015 which were prepared in accordance with SFRS, audited by Deloitte & Touche LLP and were not subject to any qualification;

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## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

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- (d) the audited financial statements of NR Assets (excluding Euroma, please refer to paragraph (e) below) for the financial years ended 31 December 2013, 2014 and 2015 were prepared in accordance with respective local Generally Accepted Accounting Principles (“GAAP”), audited by Ernst & Young Hua Ming LLP and were not subject to any qualification; and
- (e) the audited financial statements of Euroma for the financial years ended 31 December 2013, 2014 and 2015 were prepared in accordance with the local GAAP, audited by Deloitte and were not subject to any qualification.

2.3 In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following key assumptions and adjustment were taken into account:

- (a) The proposed GMG VGO and NR Assets Acquisition were accounted for using the pooling of interests method. Consequently, no goodwill relating to these transactions are adjusted for in the unaudited pro forma consolidated financial information of the Enlarged Group;
- (b) GMG VGO Maximum Scenario where the acceptance level of the GMG VGO is 100%, on the basis that all GMG Shareholders accept the GMG VGO;
- (c) inter-company eliminations of rubber product sales and raw material purchases between GMG Group and NR Assets;
- (d) inter-company eliminations of receivables and payables between GMG Group and NR Assets; and
- (e) there is no realignment of GMG Group and NR Assets’ accounting policies to HAC Group’s accounting policies.

2.4 HAC prepares its financial statements using SFRS. The Directors of HAC believe that, based on the initial assessment by the finance team of HAC, there are no principal differences between the SFRS and the respective local GAAP (being the NR Assets’ accounting standards) that are applied to HAC and the NR Assets, respectively. Hence, there may not be a material impact on the financial statements of the NR Assets if they were prepared under SFRS.

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

### 3. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information of the Enlarged Group:

#### Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2015

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	994,712	469,287	1,011,553	(146,389)	2,329,163
Cost of sales	(932,536)	(424,778)	(986,421)	144,199	(2,199,536)
<b>Gross profit</b>	<b>62,176</b>	<b>44,509</b>	<b>25,132</b>		<b>129,627</b>
Distribution costs	(14,000)	(18,278)	(6,842)		(39,120)
Administrative expenses	(20,696)	(33,168)	(6,692)	2,190	(58,366)
Net other income/(costs)	8,275	(7,090)	1,585		2,770
Share of associates	-	2,225	-		2,225
<b>Operating profit</b>	<b>35,755</b>	<b>(11,802)</b>	<b>13,183</b>		<b>37,136</b>
Finance income	635	894	712		2,241
Finance cost	(24,126)	(3,666)	(454)		(28,246)
<b>Profit before income tax</b>	<b>12,264</b>	<b>(14,574)</b>	<b>13,441</b>		<b>11,131</b>
Income tax expense	(5,915)	(1,813)	(2,833)		(10,561)
<b>Net profit after tax</b>	<b>6,349</b>	<b>(16,387)</b>	<b>10,608</b>		<b>570</b>
<b>Profit attributable to:</b>					
Owners of the Enlarged Group	8,467	(13,272)	10,566		5,761
Non-controlling interest	(2,118)	(3,115)	42		(5,191)

Note:

- (1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2014

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	479,247	635,134	998,673	(257,370)	1,855,684
Cost of sales	(454,344)	(594,757)	(977,654)	254,858	(1,771,897)
<b>Gross profit</b>	<b>24,903</b>	<b>40,377</b>	<b>21,019</b>		<b>83,787</b>
Distribution costs	(3,439)	(21,353)	(18,030)		(42,822)
Administrative expenses	(22,281)	(40,599)	(5,874)	2,512	(66,242)
Net other income/(costs)	567	(13,442)	(162)		(13,037)
Share of associates	-	(4,126)	-		(4,126)
<b>Operating loss</b>	<b>(250)</b>	<b>(39,143)</b>	<b>(3,047)</b>		<b>(42,440)</b>
Finance income	950	1,085	781		2,816
Finance cost	(10,514)	(3,355)	(462)		(14,331)
<b>Loss before income tax</b>	<b>(9,814)</b>	<b>(41,413)</b>	<b>(2,728)</b>		<b>(53,955)</b>
Income tax expense	(3,051)	(1,394)	(203)		(4,648)
<b>Net loss after tax</b>	<b>(12,865)</b>	<b>(42,807)</b>	<b>(2,931)</b>		<b>(58,603)</b>
<b>Loss attributable to:</b>					
Owners of the Enlarged Group	(9,429)	(31,967)	(2,813)		(44,209)
Non-controlling interest	(3,436)	(10,840)	(118)		(14,394)

Note:

- (1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

**Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2013**

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	204,970	805,355	1,259,974	(396,263)	1,874,036
Cost of sales	(184,722)	(722,368)	(1,237,484)	395,252	(1,749,322)
<b>Gross profit</b>	<b>20,248</b>	<b>82,987</b>	<b>22,490</b>		<b>124,714</b>
Distribution costs	(1,389)	(21,873)	(11,107)		(34,369)
Administrative expenses	(6,735)	(27,716)	(5,436)	1,011	(38,876)
Net other income/(costs)	6	(22,132)	80		(22,046)
Share of associates	-	641	-		641
<b>Operating profit</b>	<b>12,130</b>	<b>11,907</b>	<b>6,027</b>		<b>30,064</b>
Finance income	207	957	384		1,548
Finance cost	(1,650)	(3,610)	(477)		(5,737)
<b>Profit before income tax</b>	<b>10,687</b>	<b>9,254</b>	<b>5,934</b>		<b>25,875</b>
Income tax expense	(1,576)	(5,193)	(2,072)		(8,841)
<b>Net profit after tax</b>	<b>9,111</b>	<b>4,061</b>	<b>3,862</b>		<b>17,034</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Enlarged Group	9,093	6,965	3,732		19,790
Non-controlling interest	18	(2,904)	130		(2,756)

Note:

- (1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives



## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2013

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	49,677	55,057	1,845		106,579
Pledged deposits	3,011	5,761	932		9,704
Trade receivables and prepayments	7,347	57,742	46,228	(57,910)	53,407
Other receivables	2,592	53,228	3,719	(1)	59,538
Derivative financial instruments	903	1,476	-		2,379
Inventories	16,409	119,734	103,422		239,565
Other current assets	-	462	40,082		40,544
<b>Current assets</b>	<b>79,939</b>	<b>293,460</b>	<b>196,228</b>		<b>511,716</b>
Intangible assets	10,000	9,242	8,738		27,980
Property, plant and equipment	15,537	86,320	32,927		134,784
Plantation related properties	-	165,509	-		165,509
Biological assets	-	52,631	-		52,631
Investment properties	-	11,760	1,110		12,870
Deferred tax assets	197	4,023	30		4,250
Investment in associates	-	260,740	-		260,740
Other non-current assets	2,178	4,933	99		7,210
<b>Non-current assets</b>	<b>27,912</b>	<b>595,158</b>	<b>42,904</b>		<b>665,974</b>
<b>Total assets</b>	<b>107,851</b>	<b>888,618</b>	<b>239,132</b>		<b>1,177,690</b>
Derivative financial instruments	789	1,413	-		2,202
Trade payables	-	29,154	79,725	(59,017)	49,862
Other payables and advances	2,866	37,510	53,840	1,106	95,322
Loan payables	21,143	86,043	-		107,186
Provision for taxation	1,352	1,618	-		2,970
Finance lease	-	153	-		153
Other current liabilities	-	-	10,229		10,229
<b>Current liabilities</b>	<b>26,150</b>	<b>155,891</b>	<b>143,794</b>		<b>267,924</b>
Loan payables	-	12,807	-		12,807
Retirement benefit obligations	648	-	-		648
Deferred tax liabilities	781	7,648	204		8,633
Finance lease	-	356	-		356
Other non-current liabilities	-	-	1,234		1,234
<b>Non-current liabilities</b>	<b>1,429</b>	<b>20,811</b>	<b>1,438</b>		<b>23,678</b>
<b>Total liabilities</b>	<b>27,579</b>	<b>176,702</b>	<b>145,232</b>		<b>291,602</b>
<b>Equity</b>	<b>80,272</b>	<b>711,916</b>	<b>93,900</b>		<b>886,088</b>
<b>Total liabilities and equity</b>	<b>107,851</b>	<b>888,618</b>	<b>239,132</b>		<b>1,177,690</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2014

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	75,781	31,152	4,930		111,863
Pledged deposits	1,675	5,744	132		7,551
Trade receivables and prepayments	64,964	45,693	46,863	(4,088)	153,432
Other receivables	28,015	47,254	1,773	(1)	77,041
Derivative financial instruments	5,117	2,894	-		8,011
Inventories	88,075	74,454	55,550		218,079
Other current assets	-	4,378	51,525		55,903
<b>Current assets</b>	<b>263,627</b>	<b>211,569</b>	<b>160,773</b>		<b>631,880</b>
Intangible assets	197,773	8,676	8,413		214,862
Property, plant and equipment	113,926	93,012	39,469		246,407
Plantation related properties	41,875	175,230	-		217,105
Biological assets	338	45,026	-		45,364
Investment properties	20,551	12,498	1,039		34,088
Deferred tax assets	2,673	3,534	200		6,407
Investment in associates	-	232,281	-		232,281
Other non-current assets	224	4,378	42		4,644
<b>Non-current assets</b>	<b>377,360</b>	<b>574,635</b>	<b>49,163</b>		<b>1,001,158</b>
<b>Total assets</b>	<b>640,987</b>	<b>786,204</b>	<b>209,936</b>		<b>1,633,038</b>
Derivative financial instruments	821	4,919	-		5,740
Trade payables	26,990	18,256	53,455	(31,326)	67,375
Other payables and advances	23,899	40,853	40,064	27,237	132,053
Loan payables	58,538	77,909	26,978		163,425
Provision for taxation	294	1,288	-		1,582
Finance lease	405	135	-		540
Other current liabilities	-	-	2,182		2,182
<b>Current liabilities</b>	<b>110,947</b>	<b>143,360</b>	<b>122,679</b>		<b>372,897</b>
Loan payables	338,215	32,258	-		370,473
Retirement benefit obligations	11,033	-	-		11,033
Deferred tax liabilities	18,780	7,047	-		25,827
Finance lease	1,481	210	-		1,691
Other non-current liabilities	-	-	2,163		2,163
<b>Non-current liabilities</b>	<b>369,509</b>	<b>39,515</b>	<b>2,163</b>		<b>411,187</b>
<b>Total liabilities</b>	<b>480,456</b>	<b>182,875</b>	<b>124,842</b>		<b>784,084</b>
<b>Equity</b>	<b>160,531</b>	<b>603,329</b>	<b>85,094</b>		<b>848,954</b>
<b>Total liabilities and equity</b>	<b>640,987</b>	<b>786,204</b>	<b>209,936</b>		<b>1,633,038</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

### Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2015

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	70,541	28,431	1,974		100,946
Pledged deposits	-	3,227	226		3,453
Trade receivables and prepayments	65,030	23,197	28,016	(1,005)	115,238
Other receivables	30,751	49,061	10,807	(3)	90,616
Derivative financial instruments	24,250	105	-		24,355
Inventories	102,875	56,012	30,829		189,716
Other current assets	-	3,941	29,261		33,202
<b>Current assets</b>	<b>293,447</b>	<b>163,974</b>	<b>101,113</b>		<b>557,526</b>
Intangible assets	200,534	7,868	7,774		216,176
Property, plant and equipment	99,489	83,208	38,732		221,429
Plantation related properties	35,491	192,136	-		227,627
Biological assets	6,360	39,848	-		46,208
Investment properties	21,420	10,771	950		33,141
Deferred tax assets	3,175	4,869	-		8,044
Investment in associates	-	211,811	-		211,811
Other non-current assets	148	3,892	36		4,076
<b>Non-current assets</b>	<b>366,617</b>	<b>554,403</b>	<b>47,492</b>		<b>968,512</b>
<b>Total assets</b>	<b>660,064</b>	<b>718,377</b>	<b>148,605</b>		<b>1,526,038</b>
Derivative financial instruments	7,567	559	-		8,126
Trade payables	11,249	16,508	31,784	(1,246)	58,295
Other payables and advances	18,349	15,120	14,550	239	48,258
Loan payables	191,874	96,111	3,961		291,946
Provision for taxation	1,553	1,465	509		3,527
Finance lease	435	74	-		509
Other current liabilities	-	-	2,024		2,024
<b>Current liabilities</b>	<b>231,027</b>	<b>129,837</b>	<b>52,828</b>		<b>412,685</b>
Loan payables	270,150	52,644	-		322,794
Retirement benefit obligations	10,703	-	-		10,703
Deferred tax liabilities	20,486	6,482	-		26,968
Finance lease	1,046	54	-		1,100
Other non-current liabilities	-	-	2,108		2,108
<b>Non-current liabilities</b>	<b>302,385</b>	<b>59,180</b>	<b>2,108</b>		<b>363,673</b>
<b>Total liabilities</b>	<b>533,412</b>	<b>189,017</b>	<b>54,936</b>		<b>776,358</b>
<b>Equity</b>	<b>126,652</b>	<b>529,360</b>	<b>93,669</b>		<b>749,680</b>
<b>Total liabilities and equity</b>	<b>660,064</b>	<b>718,377</b>	<b>148,605</b>		<b>1,526,038</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

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## APPENDIX B – PRO FORMA FINANCIALS OF THE ENLARGED GROUP

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### Basic and diluted earnings per share

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share (“EPS”) for the financial years ended 31 December 2013, 2014 and 2015:

	FY2013	FY2014	FY2015
Profit (loss) for the year attributable to owners of the Enlarged Group (US\$'000)	19,790	(44,209)	5,761
Pro forma number of HAC Shares ('000) <sup>(1)</sup>	1,364,926	1,415,926	1,595,018
Basic and diluted EPS in US Cents <sup>(2)</sup>	1.45	(3.12)	0.36

Notes:

- (1) Pro forma number of HAC Shares based on the summation of:
- (a) the number of issued HAC Shares of 600,092,000 for FY2015, 421,000,000 for FY2014, and 370,000,000 for FY2013;
  - (b) 714,926,126 new HAC Shares under the GMG VGO Maximum Scenario; and
  - (c) 280,000,000 new HAC Shares for the NR Assets Acquisition.
- (2) Basic and diluted EPS is calculated on the Enlarged Group's profit for the financial year attributable to Owners of the Enlarged Group divided by the pro forma number of HAC Shares after the Proposed Transactions.

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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### A. INTRODUCTION

This appendix has been prepared based on legal due diligence conducted on the NR Assets for the purposes of the Share Sale Agreement as well as representations from SIO as the seller under the Share Sale Agreement and the information given herein is to the best of the knowledge of the Company and its Directors. Except for where the context otherwise requires, capitalised terms defined in this Circular shall apply throughout this Appendix C to this Circular.

### B. INFORMATION ON THE NR ASSETS

#### B1. BACKGROUND AND HISTORY

The NR Assets comprise companies incorporated in Malaysia and in the PRC which conduct natural rubber processing and trading businesses. For the purpose of the NR Assets Acquisition, SIO will incorporate an investment holding company in Singapore (the “**NR Assets Holdco**”) which will be the ultimate holding company for all the NR Assets immediately prior to the Share Sale Completion (the “**NR Assets Restructuring**”). Pursuant to the Share Sale Agreement, the Company will acquire the NR Assets through the acquisition of all the shares in the NR Assets Holdco.

##### **Euroma**

Euroma Rubber Industries Sendirian Berhad (“**Euroma**”) (Registration No.: 159531-U) was incorporated in 1984 with an issued and paid up share capital of MYR20 million comprising 20,000,000 ordinary shares, all of which are fully paid up. At the time of incorporation, Chin Kin Hua and Chen Fukun owned 95% and 5% respectively. Euroma was acquired by SIO in 2007, as Sinochem’s first overseas natural rubber business expansion, to establish a presence in the major natural rubber producing area of Southeast Asia. In 2009, SIO increased Euroma’s share capital by an additional MYR15 million. The resultant and current ownership stakes of Euroma are 97.5% by SIO with the remaining 2.5% by Chin Kin Hua.

Euroma’s principal activity is the processing of rubber products. Its main products include Standard Malaysian Rubber, Peptised Rubber and Super Poly Rubber, which are sold primarily to SIO. Euroma currently has one operational rubber processing plant with a processing capacity of 40,000 tonnes per annum and approximate utilisation rate of 93.7%, 95.5% and 90.7% for FY2013, FY2014 and FY2015 respectively.

The directors of Euroma are Chin Kin Hua @ Tan Kim Pah, Ong Chee Sing and Li Guangfeng.

##### **Hainan Sinochem**

Hainan Sinochem Rubber Co., Ltd 海南中化橡胶有限公司 (“**Hainan Sinochem**”) (Registration No.: 469003400000329) was incorporated in 2004 with issued and paid up share capital of RMB 60 million comprising 60,000,000 shares, all of which are fully paid up. The shareholders of Hainan Sinochem at the date of incorporation were SIO (49.0%), Sinochem (46.5%), Li Haiping (4.0%) and Wang Zhicheng (0.5%). In 2012, the share capital of Hainan Sinochem increased by RMB 40 million to RMB 100 million, for which all its shareholders granted their approval and contributed on a pro-rata basis. In 2013, Li Haiping transferred his 4.0% stake to Hainan Xinjiacheng Trading Co., Ltd 海南信佳成贸易有限公司 (“**Hainan Xinjiacheng**”). This resulted in the current ownership of SIO, Sinochem, Hainan Xijiacheng and Wang Zhicheng 汪治成 respectively holding stakes of 49.0%, 46.5%, 4.0% and 0.5% in Hainan Sinochem.

Hainan Sinochem’s principal activity is the processing of rubber products. Its main products include Technically Specified Rubber and Silicone Compatible Rubber, which are sold primarily to Sinochem. Hainan Sinochem currently has two operational rubber processing plants with an

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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aggregate processing capacity of 85,000 tonnes per annum and approximate utilisation rate of 64.1%, 46.7% and 55.2% for FY2013, FY2014 and FY2015 respectively. Additionally, Hainan Sinochem owns 100% stakes in Baisha and Baoting.

The directors of Hainan Sinochem are Zhan Jun詹军, Yang Yu杨宇, Li Muchun李木春, Ke Xiting柯希霆, Cheng Zhiyong程志勇, Jiang Bo姜波 and Li Haiping李海平.

The director of Hainan Xinjiacheng is Li Haiping 李海平 and its shareholders are Li Haiping李海平 and Li Rong李蓉.

### **Baisha**

Baisha Sinochem Rubber Co., Ltd. 白沙中化橡胶有限公司 (“**Baisha**”) (Registration No.: 469030000004629) was incorporated in 2011 with issued and paid up share capital of RMB 2 million comprising 2,000,000 shares, all of which are fully paid up. Baisha is 100% owned by Hainan Sinochem since the date of incorporation.

Baisha’s principal activity is the procurement of raw materials for Hainan Sinochem.

The director of Baisha is Li Muchun李木春.

### **Baoting**

Hainan Baoting Sinochem Rubber Co., Ltd. 海南保亭中化橡胶有限公司 (“**Baoting**”) (Registration No.: 469035000007614) was incorporated in 2012 with issued and paid up share capital of RMB 30 million comprising 30,000,000 shares, all of which are fully paid up. Baoting is 100% owned by Hainan Sinochem since the date of incorporation.

Baoting’s principal activity is the processing of rubber products. Baoting currently has one non-operational rubber processing plant with a processing capacity of 20,000 tonnes per annum. This plant has suspended its operations since 2015 due to weak rubber price environment.

The directors of Baoting are Zhan Jun詹军, Li Muchun李木春, Ke Xiting柯希霆, WuTingyue吴挺跃 and Li Wenyu李文禹.

### **Han Cheng**

Shanghai Hancheng Trading Co., Ltd. 上海瀚承贸易有限公司 (“**Hancheng**”) was incorporated in 2010 with issued and paid up share capital of RMB 1 million comprising 1,000,000 shares, all of which are fully paid up. Hancheng is currently 100% owned by Shanghai Wenchuang Trading Co., Ltd. 上海闻创贸易有限公司 since the date of incorporation. Shanghai Wenchuang Trading Co., Ltd. is a wholly-owned subsidiary of Sinochem.

The principal activities of Hancheng were the export and import of various chemicals, construction materials, automobile parts and other products related to Sinochem. Since the start of 2016, Sinochem had started to wind down the principal activities of Han Cheng to give rise to a clean company, ready to house certain PRC-based natural rubber business employees pursuant to the NR Assets Restructuring. Pursuant to a deed of additional warranty, SIO has further represented and warranted that at completion of the NR Assets Acquisition, Han Cheng shall not have any business, assets or liabilities (contingent or otherwise) whatsoever, save as necessary for its maintenance as a legal entity. It is envisaged that the future principal activity of Hancheng will be the trading and distribution of natural rubber products sourced from Hainan Sinochem, Xishuangbanna and other third party suppliers.

The directors of Han Cheng are Zuo Jingjing左晶晶, Yang Yu杨宇, Qin Jinke秦晋克.

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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### **Xishuangbanna**

Xishuangbanna Sinochem Rubber Co., Ltd 西双版纳中化橡胶有限公司 (“Xishuangbanna”) (Registration No.: 53280000001338) was incorporated in 2005 with issued and paid up share capital of RMB 30 million comprising 30,000,000 shares, all of which are fully paid up. The shareholders of Xishuangbanna at the date of incorporation were Sinochem and Xu Zhihe with stakes of 90.0% and 10.0% respectively. In 2007, following shareholders’ approval, share capital of Xishuangbanna increased by RMB 60 million to RMB 90 million, for which Sinochem contributed RMB 87 million. This resulted in the current ownership of Sinochem and Xu Zhihe 许稚禾 respectively holding stakes of 96.67% and 3.33% in Xishuangbanna.

Xishuangbanna’s principal activities include rubber processing, sales, machinery equipment design, technical advisory services, and import and export trading. Its main products include Technically Specified Rubber and Silicone Compatible Rubber, which are sold primarily to Sinochem. Xishuangbanna currently has five rubber processing plants located in Jinghong, Mantang, Menglong, Manyao and Mengrun with an aggregate processing capacity of 75,000 tonnes per annum and approximate utilisation rate of 78.2%, 61.4% and 72.1% for FY2013, FY2014 and FY2015 respectively.

The directors for Xishuangbanna are Zhan Jun 詹军, Yang Yu 杨宇, Li Muchun 李木春, Ke Xiting 柯希霆, Cheng Zhiyong 程志勇, Hu Changfa 胡昌法, Xu Zhihe 许稚禾.

### **Natural Rubber Trading and Distribution Business**

SIO’s natural rubber trading and distribution business is an existing business unit of SIO. The principal activity of this business unit is the trading and distribution of natural rubber products sourced from GMG, Euroma and other third party suppliers. Products are sold to the PRC and other key global markets including the US and Europe, with customers including tyre companies, brokers and future exchanges.

As at the Latest Practicable Date:

- (a) no more than 10% of capital has been paid for with assets other than cash within the period of 3 years before the Latest Practicable Date;
- (b) there are no shares in the NR Assets that do not represent capital;
- (c) no shares in the NR Assets are held by or on behalf of the NR Assets by any of its subsidiaries;
- (d) there is no undertaking, in respect of the NR Assets, to increase the capital of any NR Asset; and
- (e) no person has been granted any option to subscribe for or purchase shares in the NR Assets.

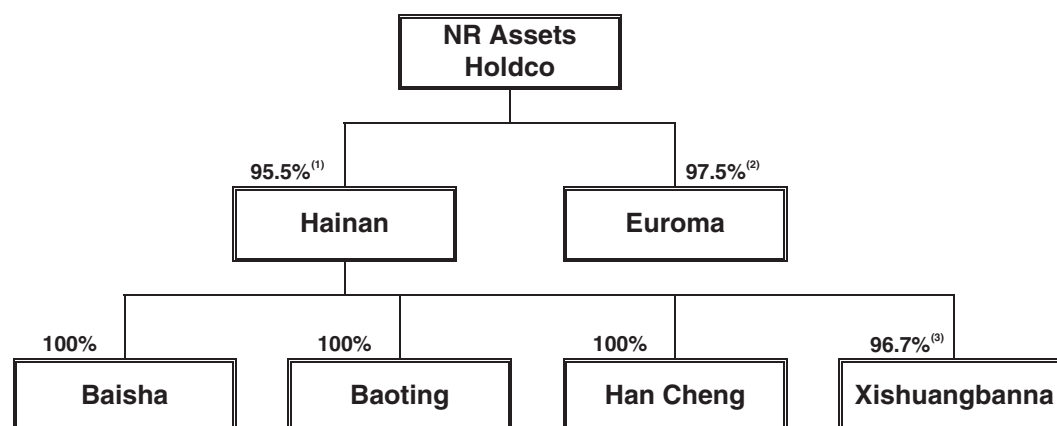
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## APPENDIX C – INFORMATION ON THE NR ASSETS

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### B2. GROUP STRUCTURE

The corporate structure of the NR Assets Holdco immediately prior to the Share Sale Completion is to be as illustrated below:



Notes:

- (1) Remaining 4.0% is held by Hainan Xinjiacheng Trading Co., Ltd and 0.5% is held by Wang Zhicheng
- (2) Remaining 2.5% is held by Chin Kin Hua @ Tan Kim Pah
- (3) Remaining 3.3% is held by Xu Zhihe

### B3. BUSINESS OF THE NR ASSETS

#### B3.1 Research and Development

The NR Assets do not carry out any research and development activities as the nature of their business does not require extensive research and development.

#### B3.2 Accounting Policies, Dividends

There is no change in the accounting policies of the NR Assets at any time within the last three (3) most recent completed financial years.

#### B3.3 Significant Changes

There are no other events that have occurred from the end of the period covered by the most recent financial statements to the Latest Practicable Date which may have a material effect on the financial position and results of the NR Assets.



## APPENDIX C – INFORMATION ON THE NR ASSETS

### B4. SELECTED FINANCIAL INFORMATION

The following selected financial information of the NR Assets should be read in conjunction with the full text of this Circular, including the “Audited Financials of the NR Assets for FY2013, FY2014 and FY2015” as set out in Appendix E to this Circular.

#### B4.1 Foreign Exchange Rates

Date	USD/SGD	SGD/MYR	SGD/RMB
<b>Latest Practicable Date</b>			
06-May-16	1.3613	2.9475	4.7816
<b>Highest exchange rates for each month during the previous 6 months</b>			
Apr-16	1.3634	2.9063	4.8339
Mar-16	1.4006	3.0007	4.7970
Feb-16	1.4285	3.0090	4.7285
Jan-16	1.4428	3.0652	4.6127
Dec-15	1.4186	3.0673	4.6149
Nov-15	1.4241	3.0843	4.5470
<b>Lowest exchange rates for each month during the previous 6 months</b>			
Apr-16	1.3373	2.8526	4.7513
Mar-16	1.3484	2.8950	4.6628
Feb-16	1.3897	2.9225	4.6090
Jan-16	1.4122	2.9137	4.5648
Dec-15	1.3949	2.9954	4.5325
Nov-15	1.3963	2.9980	4.4713
<b>Average exchange rates based on last day of each month during the period</b>			
2015	1.3788	2.8514	4.5645
2014	1.2703	2.5835	4.8597
2013	1.2535	2.5301	4.9007

Source: Bloomberg L.P.

### B5. PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, details of the material fixed assets of the NR Assets, including any properties owned or leased, any land use rights and/or building use rights are as follows:

#### B5.1 Euroma

##### Real Property

No.	Land Title	Tenure	Area (m <sup>2</sup> )	Use	Encumbrances
1	GM 972, Lot 45, Labu Besar, Mukim Bagan Sena, Daerah Kulim, Negeri Kedah	Freehold	28857	Industrial Land	None
2	GM 227, Lot 46, Labu Besar, Pekan Labu Besar, Daerah Kulim, Negeri Kedah	Freehold	15594	Industrial Land	None

## APPENDIX C – INFORMATION ON THE NR ASSETS

### B5.2 Hainan Sinochem

#### Land Use Right

No.	Land Use Right Holder	Location	Type of Use Right	Area (m <sup>2</sup> )	Land Use Right Expiry Date	Purpose	Encumbrances
1	Hainan Sinochem	Northwest Side, North-south Water Channel, Xilian Farm, Hainan Province	Grant	38560	25 December 2052	Industrial land	None
2	Hainan Sinochem	Qiaofeng Farm, Nada Town, Danzhou	Grant	80000	30 October 2062	Industrial land	None
3	Hainan Sinochem	Northeast Side, Nada Industrial Road, Danzhou	Grant	34402	19 July 2050	Industrial land	None

#### Building ownership

No.	Location	Building Area (m <sup>2</sup> )	Purpose	Encumbrances
1	Inside Sinochem Rubber Plant, Lianggang North Road, Xilian Farm, Danzhou	9885.78	Plant	None
2	Northeast Side, Nada Industrial Road, Danzhou	701.42	Plant	None
3	Northeast Side, Nada Industrial Road, Danzhou	492.71	Plant	None
4	Northeast Side, Nada Industrial Road, Danzhou	9896.30	Industrial	None
5	Room 603, Building A2, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	79.08	Residential	None
6	Room 504, Building A4, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	79.08	Residential	None
7	Room 603, Building A4, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	79.08	Residential	None
8	Room 604, Building A4, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	79.08	Residential	None
9	Room 401, Building A5, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	117.86	Residential	None
10	Room 402, Building A5, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	117.86	Residential	None
11	Building A8, Taiwanyuan, Anhua North Road, Nada Town, Danzhou	1414.32	Residential	None
12	Suite 03, Floor 16, Tianyi International Plaza	90.47	Commercial and residential	None
13	Suite 05, Floor 16, Tianyi International Plaza	228.77	Commercial and residential	None
14	Suite 06, Floor 16, Tianyi International Plaza	228.77	Commercial and residential	None
15	Suite 07, Floor 16, Tianyi International Plaza	90.47	Commercial and residential	None

## APPENDIX C – INFORMATION ON THE NR ASSETS

### B5.3 Xishuangbanna

#### Land Use Rights

No.	Location	Use	Type of use right	Area (m <sup>2</sup> )	Land use right expiry date	Encumbrances
1	Menglong Town, Jinghong City	Industrial	Grant	3114.8	18 November 2058	None
2	Menglong Town, Jinghong City	Industrial	Grant	19311	18 November 2058	None
3	Xiaojiexiangdong Village, Jinghong City	Industrial	Allocation	4099.5	None	None
4	Mangui Group, Manfa Villagers' Committee, Menghan Town, Jinghong City	Industrial	Grant	124768.6	24 November 2059	None
5	Mengpeng Town	City/ country Hybrid residential	Grant	35970.7	5 September 2054	None
6	Manmo Villager Group, Villagers' Committee of Manmo Village, Jingha Town	Industrial	Lease	14627.9	2 June 2035	None
7	Mantang Villager Group, Villagers' Committee of Ganan, Menglong Town	Industrial	Lease	10908.3	18 January 2044	None

#### Building Use Rights

No.	Building owner	Location	Use	Floor area (m <sup>2</sup> )	Expiry date	Encumbrances
1	Xishuangbanna	Beside Mangui Group, Manfa Villagers' Committee, Menghan Town, Jinghong City	Others	235.9 (1 storey)	24 November 2059	None
2	Xishuangbanna	Beside Mangui Villager Group, Manfa Villagers' Committee, Menghan Town, Jinghong City	Office	1761.22 (3 stories)	24 November 2059	None
3	Xishuangbanna	Beside Mangui Villager Group, Manfa Villagers' Committee, Menghan Town, Jinghong City	Residential	1182.92 (4 stories)	24 November 2059	None

## APPENDIX C – INFORMATION ON THE NR ASSETS

No.	Building owner	Location	Use	Floor area (m <sup>2</sup> )	Expiry date	Encumbrances
4	Xishuangbanna	Beside Mangui Villager Group, Manfa Villagers' Committee, Menghan Town, Jinghong City	Residential	1182.92 (4 stories)	24 November 2059	None
5	Xishuangbanna Sinochem Anlian Rubber Co. Ltd	Menglong Town, Jinghong City	Industrial	2585.21 (1 storey)	18 November 2058 <sup>8</sup>	None
6	Xishuangbanna Sinochem Anlian Rubber Co. Ltd	Xiangdong Village, Menglong Town, Jinghong City	Industrial	1143.78 (1 storey)	-	None
7	Xishuangbanna Sinochem Anlian Rubber Co. Ltd	Manmo Villager Group, Monan Villagers' Committee, Jingha Town	Industrial	1257.4 (1 storey)	2 June 2035	None
8	Xishuangbanna Sinochem Anlian Rubber Co. Ltd	Mantang Village, Menglong Town, Jinghong City	Industrial	3154 (1 storey)	18 January 2044	None

### B5.4 Baoting

Baoting was granted the following land use right:

Land Use Right Holder	Location	Type of Use Right	Area (m <sup>2</sup> )	Land Use Right Expiry Date	Purpose	Encumbrances
Baoting <sup>9</sup> Puxing	Maodanpo, Xinzheng Town	Transfer	10000	20 August 2056	Industrial land	None

<sup>8</sup> The expiry date stated for this building is the expiry date of the land on which the building stands, and applies to both the land and the building.

<sup>9</sup> In 2013, Baoting changed its name from Hainan Baoting Puxing Rubber Co., Ltd ("**Baoting Puxing**") to Hainan Baoting Sinochem Rubber Co., Ltd. (referred to herein as Baoting). However, Baoting Puxing remains to be the owner of a land use right and Baoting has not yet completed the change of registration of the land use right holder. Based on the legal due diligence conducted on Hainan (which is the sole shareholder of Baoting), this would not have a material adverse impact on the transaction.

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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### B6. PROSPECTS, TRENDS AND FUTURE PLANS

#### B6.1 Prospects and Trend information

As the HAC Group and the NR Assets are operating in the same industry, the trend information for the NR Assets would be similar to that of the HAC Group. The HAC Group has continually disclosed significant trends in the natural rubber industry (if any) in its interim and full year financial results announcements. Please refer to the financial results released by HAC for such trend information.

#### B6.2 Profit Forecast / Profit Estimate

No profit forecast or profit estimate for the NR Assets Acquisition is disclosed in this Circular.

### B7. INTERESTED PERSON TRANSACTIONS

There will be no new interested person transactions nor conflicts of interests arising from the NR Assets Acquisition.

### B8. MATERIAL LITIGATION

As at the Latest Practicable Date, the NR Assets are not engaged in any material legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of this Circular, a material effect on the NR Assets' financial position or profitability taken as a whole.

### B9. MATERIAL CONTRACTS, EXCHANGE CONTROLS AND DIVIDEND RESTRICTIONS

#### B9.1 Material Contracts

The NR Assets did not enter into any material contracts outside the ordinary course of business for the period of two (2) years immediately preceding the Latest Practicable Date.

#### B9.2 Exchange Controls

##### Malaysia

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration, an arm of Bank Negara Malaysia which is the central bank of Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Exchange Control Notices of Malaysia and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, non-residents are free to repatriate any amount of funds (the repatriation must be made in foreign currency) at any time, including divestment proceeds, profits, dividends or any income arising from investments in Malaysia, subject to the applicable reporting requirements and any withholding tax.

##### PRC

The PRC State Administration of Foreign Exchange (“SAFE”) regulates foreign exchange matters in the PRC, including the conversion of RMB into foreign currencies, and *vice versa*. RMB conversions are regulated by the amended *Regulations of the People's Republic of China on Foreign Exchange Administration* which came into effect on 5 August 2008. The compulsory settlement system of foreign exchange receipts of domestic entities has been replaced and the foreign exchange receipts of domestic entities are no longer mandatorily required to be repatriated into the PRC but can be deposited abroad. PRC residents and PRC enterprises are required to attend to registration according to SAFE regulations in connection with their direct offshore investment and other overseas activities.

## APPENDIX C – INFORMATION ON THE NR ASSETS

Under the relevant regulations promulgated by SAFE, PRC-established foreign invested enterprises (“FIE”s) are required to obtain Business Registration Voucher from local banks so that they can open and operate foreign exchange capital bank accounts for the payment of the capital items, such as repatriation of capital, repayment of domestic loans. FIEs shall also attend to foreign exchange registration with SAFE so as to open and operate foreign exchange current bank accounts for payment of current items, including the distribution of dividends and profits to foreign investors of FIEs subject to the presentation of shareholder resolutions/board resolutions authorising the distribution.

Currently conversions in both foreign exchange capital account and current account can be effected freely subject to requirements of having genuine business needs.

### B9.3 Dividend Restrictions

There are no dividend restrictions set out in the constituent documents of the NR Assets.

### B10. AUDITORS AND COMPANY SECRETARY

Details, including the names, addresses and professional qualifications (including membership in a professional body) of the auditors of the NR Assets for FY2013, FY2014 and FY2015 are as follows:

Company	Name and Address	Professional Body	Professional Body Qualification
Euroma	<b>Deloitte</b> Level 16, Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	Malaysian Institute of Accountants	Member
		CPA Australia	Member
Hainan Sinochem	Ernst & Young 50/F, Shanghai World Finance Center, 100 Century Avenue, Shanghai, China  <b>Name of partner in charge:</b> Yongmin Yuan	The Chinese Institute of Public Accountants	CPA
Xishaungbanna	Ernst & Young 50/F, Shanghai World Finance Center, 100 Century Avenue, Shanghai, China  <b>Name of partner in charge:</b> Yongmin Yuan	The Chinese Institute of Public Accountants	CPA
Baisha	Ernst & Young 50/F, Shanghai World Finance Center, 100 Century Avenue, Shanghai, China  <b>Name of partner in charge:</b> Yongmin Yuan	The Chinese Institute of Public Accountants	CPA

## APPENDIX C – INFORMATION ON THE NR ASSETS

Company	Name and Address	Professional Body	Professional Body Qualification
Baoting	Ernst & Young 50/F, Shanghai World Finance Center, 100 Century Avenue, Shanghai, China  <b>Name of partner in charge:</b> Yongmin Yuan	The Chinese Institute of Public Accountants	CPA
Han Cheng	Ernst & Young 50/F, Shanghai World Finance Center, 100 Century Avenue, Shanghai, China  <b>Name of partner in charge:</b> Yongmin Yuan	The Chinese Institute of Public Accountants	CPA

Details, including the names and professional qualifications of the company secretaries of the NR Assets are as follows:

Company	Name	Professional / Statutory Body	Professional Qualifications / Licence
Euroma	Chew Siew Cheng	The Malaysian Institute of Chartered Secretaries and Administrators	Chartered Secretary
	Lim Choo Tan	Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia)	Licenced company secretary

There is no company secretary for each of Hainan Sinochem, Xishuangbanna, Hancheng, Baoting and Baisha.

### B11. TAXATION

#### Malaysia

##### **General Income Tax**

The principal act governing income tax in Malaysia is the Income Tax Act 1967. The scope of taxation is based on the 'modified' territorial scope as provided in Section 3 of the Income Tax Act 1967:

*“Subject to and in accordance with this Act, a tax to be known as income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.”*

This section stipulates two circumstances that income tax will be imposed on income, namely:

- (a) the taxpayer derives income which is accruing in or derived from Malaysia, that is Malaysian source income; and

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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- (b) the taxpayer derives income which is accrued outside Malaysia (foreign source income) and received such foreign source income in Malaysia. Foreign source income is only subject to Malaysian income tax at the time the income is 'received' in Malaysia. However, with effect from year of assessment 2004, only banking, shipping, insurance and air transport will be subject to tax on foreign source income received in Malaysia.

Generally, an individual becomes a resident for a particular year of assessment if the aggregate number of days the individual stays in Malaysia during the basis year is 182 days or more.

Income derived from Malaysia by residents and non-residents is subject to Malaysian tax, irrespective of where the employment contract is made or where the remuneration is paid. Generally, employment income is regarded as Malaysian-derived income if the employment activities are exercised in Malaysia.

### **Income Tax Rates**

Resident companies with paid up capital above MYR 2,500,000 and non-resident companies/branches are taxed at a flat rate of 25% from year of assessment 2009 to 2015 and this was reduced by 1% to 24% from year of assessment 2016 onwards.

A resident individual would be subject to tax at scale rates ranging up to 28% after the deductions of personal reliefs (such as relief for oneself, dependent spouse, life insurance premiums and so on). The maximum tax rate is currently 28% with effect from year of assessment 2016 on chargeable income exceeding MYR 1,000,000 for residents.

A non-resident individual would be taxed at a flat rate of 28% with effect from year of assessment 2016. Non-residents are not entitled to personal relief and deductions.

### **Dividend Distributions**

A single tier dividend received by a resident or non-resident will not be subjected to further tax.

### **Withholding Taxes**

Generally, withholding tax is the tax withheld by the tax payer who resides in Malaysia when making a payment to non-resident for services rendered in Malaysia. The payer is required by law to withhold tax at the prescribed rate from such payment and (whether such tax has been deducted or not) pay such tax to the Director General of Inland Revenue within one month after such payment has been paid or credited to the non-resident payee. Examples of such payments are interest, royalties, rentals and payments under a service contract, technical advice or assistance and any gains or profits which are derived from Malaysia.

### **Stamp Duty**

The instrument of transfer on sale of any stock, shares or marketable securities is subject to duty under item 32(b) of the First Schedule Stamp Act 1949 as follows:

On sale of any stock, shares or marketable securities, Malaysian stamp duty is payable at the rate of 0.3% on the consideration paid or market value of the shares on the date of transfer, whichever is higher.

For shares that are not quoted on the Kuala Lumpur Stock Exchange, the basis for determining the value of the share is as follows:

1. For cases where the sale of shares requires the approval of the Securities Commission ("SC"), the price/value per share as approved by SC may be accepted for the purpose of valuation of such shares. A copy of the letter from SC must be submitted as evidence.



## APPENDIX C – INFORMATION ON THE NR ASSETS

2. For cases of companies incurring losses, the Par Value or Net Tangible Assets (“**NTA**”) or sale consideration whichever is the highest is to be used for the purpose of computation of the stamp duty payable. The formula for computing the value per share based on NTA is as follows:

$$\text{Net Tangible Asset per share} = \frac{\text{Shareholders' Funds}^*}{\text{Issued Share Capital}}$$

\*Shareholders' Funds = Total Assets - Total Liabilities

3. For cases other than that mentioned above, a comparison is to be made between NTA, Price Earning Multiple/Price Earnings Ratio (“**PER**”) and sale consideration whichever is the highest. For the purpose of computing the value based on PER, the minimum PER as extracted from the “Guidelines for the new issue of securities and the valuation of public limited companies” issued by the Capital Issues Committee, Ministry of Finance (now succeeded by the Securities Commission of Malaysia)<sup>10</sup> for certain economic sectors may be used as indicated below:

Sector	PER Multiple
Property	3.5
Services	4.0
Trading	4.0
Transportation	4.0
Contracting and construction	4.5
Tourism (including hotels)	4.5
Insurance	5.0
Manufacturing	5.0
Agriculture	5.0
Gaming	6.0
Finance companies	6.0
Stockbroking companies	6.0
Plantations	7.5
Utilities	8.0
Banks	8.5

The formula for computing the value per share based on PER is as follows:

$$\text{Value per share} = \frac{\text{Profits after tax}}{\text{Issued share capital}} \times \text{PER}$$

<sup>10</sup> The Capital Issues Committee of the Ministry of Finance has been succeeded by the Securities Commission of Malaysia. However, the Stamp Office has confirmed that the minimum PER values as published in the “Guidelines for the new issue of securities and the valuation of public limited companies” and as extracted in the table above remain unchanged and are still utilized by the Stamp Office as at the Latest Practicable Date.

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### Goods and Services Tax (“GST”)

GST has been implemented in Malaysia since 1st April 2015. Standard rated supplies are subject to a standard rate of 6%. A zero-rated supply is a taxable supply which is subject to tax at the rate of 0%. Although the supplier does not collect any tax, the supplier is regarded as making a taxable supply and is eligible to claim GST incurred on inputs. An exempt supply is not a taxable supply, therefore an exempt supplier cannot charge GST and cannot claim a refund of GST on inputs acquired.

The transfer of ownership of shares is considered as a service which is an exempt supply for Malaysian GST purposes. Thus, there is no GST charged and payable on such transfer. Expenses incurred in the course of subscribing for shares, such as legal fees and brokerage fees, will be subject to GST if the service provider is a GST registrant.

Generally, the supply of land used for agricultural, residential (including residential houses such as link houses, semi-detached houses, detached houses, apartments including serviced apartments and condominiums) or used for general purposes such as burial, playground and religious is exempt from GST. Whereas, the supply of land and building used for commercial, administrative and industrial purpose such as shop lots, office, retail business, small office home office (SoHo), small office virtual office (SoVo), small office flexible office (SoFo), factories, hotel, motel, inn, hostel and warehouses is subject to GST at the rate of 6%.

Pursuant to the GST Act 2014, the Director General of Customs has superintendence of all matters relating to GST.

### PRC

#### **Enterprise Income Tax**

The applicable income tax laws and regulations (collectively referred to as “**Applicable Enterprise Income Tax Laws**”) related to resident enterprises, including foreign investment enterprises, and their investors include the following:

- (a) Enterprise Income Tax Law of the PRC adopted by the NPC on 16 March 2007, which came into effect on 1 January 2008.
- (b) Implementing Rules of the Enterprise Income Tax Law of the PRC adopted by the State Council on 28 November 2007, which came into effect on 1 January 2008.
  - (i) Enterprise Income Tax on PRC Resident Enterprises

According to the Applicable Enterprise Income Tax Laws, the rate of enterprise income tax applicable to all resident enterprises, including foreign investment enterprises and domestic companies in the PRC shall be at a uniform rate of 25.0%, and any enterprise that had enjoyed a preferential enterprise income tax rate shall gradually transition to such uniform tax rate within five years from 1 January 2008. According to the Applicable Enterprise Income Tax Laws, any enterprise established prior to the promulgation of the Applicable Enterprise Income Tax Laws that is currently enjoying tax incentives, shall be entitled to continue to enjoy such incentives until the date of expiry. In the case of an enterprise that has been established before the Applicable Enterprise Income Tax Laws, but has not declared its first profitable year, the term of any entitlement to tax incentives shall commence from 1 January 2008 for a transition period of five years.

With the adoption of the Applicable Enterprise Income Tax Laws, many of the income tax concessions available under the previous Enterprise Income Tax Law applicable to foreign enterprises and foreign invested enterprise were abolished. Under the Applicable Enterprise Income Tax Laws, a resident enterprise engaged in State encouraged high and new technology activities may enjoy a reduced 15.0% enterprise

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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income tax rate. Resident enterprises engaged in qualifying industries or activities and established in preferential zones and areas, including special economic zones and the Western region, may also enjoy a reduced enterprise income tax rate of 15.0%.

In addition, the governments of autonomous regions may grant exemptions from or reduced local income tax to enterprises established therein subject to approval from the People's Governments of the relevant provincial, autonomous regions and municipalities.

Losses incurred in a tax year may be carried forward for not more than five years.

(ii) Enterprise Income Tax on Non-Resident Enterprises

According to the Applicable Enterprise Income Tax Laws, income such as dividends and profit distributions from the PRC derived by a foreign enterprise which has no establishment in the PRC is subject to a 10.0% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable Enterprise Income Tax Laws.

### Value Added Tax

The Provisional Regulations of the PRC Concerning Value Added Tax promulgated by the State Council came into effect on 1 January 1994, and was amended on 10 November 2008 (taking effect 1 January 2009) and 6 February 2016 (taking effect on the same date). Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax, which was amended on 28 October 2011 taking effect 1 November 2011, value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregated basis at a rate of 13.0% or 17.0% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17.0% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year.

### Business Tax

With effect from 1 January 1994, businesses that provide services, assign intangible assets or sell immovable property became liable to business tax at a rate ranging from 3.0% to 5.0% of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be. Business tax applies to entertainment business at a rate ranging from 5.0% to 20% of the charges of the services provided.

With effect from 1 May 2016, all industries formerly subject to business tax will transition to VAT pursuant to the *Circular on Overall Replacement of Business Tax by Value-added Tax on A Pilot Basis (Caishui [2016] No. 36)* jointly issued by China's Ministry of Finance and State Administration of Taxation on 24 March 2016.

### Individual Income Tax

The applicable income tax laws and regulations related to income, including dividends, of individual investors include the following:

- (a) Income Tax Law Applicable to Individuals of the PRC promulgated by the Standing Committee of the NPC on 10 September 1980 and which came into effect on the same date, as amended from time to time.

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## APPENDIX C – INFORMATION ON THE NR ASSETS

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- (b) Implementing Rules of the Income Tax Law Applicable to Individuals of the PRC adopted by the State Council on 28 January 1994 and which came into effect on the same date, as amended from time to time.
- (c) Notice Relating to Taxes Applicable to Foreign Investment Enterprises/Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares promulgated by State Tax Bureau on 21 July 1993. This notice has been repealed by the State Administration of Taxation on 4 January 2011 through the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents.
- (d) Notice on Relevant Policies Concerning Individual Income Tax issued by Ministry of Finance and the State Tax Bureau on 13 May 1994.

## APPENDIX D – PRO FORMA FINANCIALS OF THE NR ASSETS

**Unaudited NR Assets pro forma consolidated income statement for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	1,259,974	998,673	1,011,553
Cost of sales	(1,237,484)	(977,654)	(986,421)
<b>Gross profit</b>	<b>22,490</b>	<b>21,019</b>	<b>25,132</b>
Distribution costs	(11,107)	(18,030)	(6,842)
Administrative expenses	(5,436)	(5,874)	(6,692)
Net other income/(costs)	80	(162)	1,585
Share of associates	-	-	-
<b>Operating profit</b>	<b>6,027</b>	<b>(3,047)</b>	<b>13,183</b>
Finance income	384	781	712
Finance cost	(477)	(462)	(454)
<b>Profit before income tax</b>	<b>5,934</b>	<b>(2,728)</b>	<b>13,441</b>
Income tax expense	(2,072)	(203)	(2,833)
<b>Net profit after tax</b>	<b>3,862</b>	<b>(2,931)</b>	<b>10,608</b>
<b>Profit attributable to:</b>			
Owners of the enlarged group	3,732	(2,813)	10,566
Non-controlling interest	130	(118)	42

Note: Adjusted for inter-company elimination of sales between SIO's natural rubber trading and distribution business and Euroma

## APPENDIX D – PRO FORMA FINANCIALS OF THE NR ASSETS

### Unaudited NR Assets pro forma consolidated statement of financial position as at 31 December 2013, 2014 and 2015

<i>Figures in US\$'000</i>	FY2013	FY2014	FY2015
Cash and bank balances	1,845	4,930	1,974
Pledged deposits	932	132	226
Trade receivables and prepayments	46,228	46,863	28,016
Other receivables	3,719	1,773	10,807
Derivative financial instruments	-	-	-
Inventories	103,422	55,550	30,829
Other current assets	40,082	51,525	29,261
<b>Current assets</b>	<b>196,228</b>	<b>160,773</b>	<b>101,113</b>
Intangible assets	8,738	8,413	7,774
Property, plant and equipment	32,927	39,469	38,732
Biological assets	-	-	-
Investment properties	1,110	1,039	950
Deferred tax assets	30	200	-
Investment in associates	-	-	-
Other non-current assets	99	42	36
<b>Non-current assets</b>	<b>42,904</b>	<b>49,163</b>	<b>47,492</b>
<b>Total assets</b>	<b>239,132</b>	<b>209,936</b>	<b>148,605</b>
Derivative financial instruments	-	-	-
Trade payables	79,725	53,455	31,784
Other payables and advances	53,840	40,064	14,550
Loan payables	-	26,978	3,961
Provision for taxation	-	-	509
Finance lease	-	-	-
Other current liabilities	10,229	2,182	2,024
<b>Current liabilities</b>	<b>143,794</b>	<b>122,679</b>	<b>52,828</b>
Loan payables	-	-	-
Retirement benefit obligations	-	-	-
Deferred tax liabilities	204	-	-
Finance lease	-	-	-
Other non-current liabilities	1,234	2,163	2,108
<b>Non-current liabilities</b>	<b>1,438</b>	<b>2,163</b>	<b>2,108</b>
<b>Total liabilities</b>	<b>145,232</b>	<b>124,842</b>	<b>54,936</b>
<b>Equity</b>	<b>93,900</b>	<b>85,094</b>	<b>93,669</b>
<b>Total liabilities and equity</b>	<b>239,132</b>	<b>209,936</b>	<b>148,605</b>

Note: Adjusted for inter-company elimination of receivables and payables between SIO's natural rubber trading and distribution business and Euroma

## APPENDIX D – PRO FORMA FINANCIALS OF THE NR ASSETS

**Unaudited NR Assets pro forma consolidated statement of cash flows for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	FY2013	FY2014	FY2015
<b>Cash flow from operating activities<sup>(1)</sup></b>	<b>51,971</b>	<b>12,587</b>	<b>9,688</b>
<b>Investing activities</b>			
Investment income	17	8	9
Net proceeds from plant, property and equipment and other investments	17	1,784	15
Capital expenditure on plant, property and equipment, plantation assets and intangible assets	(11,069)	(9,725)	(3,006)
Cash paid for investment/loan to associate	(1,739)	-	(8,467)
Cash receipts from other investing activities	48	1,139	2,330
Payments for other investing activities	(731)	(117)	-
<b>Cash flow used in investing activities</b>	<b>(13,457)</b>	<b>(6,911)</b>	<b>(9,119)</b>
<b>Financing activities</b>			
Dividends and interest payment	(691)	(11,353)	(449)
Net drawdowns/(repayments) of borrowings	(28,388)	27,095	(22,267)
Finance income	2,586	-	-
Other cash received relating to financing activities	-	-	17,006
Other cash paid relating to financing activities	(13,347)	(18,332)	(129)
<b>Cash flow used in financing activities</b>	<b>(39,840)</b>	<b>(2,590)</b>	<b>(5,839)</b>
Effect of exchange rate changes	(1,148)	124	2,507
<b>Net change in cash and bank balances</b>	<b>(2,474)</b>	<b>3,210</b>	<b>(2,763)</b>
Beginning cash and bank balance	4,274	1,845	4,930
Foreign exchange adjustment	45	(125)	(193)
<b>Ending cash and bank balances</b>	<b>1,845</b>	<b>4,930</b>	<b>1,974</b>

Note:

- (1) Breakdown of cash flow from operating activities is not presented because Xishuangbanna, Hainan Sinochem and SIO's natural rubber division present their cash flow statements based on direct method which is different from that of Euroma which present their cash flow statements based on indirect method.
- (2) Unaudited NR Assets pro forma consolidated statement of cash flows was prepared by aggregating the statement of cash flows of each of the NR Assets.

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Euroma audited income statement for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in MYR'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	310,760	229,058	189,103
Cost of sales	(302,891)	(232,520)	(183,770)
<b>Gross (loss)/profit</b>	<b>7,869</b>	<b>(3,463)</b>	<b>5,332</b>
Investment revenue	48	25	32
Other gains and losses	730	(79)	(3,580)
Distribution costs	(4,384)	(5,866)	(5,710)
Administrative expenses	(2,524)	(2,355)	(1,478)
Finance costs	(36)	(23)	(60)
<b>(Loss)/profit before tax</b>	<b>1,704</b>	<b>(11,761)</b>	<b>(5,463)</b>
Tax income/ (expense)	(498)	401	(2,961)
<b>(Loss)/ profit for the year</b>	<b>1,206</b>	<b>(11,360)</b>	<b>(8,423)</b>

**Euroma audited statement of financial position as at 31 December 2013, 2014 and 2015**

<i>Figures in MYR'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Property, plant and equipment	12,055	13,113	12,664
<b>Non-current assets</b>	<b>12,055</b>	<b>13,113</b>	<b>12,664</b>
Inventories	44,612	18,659	20,928
Other receivables	4	40	2,016
Other assets	81	90	86
Current tax assets	88	421	–
Short-term deposits with a licensed bank	456	462	971
Cash and bank balances	1,544	9,684	5,549
<b>Current assets</b>	<b>46,784</b>	<b>29,355</b>	<b>29,550</b>
<b>Total assets</b>	<b>58,840</b>	<b>42,468</b>	<b>42,214</b>
Deferred tax liabilities	668	–	–
<b>Non-current liabilities</b>	<b>668</b>	<b>–</b>	<b>–</b>
Trade and other payables	37,242	32,898	21,880
Bank borrowing	–	–	17,000
Current tax liabilities	–	–	2,187
<b>Current liabilities</b>	<b>37,242</b>	<b>32,898</b>	<b>41,067</b>
<b>Total liabilities</b>	<b>37,910</b>	<b>32,898</b>	<b>41,067</b>
<b>Equity</b>	<b>20,930</b>	<b>9,570</b>	<b>1,147</b>
<b>Total liabilities and equity</b>	<b>58,840</b>	<b>42,468</b>	<b>42,214</b>



**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Euroma audited statement of cash flows for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in MYR'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Cash flow from operating activities</b>			
Loss for the year	1,206	(11,360)	(8,423)
Unrealised loss on foreign exchange	267	853	6,102
Tax expense/(income) recognised in profit or loss	498	(401)	2,961
Depreciation of property, plant and equipment	884	943	905
Finance costs recognised in profit or loss	–	–	18
Property, plant and equipment written off	–	–	1
Interest income	(48)	(25)	(32)
Gain on disposal of property, plant and equipment	3	(2)	–
	<b>2,809</b>	<b>(9,992)</b>	<b>1,532</b>
<b>Movements in working capital</b>			
(Increase)/decrease in inventories	(10,754)	25,953	(2,269)
Increase in other receivables	175	(0)	(2,012)
Decrease/(increase) in other assets	37	(9)	3
Decrease in trade and other payables	9,779	(5,502)	(18,277)
	<b>2,045</b>	<b>10,451</b>	<b>(21,024)</b>
<b>Cash (used in)/generated from operations</b>			
Tax refunded	132	–	421
Tax paid	(780)	(600)	(774)
	<b>1,397</b>	<b>9,851</b>	<b>(21,377)</b>
<b>Net cash (used in)/generated from operating activities</b>			
<b>Cash flow from investing activities</b>			
Net repayment of advances from/(advances to) immediate holding company	152	(36)	36
Interest received	48	25	32
Payments for property, plant and equipment	(1,144)	(2,000)	(457)
Proceeds from disposal of property, plant and equipment	6	2	–
	<b>(938)</b>	<b>(2,010)</b>	<b>(389)</b>
<b>Net cash used in investing activities</b>			
<b>Cash flow from financing activities</b>			
Increase in bank borrowing	–	–	17,000
Short-term deposits held as security value	(122)	(6)	(508)
	<b>337</b>	<b>(6)</b>	<b>16,492</b>
<b>Net cash generated from/(used in) financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>–</b>	<b>7,834</b>	<b>(5,275)</b>
Cash and cash equivalents at beginning of year	1,207	1,544	9,684
Effect of exchange rate changes on the balance of cash held in foreign currencies	–	305	1,139
<b>Cash and cash equivalents at end of year</b>	<b>1,544</b>	<b>9,684</b>	<b>5,549</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Xishuangbanna audited income statement for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	967,448	1,025,491	646,600
Less:			
Cost of sales	904,384	943,531	595,865
Business taxes and others	136	0	60
Selling expenses	30,654	69,876	18,244
Administrative expenses	10,453	11,282	10,681
Net finance expenses	5	(15)	66
Plus: investment income	0	1	1
<b>Operating profit</b>	<b>21,816</b>	<b>818</b>	<b>21,686</b>
Plus: other income	454	1,778	16
Less: other expenses	55	1,429	146
<b>Profit before tax</b>	<b>22,215</b>	<b>1,168</b>	<b>21,556</b>
Less: income tax	3,332	376	3,291
<b>Net profit</b>	<b>18,883</b>	<b>792</b>	<b>18,265</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Xishuangbanna audited statement of financial position as at 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Cash and bank balances	3,455	2,955	3,928
Prepayment	20,368	13,035	2,246
Other receivables	341	1,356	1,245
Inventory	273,329	122,689	58,464
Other current assets	34,809	14,095	3,595
<b>Current assets</b>	<b>332,303</b>	<b>154,130</b>	<b>69,478</b>
Property, plant and equipment	77,815	81,597	79,447
Construction in progress	631	870	3,938
Intangible assets	25,658	24,824	23,993
Long-term prepaid expenses	255	205	237
Deferred tax assets	185	–	–
<b>Non-current assets</b>	<b>104,544</b>	<b>107,495</b>	<b>107,614</b>
<b>Total assets</b>	<b>436,847</b>	<b>261,625</b>	<b>177,092</b>
Trade payables	48,774	9,025	5,690
Advances from customers	183,563	109,774	17,697
Wages payables	2,594	2,062	234
Taxes payables	567	46	12
Dividends payables	47,038	–	–
Other payables	5,330	12,446	6,921
<b>Current liabilities</b>	<b>287,866</b>	<b>133,353</b>	<b>30,555</b>
Deferred revenue	1,165	–	–
<b>Non-current liabilities</b>	<b>1,165</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>289,031</b>	<b>133,353</b>	<b>30,555</b>
<b>Equity</b>	<b>147,816</b>	<b>128,273</b>	<b>146,538</b>
<b>Total liabilities and equity</b>	<b>436,847</b>	<b>261,625</b>	<b>177,092</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Xishuangbanna audited statement of cash flows for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Cash flow from operating activities</b>			
Cash receipts from sales of goods	1,330,416	1,093,722	618,629
Cash receipts from other operating activities	–	1,791	30,165
Cash provided by operating activities	–	1,095,512	648,794
Cash paid to suppliers	1,299,700	990,100	557,152
Cash paid to employees	23,238	19,591	21,169
Tax paid	9,267	1,955	4,873
Payments for other operating activities	–	5,961	57,631
Cash used in operating activities	–	1,017,607	640,825
<b>Net cash flow from operating activities</b>	<b>–</b>	<b>77,905</b>	<b>7,968</b>
<b>Cash flow from investing activities</b>			
Investment income	–	–	1
Net proceeds from disposal of property, plant and equipment	8	61	–
Cash provided by investing activities	8	61	1
Capital expenditure on property, plant and equipment and intangible assets	7,704	11,228	6,995
Cash paid for investment	–	–	1
Cash used in investing activities	7,704	11,228	6,996
<b>Net cash flow from investing activities</b>	<b>(7,696)</b>	<b>(11,166)</b>	<b>(6,995)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	502	67,239	–
Cash used in financing activities	502	67,239	–
<b>Net cash flow from financing activities</b>	<b>(502)</b>	<b>(67,239)</b>	<b>–</b>
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>(4,077)</b>	<b>(500)</b>	<b>973</b>
Plus: Cash and cash equivalents at the beginning of the year	7,532	3,455	2,955
<b>Cash and cash equivalents at the end of the year</b>	<b>3,455</b>	<b>2,955</b>	<b>3,928</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

Hainan Sinochem audited consolidated income statement for the financial years ended 31 December 2013, 2014 and 2015

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	986,670	604,839	625,770
Less:			
Cost of sales	919,796	566,743	585,296
Business taxes and others	88	424	110
Selling expenses	16,953	20,927	6,283
Administrative expenses	19,009	18,629	21,647
Net finance expenses	(533)	20	(5)
Plus: Investment income	8	4	4
<b>Operating profit/(loss)</b>	<b>31,365</b>	<b>(1,899)</b>	<b>12,443</b>
Plus: Other income	1,765	632	1,863
Less: Other expenses	494	41	370
of which, loss from non-current assets disposal	7	8	25
<b>Profit/(loss) before tax</b>	<b>32,636</b>	<b>(1,307)</b>	<b>13,937</b>
Less: income tax expense	8,428	(130)	6,031
<b>Net profit/(loss)</b>	<b>24,208</b>	<b>(1,437)</b>	<b>7,906</b>
Net profit/(loss) attributable to owners of company	24,092	(1,215)	7,906
Net profit/(loss) attributable to minority shareholders	116	(222)	–

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

Hainan Sinochem audited consolidated statement of financial position as at 31 December 2013, 2014 and 2015

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Cash and bank balances	4,865	10,434	497
Notes receivable	4,800	-	-
Accounts receivable	56,695	456	28
Prepayment	10,065	40,770	16,303
Other receivables	1,368	2,059	721
Inventory	81,822	59,241	55,210
Other current assets	73,736	60,125	47,205
<b>Current assets</b>	<b>233,351</b>	<b>173,084</b>	<b>119,964</b>
Investment properties	6,714	6,441	6,168
Plant, property and equipment	59,733	111,319	145,557
Construction in progress	38,834	-	3,449
Intangible assets	27,215	27,336	26,497
Deferred tax assets	-	1,242	-
Other non- current assets	350	56	-
<b>Non-current assets</b>	<b>132,847</b>	<b>174,066</b>	<b>181,670</b>
<b>Total assets</b>	<b>366,198</b>	<b>347,150</b>	<b>301,635</b>
Trade payables	130,015	116,095	102,624
Advances from customers	51,897	41,755	8,815
Wages payables	7,770	6,118	3,324
Taxes payables	1,221	(338)	1,684
Other payables	4,328	9,591	3,072
<b>Current liabilities</b>	<b>195,232</b>	<b>173,221</b>	<b>119,519</b>
Deferred revenue	6,309	13,409	13,690
<b>Non-current liabilities</b>	<b>6,309</b>	<b>13,409</b>	<b>13,690</b>
<b>Total liabilities</b>	<b>201,541</b>	<b>186,630</b>	<b>133,209</b>
<b>Equity</b>	<b>164,657</b>	<b>160,520</b>	<b>168,426</b>
<b>Total liabilities and equity</b>	<b>366,198</b>	<b>347,150</b>	<b>301,635</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**Hainan Sinochem audited consolidated statement of cash flows for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Cash flow from operating activities</b>			
Cash receipts from sales of goods	1,051,728	762,040	457,398
Cash receipts from other operating activities	96,170	50,039	1,702
Cash provided by operating activities	1,147,898	812,079	459,100
Cash paid to suppliers	954,995	645,643	410,356
Cash paid to employees	27,508	28,174	28,103
Tax paid	14,581	9,221	5,218
Payments for other operating activities	119,679	83,031	16,045
Cash used in operating activities	1,116,764	766,069	459,722
<b>Net cash flow from operating activities</b>	<b>31,134</b>	<b>46,009</b>	<b>(622)</b>
<b>Cash flow from investing activities</b>			
Investment income	8	4	4
Net proceeds from disposal of property, plant and equipment	83	1	92
Cash receipts from other investing activities	–	7,100	–
Cash provided by investing activities	91	7,105	96
Capital expenditure on property, plant and equipment and intangible assets	58,071	45,045	11,190
Cash used in investing activities	58,071	45,045	11,190
<b>Net cash flow from investing activities</b>	<b>(57,980)</b>	<b>(37,940)</b>	<b>(11,094)</b>
<b>Cash flow from financing activities</b>			
Finance income	15,883	–	–
Cash receipts from other financing activities	–	–	1,780
Cash provided by financing activities	15,883	–	1,780
Dividends paid	810	–	–
Payments for other financing activities	–	2,500	–
Cash used in financing activities	810	2,500	–
<b>Net cash flow from financing activities</b>	<b>15,073</b>	<b>(2,500)</b>	<b>1,780</b>
Net decrease in cash and cash equivalents	(11,773)	5,569	(9,936)
Plus: Cash and cash equivalents at the beginning of the year	16,637	4,865	10,434
<b>Cash and cash equivalents at the end of the year</b>	<b>4,865</b>	<b>10,434</b>	<b>497</b>

**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**SIO's natural rubber division audited income statement for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	5,844,006	4,540,664	5,091,224
Less:			
Cost of sales	5,846,331	4,523,289	5,047,228
Selling expenses	12,128	9,464	9,409
Administrative expenses	969	164	125
Net finance expenses	3,182	1,604	2,218
Plus: Investment income/(expense)	(4,488)	(724)	14,605
<b>Operating profit/(loss)</b>	<b>(23,092)</b>	<b>5,419</b>	<b>46,851</b>
Plus: Other income	2,615	784	11,946
Less: Other expenses	1,227	764	979
<b>Profit/(loss) before tax</b>	<b>(21,704)</b>	<b>5,439</b>	<b>57,818</b>
Less: income tax expense	–	1,501	3,777
<b>Net profit/(loss)</b>	<b>(21,704)</b>	<b>3,938</b>	<b>54,041</b>

**SIO's natural rubber division audited statement of financial position as at 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Trade receivables	192,604	215,714	134,101
Prepayments	69,161	58,064	29,275
Other receivables	33,226	20,053	78,421
Inventory	188,407	129,399	54,885
Other current assets	133,689	244,350	139,114
<b>Current assets</b>	<b>617,086</b>	<b>667,580</b>	<b>435,797</b>
<b>Total assets</b>	<b>617,086</b>	<b>667,580</b>	<b>435,797</b>
Short-term loans	–	167,272	–
Trade payables	360,398	254,475	110,958
Advances from customers	34,031	19,123	25,675
Taxes payables	–	1,490	5,511
Other payables	5,519	3,374	1,989
<b>Current liabilities</b>	<b>399,948</b>	<b>445,733</b>	<b>144,132</b>
<b>Total liabilities</b>	<b>399,948</b>	<b>445,733</b>	<b>144,132</b>
<b>Equity</b>	<b>217,139</b>	<b>221,847</b>	<b>291,665</b>
<b>Total liabilities and equity</b>	<b>617,086</b>	<b>667,580</b>	<b>435,797</b>



**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

**SIO's natural rubber division audited statement of cash flows for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in RMB'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Cash flow from operating activities</b>			
Cash receipts from sales of goods and provision of labour services	6,036,537	4,502,647	5,179,388
Receipt of cash rebate	–	–	11,946
Cash receipts from other operating activities	2,615	3,008	245
Cash provided by operating activities	6,039,152	4,505,655	5,191,578
Cash paid suppliers	5,737,714	4,559,107	5,087,441
Cash paid to employees	5,754	5,067	4,296
Tax paid	–	11	–
Payments for other operating activities	14,427	6,223	12,080
Cash used in operating activities	5,757,894	4,570,409	5,103,817
<b>Net cash flow from operating activities</b>	<b>281,258</b>	<b>(64,754)</b>	<b>87,761</b>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of investment	–	10,948	–
Cash receipts from other investing activities	–	–	14,605
Cash provided by investing activities	–	10,948	14,605
Cash paid for investment	10,681	–	53,282
Payments for other investing activities	4,488	724	–
Cash used in investing activities	15,169	724	53,282
<b>Net cash flow from investing activities</b>	<b>(15,169)</b>	<b>10,224</b>	<b>(38,676)</b>
<b>Cash flow from financing activities</b>			
Proceeds from loans	–	167,272	55,642
Cash receipts from other financing activities	–	–	105,236
Cash provided by financing activities	–	167,272	160,878
Repayment of loans	174,362	–	222,913
Dividends and interest payment	2,929	2,849	2,826
Payments for other financing activities	81,745	110,662	–
Cash used in financing activities	259,037	113,511	225,739
<b>Net cash flow from financing activities</b>	<b>(259,037)</b>	<b>53,760</b>	<b>(64,861)</b>
Impact of exchange rate changes on cash and cash equivalents	–	–	–
	(7,052)	770	15,777

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**APPENDIX E – AUDITED FINANCIALS OF THE NR ASSETS FOR FY2013,  
FY2014 AND FY2015**

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<i>Figures in RMB'000</i>	FY2013	FY2014	FY2015
<b>Net increase in cash and cash equivalents</b>	–	–	–
Plus: Cash and cash equivalents at the beginning of the year	–	–	–
<b>Cash and cash equivalents at the end of the year</b>	–	–	–

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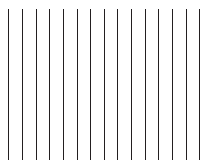
## APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016

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The following summary financial statements and financial information have been extracted from the relevant annual reports and announcements by the GMG Group for FY2013, FY2014, FY2015 and Q1 2016. Shareholders are advised to refer to the annual reports and announcements by the GMG Group for the full financial statements and relevant notes to the financial statements and financial information as published on the SGX-ST's website, which exist at the following URLs:

- FY2013 : [http://infopub.sgx.com/Apps?A=COW\\_Prospectus\\_Content&B=AnnualReportLast3rdYear&F=20094&H=0e9e7bf041cb9b6017785be4391dd21cd597b342d31b8d20d891564d7a8f53e9](http://infopub.sgx.com/Apps?A=COW_Prospectus_Content&B=AnnualReportLast3rdYear&F=20094&H=0e9e7bf041cb9b6017785be4391dd21cd597b342d31b8d20d891564d7a8f53e9)
- FY2014 : [http://infopub.sgx.com/Apps?A=COW\\_CorpAnnouncement\\_Content&B=AnnualReportLast2ndYear&F=PEW4KYJC8CBFT418&H=b2896195468633609e402d62fc3917e13fd3520038c645c5f3a83b3fbb7a59e8](http://infopub.sgx.com/Apps?A=COW_CorpAnnouncement_Content&B=AnnualReportLast2ndYear&F=PEW4KYJC8CBFT418&H=b2896195468633609e402d62fc3917e13fd3520038c645c5f3a83b3fbb7a59e8)
- FY2015 : [http://infopub.sgx.com/Apps?A=COW\\_CorpAnnouncement\\_Content&B=AnnualReportLast1stYear&F=L2KZND2T0MNUXZS&H=9b6450dd088399f49278ab0cc4f32f6d0f2a0e4d45f9315bafd5c6345cddd88a](http://infopub.sgx.com/Apps?A=COW_CorpAnnouncement_Content&B=AnnualReportLast1stYear&F=L2KZND2T0MNUXZS&H=9b6450dd088399f49278ab0cc4f32f6d0f2a0e4d45f9315bafd5c6345cddd88a)
- Q1 2016 : [http://infopub.sgx.com/Apps?A=COW\\_CorpAnnouncement\\_Content&B=AnnouncementLast12MonthsSecurity&F=PGG0Y9U2OE0LF6I2&H=ea4ef7d4d5f77b9b228050a6b5c1bee46637d6f418e5d8b25cd5eb8537ae113d](http://infopub.sgx.com/Apps?A=COW_CorpAnnouncement_Content&B=AnnouncementLast12MonthsSecurity&F=PGG0Y9U2OE0LF6I2&H=ea4ef7d4d5f77b9b228050a6b5c1bee46637d6f418e5d8b25cd5eb8537ae113d)

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

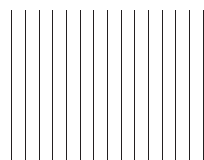


**STATEMENTS OF FINANCIAL POSITION**

*DECEMBER 31, 2013*

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	69,664	131,905	7,782	38,657
Pledged fixed deposits	7	7,289	3,131	-	-
Trade receivables	8	73,061	64,412	-	-
Other receivables	9	67,349	53,047	193,457	162,215
Current portion of loan receivables	19	83	765	-	-
Held-to-maturity investment		-	31	-	-
Derivative financial instruments	10	1,867	2,026	1,093	662
Inventories	11	144,648	132,255	-	-
Total current assets		<b>363,961</b>	<b>387,572</b>	<b>202,332</b>	<b>201,534</b>
<b>Non-current assets</b>					
Investment in subsidiaries	12	-	-	353,095	191,505
Investment in associates	13	326,693	317,580	317,480	317,480
Available-for-sale investments	14	235	255	-	-
Plantation assets	15	276,013	242,301	-	-
Property, plant and equipment	16	109,221	88,359	3,423	1,491
Investment properties	17	14,880	17,838	-	-
Club membership		640	640	640	640
Goodwill	18	11,694	11,942	-	-
Loan receivables	19	5,367	2,461	16,064	12,307
Deferred tax assets	25	5,090	6,699	-	-
Total non-current assets		<b>749,833</b>	<b>688,075</b>	<b>690,702</b>	<b>523,423</b>
<b>Total assets</b>		<b>1,113,794</b>	<b>1,075,647</b>	<b>893,034</b>	<b>724,957</b>

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



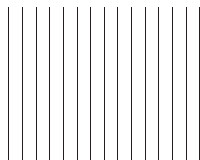
**STATEMENTS OF FINANCIAL POSITION (CONT'D)**

DECEMBER 31, 2013

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term loans	20	105,942	110,865	19,115	47,650
Trade payables	21	36,889	27,967	-	-
Other payables	22	47,462	34,130	249,764	47,001
Current portion of long-term loans	23	2,928	7,552	-	-
Current portion of finance leases	24	194	225	80	142
Derivative financial instruments	10	1,788	835	1,210	40
Income tax payable		2,047	7,770	6	6
Total current liabilities		197,250	189,344	270,175	94,839
<b>Non-current liabilities</b>					
Long-term loans	23	16,203	11,690	-	-
Finance leases	24	451	497	294	446
Deferred tax liabilities	25	9,677	7,342	1,024	914
Total non-current liabilities		26,331	19,529	1,318	1,360
<b>Capital, reserves and non-controlling interests</b>					
Share capital	26	611,330	611,330	611,330	611,330
Treasury shares	27	(1,995)	(1,995)	(1,995)	(1,995)
Capital reserves	28	9,238	10,462	-	-
Currency translation reserve		(25,669)	(55,116)	-	-
Retained earnings		244,570	246,178	12,206	19,423
Equity attributable to owners of the company		837,474	810,859	621,541	628,758
Non-controlling interests		52,739	55,915	-	-
Total equity		890,213	866,774	621,541	628,758
<b>Total liabilities and equity</b>		<b>1,113,794</b>	<b>1,075,647</b>	<b>893,034</b>	<b>724,957</b>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



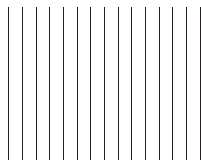
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*YEAR ENDED DECEMBER 31, 2013*

	Note	2013 \$'000	2012 \$'000
<b>Revenue</b>	30	<b>1,018,047</b>	1,104,272
<b>Cost of sales</b>		<b>(905,777)</b>	(966,965)
<b>Gross profit</b>		<b>112,270</b>	137,307
Other income	31	<b>3,979</b>	16,268
Distribution costs		<b>(34,116)</b>	(37,996)
Administrative expenses		<b>(65,283)</b>	(61,348)
Share of profit of associates	13	<b>804</b>	4,129
Finance costs	32	<b>(6,050)</b>	(6,630)
<b>Profit before tax</b>		<b>11,604</b>	51,730
Income tax expense	33	<b>(6,512)</b>	(8,821)
<b>Profit for the year</b>	34	<b>5,092</b>	42,909
Attributable to:			
Owners of the company		<b>8,733</b>	40,480
Non-controlling interests		<b>(3,641)</b>	2,429
		<b>5,092</b>	42,909
<b>Earnings per ordinary share (cents)</b>			
– Basic and fully diluted	35	<b>0.11</b>	0.53

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



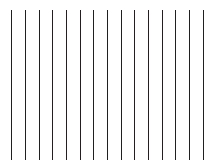
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*YEAR ENDED DECEMBER 31, 2013*

	Note	2013 \$'000	2012 \$'000
<b>Profit for the year</b>	34	<u>5,092</u>	<u>42,909</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		34,964	(16,220)
Share of associates' other comprehensive income		(3,442)	(3,843)
Available-for-sale investment:			
Fair value gain arising during the year		–	10
<b>Other comprehensive income for the year, net of tax</b>		<u>31,522</u>	<u>(20,053)</u>
<b>Total comprehensive income for the year</b>		<u>36,614</u>	<u>22,856</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		38,180	21,276
Non-controlling interests		(1,566)	1,580
		<u>36,614</u>	<u>22,856</u>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



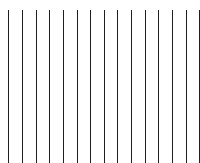
**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2013

	2013 \$'000	2012 \$'000
<b>Operating activities</b>		
Profit before tax	11,604	51,730
Adjustments for:		
Depreciation of property, plant and equipment	11,351	11,296
Depreciation of plantation assets	3,202	2,964
Depreciation of investment properties	553	–
Gain on disposal and write-off of property, plant and equipment	(115)	(96)
Gain on disposal of investment properties	(2,151)	–
Loss on disposal of investment in associates	–	125
Impairment loss on available-for-sale investment	13	–
Interest expense	6,050	6,630
Allowance for inventories	556	123
Inventories written off (written back)	2,837	(1,266)
Interest income	(1,200)	(4,292)
Write-off (write back) of doubtful trade and other receivables	1,760	(580)
Allowance for doubtful trade and other receivables	204	220
Accrual for post-employment benefits	–	71
Net unrealised fair value gain on financial derivatives	(79)	(1,111)
Share of profit of associates	(804)	(4,129)
Operating cash flows before movements in working capital	<u>33,781</u>	<u>61,685</u>
Trade receivables	(7,218)	(1,759)
Other receivables	(14,913)	(9,219)
Loan receivables	751	2,663
Inventories	(16,804)	12,999
Trade payables	8,523	15,254
Other payables	<u>11,808</u>	<u>(8,023)</u>
Cash generated from operations	<u>15,928</u>	<u>73,600</u>
Interest paid	(6,252)	(6,999)
Interest received	1,200	4,292
Income tax paid	<u>(8,650)</u>	<u>(15,272)</u>
Net cash from operating activities	<u>2,226</u>	<u>55,621</u>
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment (Note B)	347	334
Proceeds from sale of investment properties	7,111	–
Purchase of investment properties (Note C)	(113)	–
Purchase of plantation assets	(27,504)	(14,880)
Purchase of property, plant and equipment (Note B)	(31,671)	(30,392)
Proceed from sales of other investment	–	2
Proceeds on held-to-maturity investment	31	31
Acquisition of subsidiaries	–	(15)
Acquisition of associates	–	(313,615)
Payment on disposal and acquisition of non-controlling interest in a subsidiary (Note 28)	–	(2,456)
Dividend received from associate	3,056	–
Net cash used in investing activities	<u>(48,743)</u>	<u>(360,991)</u>



**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



**CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

YEAR ENDED DECEMBER 31, 2013

	2013 \$'000	2012 \$'000
<b>Financing activities</b>		
Dividends paid	(10,341)	(16,852)
Dividends paid to non-controlling interest of subsidiary	(1,977)	(1,686)
Proceeds from long-term bank loans	6,708	–
Repayment of long-term bank loans	(6,819)	(23,891)
Proceeds from short-term loans	234,793	39,615
Repayment of short term loans	(239,716)	–
Repayment of finance leases	(63)	(296)
Acquisition of non-controlling interest in a subsidiary (Note 12)	(8,300)	–
Capital contribution by non-controlling interest (Note D)	28	–
Movements in pledged fixed deposits	(4,158)	1,161
Net cash used in financing activities	(29,845)	(1,949)
Net decrease in cash and cash equivalents	(76,362)	(307,319)
Cash and cash equivalents at the beginning of the year	131,905	452,237
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	14,121	(13,013)
<b>Cash and cash equivalents at the end of the year (Note A)</b>	<b>69,664</b>	<b>131,905</b>

**Notes to Consolidated Statement of Cash Flows**

**A. Cash and cash equivalents consist of:**

	2013 \$'000	2012 \$'000
Cash and bank balances	50,643	78,425
Fixed deposits *	26,496	61,927
Less: Bank overdrafts	(7,475)	(8,447)
	<b>69,664</b>	<b>131,905</b>

\* Excluding fixed deposits pledged of \$7,289,000 (2012 : \$3,131,000).

**B. Property, plant and equipment**

During the year, property, plant and equipment with carrying amount of \$780,000 were disposed off. Cash proceeds of \$347,000 (2012 : \$334,000) were received in respect of the disposal of property, plant and equipment and the remaining \$548,000 (2012 : \$Nil) was by means of a receivable.

During the year, additions were made to property, plant and equipment with an aggregate cost of \$34,165,000 (2012 : \$30,437,000) of which \$Nil (2012 : \$45,000) was acquired by means of finance leases and \$2,494,000 (2012 : \$Nil) was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash payments of \$31,671,000 (2012 : \$30,392,000) were made in respect of the remaining additions to property, plant and equipment.

**C. Investment properties**

During the year, additions were made to investment properties with an aggregate cost of \$3,128,000 (2012 : \$Nil) of which \$3,015,000 (2012 : \$Nil) was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash payments of \$113,000 (2012 : \$Nil) were made in respect of the remaining additions to investment properties.

**D. Capital contribution by non-controlling interest**

During the year, the group issued shares to non-controlling interests of the subsidiaries with an aggregate consideration of \$5,519,000 (2012 : \$Nil) of which \$2,942,000 (2012 : \$Nil) was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash proceeds of \$28,000 (2012 : \$Nil) were received from non-controlling interest and the group extended a loan to non-controlling interests of a subsidiary for the remaining \$2,549,000 (2012 : \$Nil).

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**STATEMENTS OF FINANCIAL POSITION**

*31 December 2014*

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	41,161	69,664	1,372	7,782
Pledged fixed deposits	7	7,589	7,289	–	–
Trade receivables	8	60,374	73,061	–	–
Other receivables	9	62,437	67,349	138,298	193,457
Current portion of loan receivables	19	5,624	83	5,624	–
Derivative financial instruments	10	3,824	1,867	3,774	1,093
Inventories	11	95,600	144,648	–	–
<b>Total current assets</b>		<b>276,609</b>	<b>363,961</b>	<b>149,068</b>	<b>202,332</b>
<b>Non-current assets</b>					
Investment in subsidiaries	12	–	–	356,896	353,095
Investment in associates	13	305,371	326,693	317,480	317,480
Available-for-sale investments	14	244	235	–	–
Plantation assets	15	291,025	276,013	–	–
Property, plant and equipment	16	122,897	109,221	4,153	3,423
Investment properties	17	16,514	14,880	–	–
Club membership		640	640	640	640
Goodwill	18	11,464	11,694	–	–
Loan receivables	19	4,900	5,367	14,992	16,064
Deferred tax assets	25	4,670	5,090	–	–
<b>Total non-current assets</b>		<b>757,725</b>	<b>749,833</b>	<b>694,161</b>	<b>690,702</b>
<b>Total assets</b>		<b>1,034,334</b>	<b>1,113,794</b>	<b>843,229</b>	<b>893,034</b>

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**STATEMENTS OF FINANCIAL POSITION**

*31 December 2014*

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term loans	20	100,028	105,942	13,189	19,115
Trade payables	21	24,122	36,889	–	–
Other payables	22	53,979	47,462	209,866	249,764
Current portion of long-term loans	23	2,913	2,928	–	–
Current portion of finance leases	24	179	194	80	80
Derivative financial instruments	10	6,500	1,788	4,773	1,210
Income tax payable		1,702	2,047	6	6
Total current liabilities		189,423	197,250	227,914	270,175
<b>Non-current liabilities</b>					
Long-term loans	23	42,622	16,203	–	–
Finance leases	24	278	451	214	294
Deferred tax liabilities	25	9,311	9,677	2,139	1,024
Total non-current liabilities		52,211	26,331	2,353	1,318
<b>Capital, reserves and non-controlling interests</b>					
Share capital	26	611,330	611,330	611,330	611,330
Treasury shares	27	(1,995)	(1,995)	(1,995)	(1,995)
Capital reserves	28	9,238	9,238	–	–
Currency translation reserve		(66,413)	(25,669)	–	–
Retained earnings		201,848	244,570	3,627	12,206
Equity attributable to owners of the company		754,008	837,474	612,962	621,541
Non-controlling interests		38,692	52,739	–	–
Total equity		792,700	890,213	612,962	621,541
<b>Total liabilities and equity</b>		<b>1,034,334</b>	<b>1,113,794</b>	<b>843,229</b>	<b>893,034</b>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2014*

	Note	2014 \$'000	2013 \$'000 (Restated)
<b>Revenue</b>	29	<b>806,303</b>	1,009,835
<b>Cost of sales</b>		<b>(755,044)</b>	(905,777)
<b>Gross profit</b>		<b>51,259</b>	104,058
Other income	30	<b>4,556</b>	3,979
Distribution costs		<b>(27,107)</b>	(27,427)
Administrative expenses		<b>(42,586)</b>	(34,753)
Other operating costs		<b>(24,780)</b>	(30,530)
Share of (loss) profit of associates	13	<b>(3,559)</b>	804
Finance costs	31	<b>(4,259)</b>	(4,527)
<b>(Loss) Profit before tax</b>		<b>(46,476)</b>	11,604
Income tax expense	32	<b>(1,770)</b>	(6,512)
<b>(Loss) Profit for the year</b>	33	<b>(48,246)</b>	5,092
Attributable to:			
Owners of the company		<b>(35,062)</b>	8,733
Non-controlling interests		<b>(13,184)</b>	(3,641)
		<b>(48,246)</b>	5,092
<b>Earnings per ordinary share (cents)</b>			
– Basic and fully diluted	34	<b>(0.46)</b>	0.11

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2014*

	Note	2014 \$'000	2013 \$'000
<b>(Loss) Profit for the year</b>	33	<u>(48,246)</u>	5,092
<b>Other comprehensive (loss) income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(38,440)	34,964
Share of associates' other comprehensive income		<u>(4,571)</u>	<u>(3,442)</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(43,011)</u>	31,522
<b>Total comprehensive (loss) income for the year</b>		<u>(91,257)</u>	<u>36,614</u>
<b>Total comprehensive (loss) income attributable to:</b>			
Owners of the company		(75,806)	38,180
Non-controlling interests		<u>(15,451)</u>	<u>(1,566)</u>
		<u>(91,257)</u>	<u>36,614</u>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

*Year ended 31 December 2014*

	2014 \$'000	2013 \$'000 (Restated)
<b>Operating activities</b>		
(Loss)/Profit before tax	(46,476)	11,604
Adjustments for:		
Depreciation of property, plant and equipment	14,695	11,351
Depreciation of plantation assets	3,105	3,202
Depreciation of investment properties	571	553
Gain on disposal of property, plant and equipment	(68)	(115)
Gain on disposal of investment properties	–	(2,151)
Impairment loss on available-for-sale investment	–	13
Impairment loss on plantation assets	4,350	–
Interest expense	4,259	4,527
Allowance for inventories	272	556
Inventories written off	4,786	2,837
Property, plant and equipment written off	18	–
Interest income	(1,378)	(1,200)
Write-off of doubtful trade and other receivables	–	1,760
Allowance for doubtful trade and other receivables	5,235	204
Net unrealised fair value gain on financial derivatives	2,649	(79)
Share of loss/(profit) of associates	3,559	(804)
Operating cash flows before movements in working capital	(4,423)	32,258
Trade receivables	12,112	(7,218)
Other receivables	(4,435)	(14,162)
Inventories	42,676	(16,804)
Trade payables	(12,233)	8,523
Other payables	4,732	11,808
Cash generated from operations	38,429	14,405
Interest paid	(3,037)	(4,729)
Interest received	1,378	1,200
Income tax paid	(2,308)	(8,650)
Net cash from operating activities	34,462	2,226
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment (Note B)	674	347
Proceeds from sale of investment properties	–	7,111
Purchase of investment properties (Note C)	–	(113)
Purchase of plantation assets	(35,271)	(27,504)
Purchase of property, plant and equipment (Note B)	(32,127)	(31,671)
Proceeds on held-to-maturity investment	–	31
Loan to an associate	(5,815)	–
Dividend received from associate	–	3,056
Net cash used in investing activities	(72,539)	(48,743)

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

*Year ended 31 December 2014*

	2014 \$'000	2013 \$'000 (Restated)
<b>Financing activities</b>		
Dividends paid	(7,660)	(10,341)
Dividends paid to non-controlling interest of subsidiary	(1,251)	(1,977)
Proceeds from long-term bank loans	30,625	6,708
Repayment of long-term bank loans	(4,221)	(6,819)
Proceeds from short-term loans	151,036	234,793
Repayment of short term loans	(156,950)	(239,716)
Repayment of finance leases	(200)	(63)
Acquisition of non-controlling interest in a subsidiary (Note 12)	–	(8,300)
Capital contribution by non-controlling interest (Note D)	2,655	28
Movements in pledged fixed deposits	(300)	(4,158)
Net cash from/(used in) financing activities	<u>13,734</u>	<u>(29,845)</u>
Net decrease in cash and cash equivalents	(24,343)	(76,362)
Cash and cash equivalents at the beginning of the year	69,664	131,905
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(4,160)	14,121
<b>Cash and cash equivalents at the end of the year (Note A)</b>	<u><b>41,161</b></u>	<u>69,664</u>

**Notes to Consolidated Statement of Cash Flows**

**A. Cash and cash equivalents consist of:**

	2014 \$'000	2013 \$'000
Cash and bank balances	41,278	50,643
Fixed deposits *	11,730	26,496
Less: Bank overdrafts	(11,847)	(7,475)
	<u>41,161</u>	<u>69,664</u>

\* Excluding fixed deposits pledged of \$7,589,000 (2013 : \$7,289,000).

**B. Property, plant and equipment**

In 2013, property, plant and equipment with carrying amount of \$780,000 were disposed off. Cash proceeds of \$347,000 were received in respect of the disposal of property, plant and equipment and the remaining \$548,000 was by means of a receivable.

In 2013, additions were made to property, plant and equipment with an aggregate cost of \$34,165,000 of which \$2,494,000 was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash payments of \$31,671,000 were made in respect of the remaining additions to property, plant and equipment.

**C. Investment properties**

In 2013, additions were made to investment properties with an aggregate cost of \$3,128,000 of which \$3,015,000 was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash payments of \$113,000 were made in respect of the remaining additions to investment properties.

**D. Capital contribution by non-controlling interest**

In 2013, the group issued shares to non-controlling interests of the subsidiaries with an aggregate consideration of \$5,519,000 of which \$2,942,000 was contributed by issuance of a subsidiary's shares to the non-controlling interest. Cash proceeds of \$28,000 were received from non-controlling interest and the group extended a loan to non-controlling interests of a subsidiary for the remaining \$2,549,000.

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**STATEMENTS OF FINANCIAL POSITION**

31 DECEMBER 2015



	Note	2015 \$'000	Group 2014 \$'000 (Restated)	2013 \$'000 (Restated)	Company 2015 \$'000      2014 \$'000	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	40,198	41,161	69,664	1,490	1,372
Pledged fixed deposits	7	4,563	7,589	7,289	–	–
Trade receivables	8	32,798	60,374	73,061	–	–
Other receivables	9	69,368	62,437	67,349	140,365	138,673
Current portion of loan receivables	20	5,413	5,624	83	8,357	5,624
Derivative financial instruments	10	149	3,824	1,867	149	3,774
Consumable biological assets	11	159	160	502	–	–
Inventories	12	79,195	98,376	151,499	–	–
Total current assets		<b>231,843</b>	279,545	371,314	<b>150,361</b>	149,443
<b>Non-current assets</b>						
Investment in subsidiaries	13	–	–	–	355,135	356,896
Investments in associates	14	299,480	306,913	329,914	317,480	317,480
Available-for-sale investments	15	232	244	235	–	–
Plantation assets	16	328,002	291,025	276,013	–	–
Property, plant and equipment	17	117,648	122,897	109,221	2,991	4,153
Investment properties	18	15,229	16,514	14,880	–	–
Club membership		555	640	640	555	640
Goodwill	19	11,124	11,464	11,694	–	–
Loan receivables	20	4,716	4,900	5,367	11,789	14,992
Deferred tax assets	26	6,884	4,670	5,090	–	–
Total non-current assets		<b>783,870</b>	759,267	753,054	<b>687,950</b>	694,161
<b>Total assets</b>		<b>1,015,713</b>	1,038,812	1,124,368	<b>838,311</b>	843,604

See accompanying notes to financial statements.



**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**STATEMENTS OF FINANCIAL POSITION**

31 DECEMBER 2015



	Note	Group			Company	
		2015 \$'000	2014 \$'000 (Restated)	2013 \$'000 (Restated)	2015 \$'000	2014 \$'000
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Short-term loans	21	133,880	100,028	105,942	19,575	13,189
Trade payables	22	23,340	24,122	36,889	-	-
Other payables	23	21,378	53,979	47,462	193,608	210,241
Current portion of long-term loans	24	2,011	2,913	2,928	-	-
Current portion of finance leases	25	105	179	194	38	80
Derivative financial instruments	10	790	6,500	1,788	428	4,773
Income tax payable		2,072	1,702	2,047	6	6
Total current liabilities		183,576	189,423	197,250	213,655	228,289
<b>Non-current liabilities</b>						
Long-term loans	24	74,433	42,622	16,203	-	-
Finance leases	25	76	278	451	63	214
Deferred tax liabilities	26	9,165	9,311	9,677	2,139	2,139
Total non-current liabilities		83,674	52,211	26,331	2,202	2,353
<b>Capital and reserves and non-controlling interests</b>						
Share capital	27	611,330	611,330	611,330	611,330	611,330
Treasury shares	28	(1,995)	(1,995)	(1,995)	(1,995)	(1,995)
Capital reserves	29	5,374	9,238	9,238	-	-
Currency translation reserve		(86,711)	(66,413)	(25,669)	-	-
Retained earnings		187,596	205,892	254,133	13,119	3,627
Equity attributable to owners of the company		715,594	758,052	847,037	622,454	612,962
Non-controlling interests		32,869	39,126	53,750	-	-
Total equity		748,463	797,178	900,787	622,454	612,962
<b>Total liabilities and equity</b>		<b>1,015,713</b>	<b>1,038,812</b>	<b>1,124,368</b>	<b>838,311</b>	<b>843,604</b>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
YEAR ENDED 31 DECEMBER 2015



	Note	2015 \$'000	Group 2014 \$'000 (Restated)
<b>Revenue</b>	30	<b>646,959</b>	806,303
<b>Cost of sales</b>		<b>(585,599)</b>	(755,044)
<b>Gross profit</b>		<b>61,360</b>	51,259
Other income	31	<b>2,621</b>	4,556
Distribution costs		<b>(25,198)</b>	(27,107)
Administrative expenses		<b>(45,725)</b>	(51,541)
Other operating costs		<b>(11,162)</b>	(20,242)
Share of profit (loss) of associates	14	<b>3,067</b>	(5,238)
Finance costs	32	<b>(5,054)</b>	(4,259)
<b>Loss before tax</b>		<b>(20,091)</b>	(52,572)
Income tax expense	33	<b>(2,500)</b>	(1,770)
<b>Loss for the year</b>	34	<b>(22,591)</b>	(54,342)
Attributable to:			
Owners of the company		<b>(18,296)</b>	(40,581)
Non-controlling interests		<b>(4,295)</b>	(13,761)
		<b>(22,591)</b>	(54,342)
<b>Earnings per ordinary share (cents)</b>			
– Basic and fully diluted	35	<b>(2.39)</b>	(5.30)

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
YEAR ENDED 31 DECEMBER 2015



	Note	Group	
		2015 \$'000	2014 \$'000
Loss for the year	34	(22,591)	(54,342)
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain for employee benefit obligation		26	–
		26	–
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(19,883)	(38,440)
Share of associates' other comprehensive income		(1,311)	(4,571)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(21,194)</b>	<b>(43,011)</b>
<b>Total comprehensive loss for the year</b>		<b>(43,759)</b>	<b>(97,353)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the company		(38,580)	(81,325)
Non-controlling interests		(5,179)	(16,028)
		<b>(43,759)</b>	<b>(97,353)</b>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
YEAR ENDED 31 DECEMBER 2015



	Group	
	2015 \$'000	2014 \$'000 (Restated)
<b>Operating activities</b>		
Loss before tax	(20,091)	(52,572)
Adjustments for:		
Depreciation of property, plant and equipment	15,372	14,695
Depreciation of plantation assets	2,611	3,105
Depreciation of investment properties	278	571
Gain on disposal of property, plant and equipment	(158)	(68)
Impairment loss on plantation assets	–	4,350
Loss on disposal of investment properties	266	–
Interest expense	5,054	4,259
Allowance for inventories	511	272
Inventories written off	2,165	4,786
Impairment of club memberships	85	–
Property, plant and equipment written off	445	18
Interest income	(1,233)	(1,378)
Allowance for doubtful trade and other receivables	2,595	5,235
Net unrealised fair value gain on financial derivatives	697	2,649
Fair value loss on biological assets	564	4,417
Share of (profit) loss of associates	(3,067)	5,238
Operating cash flows before movements in working capital	<u>6,094</u>	<u>(4,423)</u>
Trade receivables	26,923	12,112
Other receivables	(11,201)	(4,435)
Inventories	12,214	42,676
Trade payables	(2,318)	(12,233)
Other payables	(27,191)	4,732
Cash generated from operations	<u>4,521</u>	<u>38,429</u>
Interest paid	(6,234)	(3,037)
Interest received	1,233	1,378
Income tax paid	(4,036)	(2,308)
Net cash (used in) from operating activities	<u>(4,516)</u>	<u>34,462</u>
<b>Investing activities</b>		
Proceeds on disposal of property, plant and equipment	736	674
Proceeds on disposal of investment property	247	–
Purchase of plantation assets	(42,847)	(35,271)
Purchase of property, plant and equipment	(16,697)	(32,127)
Loan to an associate	–	(5,815)
Net cash used in investing activities	<u>(58,561)</u>	<u>(72,539)</u>

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
YEAR ENDED 31 DECEMBER 2015



	Group	
	2015 \$'000	2014 \$'000 (Restated)
<b>Financing activities</b>		
Dividends paid	–	(7,660)
Dividends paid to non-controlling interest of a subsidiary	(1,078)	(1,251)
Proceeds from long-term bank loans	35,370	30,625
Repayment of long-term bank loans	(2,804)	(4,221)
Proceeds from short-term loans	119,317	151,036
Repayment of short-term loans	(92,632)	(156,950)
Repayment of finance leases	(270)	(200)
Capital contribution by non-controlling interests	–	2,655
Movements in fixed deposits	3,026	(300)
Net cash from financing activities	<u>60,929</u>	<u>13,734</u>
Net decrease in cash and cash equivalents	(2,148)	(24,343)
Cash and cash equivalents at beginning of the year	41,161	69,664
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1,185	(4,160)
<b>Cash and cash equivalents at the end of the year (Note A)</b>	<u>40,198</u>	<u>41,161</u>

**Notes to Consolidated Statement of Cash Flows**

**A. Cash and cash equivalents consist of:**

	2015 \$'000	2014 \$'000
Cash and bank balances	38,445	35,027
Fixed deposits *	1,753	11,730
Less: Bank overdrafts	–	(5,596)
	<u>40,198</u>	<u>41,161</u>

\* Excluding fixed deposits pledged of \$4,563,000 (2014 : \$7,589,000).

See accompanying notes to financial statements.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



**GMG GLOBAL LTD**  
Incorporated in Singapore  
Reg. No. 199904244E

**UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2016**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	3 months to 31/03/2016	3 months to 31/03/2015 (Restated)	Change
	S\$'000	S\$'000	%
Revenue	124,158	150,736	(17.6)
Cost of sales	(117,402)	(133,527)	(12.1)
<b>Gross profit</b>	<b>6,756</b>	<b>17,209</b>	<b>(60.7)</b>
Other operating income	180	831	(78.3)
Administrative expenses	(9,810)	(10,484)	(6.4)
Distribution cost	(5,726)	(5,618)	1.9
Other operating (expenses)/ gain	(219)	2,535	NM
Share of profit/(loss) of associates	493	(517)	NM
Finance costs	(1,797)	(1,171)	53.5
Foreign currency exchange adjustment gain/(loss)	1,921	(1,800)	NM
Net gain on financial derivatives	1,463	2,256	(35.2)
<b>(Loss)/Profit before income tax</b>	<b>(6,739)</b>	<b>3,241</b>	<b>NM</b>
Income tax credit/(expense)	1,112	(486)	NM
<b>(Loss)/Profit after income tax</b>	<b>(5,627)</b>	<b>2,755</b>	<b>NM</b>
<b>Profit attributable to:</b>			
Shareholders of the company	(3,537)	2,655	NM
Non-controlling interests	(2,090)	100	NM
	<b>(5,627)</b>	<b>2,755</b>	<b>NM</b>

Notes:

	3 months to 31/03/2016	3 months to 31/03/2015
	S\$'000	S\$'000
(a) <u>Adjusted (loss)/profit before income tax (exclude FX and fair value on consumable biological assets)</u>	(6,690)	2,301
(b) <u>Other disclosure items included in the above income statement:</u>		
1 Interest income	142	230
2 Interest on borrowings	(1,797)	(1,171)
3 Depreciation	(3,955)	(4,489)
4 Gain/(Loss) on disposal of property, plant and equipment	1	(5)
5 Reversal/ (Provision) for stock NRV	1,913	(183)
6 Write back of doubtful receivable	-	116
7 Fair value (loss)/ gain on consumable biological assets	(1,970)	2,740

- (c) NM - not meaningful

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>3 months to 31/03/2016</b>	<b>3 months to 31/03/2015 (Restated)</b>
	S\$'000	S\$'000
<u>Group</u>		
Profit after income tax	(5,627)	2,755
Exchange differences on translation of foreign operations	(4,827)	(28,703)
Total comprehensive income, net of tax	<u>(10,454)</u>	<u>(25,948)</u>
<b><u>Total comprehensive income attributable to:</u></b>		
Shareholders of the company	(8,123)	(24,269)
Non-controlling interests	(2,331)	(1,679)
	<u>(10,454)</u>	<u>(25,948)</u>

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	36,797	39,033	1,113	1,490
Pledged fixed deposits	5,640	5,728	-	-
Trade receivables	28,519	32,798	-	-
Other receivables	75,942	69,368	144,983	140,365
Current portion of loan receivables	5,355	5,413	8,206	8,357
Derivative financial instruments	855	149	103	149
Consumable biological assets	106	159	-	-
Inventories	99,665	79,195	-	-
<b>Total current assets</b>	<b>252,879</b>	<b>231,843</b>	<b>154,405</b>	<b>150,361</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	355,135	355,135
Goodwill	11,019	11,124	-	-
Investments in associates	298,508	299,480	317,480	317,480
Investments –Available-for-sale	229	232	-	-
Plantation assets	333,360	328,002	-	-
Property, plant and equipment	117,171	117,648	2,894	2,991
Investment properties	14,996	15,229	-	-
Other receivables	4,665	4,716	11,657	11,789
Club memberships	581	555	581	555
Deferred tax assets	8,198	6,884	-	-
<b>Total non-current assets</b>	<b>788,727</b>	<b>783,870</b>	<b>687,747</b>	<b>687,950</b>
<b>Total assets</b>	<b>1,041,606</b>	<b>1,015,713</b>	<b>842,152</b>	<b>838,311</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Short term loans	139,391	133,880	52,034	19,575
Trade payables	30,603	23,340	-	-
Other payables	24,267	21,378	164,978	193,608
Current portion of long term loans	511	2,011	-	-
Current portion of finance leases	83	105	38	38
Derivative financial instruments	307	790	27	428
Income tax payable	2,114	2,072	6	6
<b>Total current liabilities</b>	<b>197,276</b>	<b>183,576</b>	<b>217,083</b>	<b>213,655</b>



**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



	Group		Company	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Long term loans	97,223	74,433	-	-
Finance leases	62	76	54	63
Deferred tax liabilities	9,036	9,165	2,139	2,139
<b>Total non-current liabilities</b>	<b>106,321</b>	<b>83,674</b>	<b>2,193</b>	<b>2,202</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	611,330	611,330	611,330	611,330
Treasury shares	(1,995)	(1,995)	(1,995)	(1,995)
Capital reserves	5,374	5,374	-	-
Currency translation reserve	(91,297)	(86,711)	-	-
Retained earnings	184,059	187,596	13,541	13,119
Equity attributable to owners of the company	707,471	715,594	622,876	622,454
Non-controlling interests	30,538	32,869	-	-
<b>Total equity</b>	<b>738,009</b>	<b>748,463</b>	<b>622,876</b>	<b>622,454</b>
<b>Total liabilities and equity</b>	<b>1,041,606</b>	<b>1,015,713</b>	<b>842,152</b>	<b>838,311</b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
594	139,391	2,116	133,880

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,585	94,700	2,366	72,143

Details of any collateral

The secured facilities of the Group, comprise term loans and finance leases. The finance leases are secured by certain fixed assets of subsidiaries and the Company with a carrying amount of \$ 249,000 as at 31 March 2016 (31 December 2015: \$289,000). The term loans are secured by assets of two of the subsidiaries.

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 months to 31/03/2016	3 months to 31/03/2015 (Restated)
	S\$'000	S\$'000
<b><u>Operating activities</u></b>		
(Loss)/Profit before income tax	(6,739)	3,241
Adjustments for:		
Depreciation expenses	3,955	4,489
Fair value (gain)/loss of financial derivatives	(836)	334
Interest income	(142)	(230)
Interest expense	1,797	1,171
(Reversal)/ Provision for stock NRV	(1,913)	183
Write back of doubtful receivables	-	(116)
(Gain)/Loss on disposal of property, plant and equipment	(1)	5
Fair value loss/(gain) on consumable biological assets	1,970	(2,740)
Share of loss of associates	(493)	517
Operating cash flows before movements in working capital	(2,402)	6,854
Trade receivables	3,573	(2,333)
Other receivables	(7,429)	(3,978)
Inventories	(23,504)	(24,523)
Trade payables	7,845	(6,007)
Other payables	2,971	(6,798)
Cash flows used in operations	(18,946)	(36,785)
Interest received	142	230
Interest paid	(884)	(977)
Income tax paid	(221)	(256)
<b>Net cash used in operating activities</b>	<b>(19,909)</b>	<b>(37,788)</b>
<b><u>Investing activities</u></b>		
Proceeds from sale of property, plant and equipment	14	40
Purchase of plantation assets, property, plant and equipment	(12,282)	(12,049)
Purchase of club memberships	(26)	-
<b>Net cash used in investing activities</b>	<b>(12,294)</b>	<b>(12,009)</b>

**APPENDIX F – SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GMG GROUP FOR FY2013, FY2014, FY2015 AND Q1 2016**



**Financing activities**

Proceeds from long term bank loans  
 Repayment of long-term bank loans  
 Proceeds from short term loans  
 Repayment of short term loans  
 Repayment of finance leases  
 Movements in pledged fixed deposits

**Net cash generated from financing activities**

**Net (decrease)/increase in cash and cash equivalents**

Cash and cash equivalents at the beginning of period  
 Effect of exchange rate changes on the balance sheet of cash and cash equivalent held in foreign currencies

**Cash and cash equivalents at the end of period**

Group	
3 months to 31/03/2016	3 months to 31/03/2015 (Restated)
S\$'000	S\$'000
23,324	11,350
(1,220)	(4,563)
71,142	83,786
(61,695)	(23,072)
(36)	(46)
88	2,887
<b>31,603</b>	<b>70,342</b>
<b>(600)</b>	<b>20,545</b>
39,033	41,161
(1,636)	(2,658)
<b>36,797</b>	<b>59,048</b>

**Note:**

**Cash and cash equivalents consist of:**

Cash and bank balances  
 Fixed deposits  
 Less: pledged deposits  
 Bank Overdrafts

S\$'000	S\$'000
44,927	45,063
6,210	21,489
(5,640)	(4,702)
(8,700)	(2,802)
<b>36,797</b>	<b>59,048</b>

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## APPENDIX G – AGREED-UPON PROCEDURES REPORT

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The Board of Directors  
Halcyon Agri Corporation Limited  
250 North Bridge Road  
#12-01 Raffles City Tower  
Singapore 179101

Dear Sirs:

We have performed the procedures in accordance with the Agreed-Upon Procedures as set out in Schedule I with respect to Schedule II – Statement of Adjustments on unaudited pro-forma consolidated income statement of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015 and unaudited pro-forma consolidated statement of financial position of the Enlarged Group as at 31 December 2013, 2014 and 2015; Schedule III – Unaudited pro-forma consolidated income statement of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015 and Unaudited pro-forma consolidated statement of financial position of the Enlarged Group as at 31 December 2013, 2014 and 2015 and Schedule IV – Unaudited pro-forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015.

Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information. The procedures were performed solely to assist Halcyon Agri Corporation Limited (“the Company” or “HAC Group”) in the submission of the Circular to Shareholders in relation to (a) Proposed Acquisition of all the issued and paid-up ordinary shares in the capital of GMG Global Ltd (“GMG Group”) by way of a pre-conditional voluntary general offer and (b) proposed acquisition of the Natural Rubber processing facilities and trading business (“NR Assets”) from Sinochem International (Overseas) Pte. Ltd..

With respect to the procedures set out in Schedule I, we found no exceptions from performing the procedures.

We wish to highlight that the preparation of unaudited pro-forma consolidated financial information of the Enlarged Group for the years ended 31 December 2013, 2014 and 2015 did not take into account the realignment of GMG Group and NR Assets’ accounting policies to HAC Group’s accounting policies.

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the unaudited pro-forma consolidated financial information included in Schedule II, III and IV.

Had we performed additional procedures or had we performed an audit or review of the pro-forma financial information in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of the report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the items specified above and does not extend to any financial statements of the Company and the unaudited pro-forma consolidated financial information of the Enlarged Group, taken as a whole.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
16 May 2016

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### *Schedule I*

- (1) Compare the financial information of HAC Group in Schedule II to audited consolidated financial statements of HAC Group for the years ended 31 December 2013, 2014 and 2015.
- (2) Compare the financial information of GMG Group (reported in SGD) to audited consolidated financial statements of GMG Group for the years ended 31 December 2013, 2014 and 2015.
- (3) Check the financial information of GMG Group (reported in SGD) in (2) was translated to USD:
  - i) For income statement items, at the exchange rate of SGD/USD 1.254, 1.270 and 1.379 for the years ended 31 December 2013, 2014 and 2015 respectively.
  - ii) For statement of financial position items, at the exchange rate of SGD/USD 1.265, 1.321 and 1.414 as at 31 December 2013, 2014 and 2015 respectively.
- (4) Agree the USD translated financial information of GMG Group in (3) to Schedule II;
- (5) Compare the financial information of the NR assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd.) (reported in RMB) to audited financial statements of these entities for the years ended 31 December 2013, 2014 and 2015.
- (6) Check the financial information of the NR assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd.) (reported in RMB) in (5) was translated to USD:
  - i) For income statement items, at the exchange rate of RMB/USD 6.142, 6.174 and 6.293 for the years ended 31 December 2013, 2014 and 2015 respectively.
  - ii) For statement of financial position items, at the exchange rate of RMB/USD 6.051, 6.200 and 6.495 as at 31 December 2013, 2014 and 2015 respectively.
- (7) Compare the financial information of the NR assets (Euroma Rubber Industries Sendirian Berhad (“Euroma”)) (reported in MYR) to audited financial statements of Euroma for the years ended 31 December 2013, 2014 and 2015.
- (8) Check the financial information of the NR assets (Euroma) (reported in MYR) in (7) was translated to USD:
  - i) For income statement items, at the exchange rate of MYR/USD 3.172, 3.279 and 3.941 for the years ended 31 December 2013, 2014 and 2015 respectively.
  - ii) For statement of financial position items, at the exchange rate of MYR/USD 3.281, 3.495 and 4.292 as at 31 December 2013, 2014 and 2015 respectively.
- (9) Check the arithmetic calculation of the aggregate financial information of NR Assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd., Euroma) for the years ended 31 December 2013, 2014 and 2015 and agree to NR Assets in Schedule II.
- (10) Compare Pro Forma adjustments (“Adj.”) in Schedule II to the unaudited list of adjustments provided by management of the Company.
- (11) Check the arithmetic calculation of the unaudited pro-forma financial information of the Enlarged Group in Schedule II.
- (12) Check the unaudited pro-forma financial information of the Enlarged Group for the year ended 31 December 2013, 2014 and 2015 in Schedule II agrees to Schedule III.

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

- (13) Check the arithmetic calculation of the unaudited pro-forma financial information of the Enlarged group in Schedule III.
- (14) For Schedule IV - unaudited pro-forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015,
- i) Compare the cash flow from operating activities, cash flow from investing activities and cash flow from financing activities for the financial years ended 31 December 2013, 2014 and 2015 of HAC Group, GMG Group (reported in SGD), NR Assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd.) (reported in RMB) and NR Assets (Euroma) (reported in MYR) to audited financial statements of these entities.
  - ii) Check the information of GMG Group, NR Assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd.) and NR Assets (Euroma) in (14)(i) are translated to USD at exchange rate of SGD/USD 1.254, 1.270 and 1.379, RMB/USD 6.142, 6.174 and 6.293 and MYR/USD 3.172, 3.279 and 3.941 for the years ended 31 December 2013, 2014 and 2015 respectively.
  - iii) Check the arithmetic calculation of the aggregate cash flow from operating activities, cash flow from investing activities and cash flow from financing activities of HAC Group and USD translated information of GMG Group and NR Assets (Xishuangbanna Sinochem Rubber Co., Ltd., Hainan Sinochem Rubber Co., Ltd., rubber trading business division of Sinochem International (Overseas) Pte. Ltd., Euroma) for the years ended 31 December 2013, 2014 and 2015 in (14)(ii) and agree to Schedule IV.
  - iv) Check the ending cash and bank balances as at 31 December 2013, 2014 and 2015 in Schedule IV agree to the cash and bank balances in unaudited pro-forma consolidated statement of financial position in Schedule III.
  - v) Check the arithmetic calculation of unaudited pro-forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015 in Schedule IV.

### Abbreviation

USD – United States Dollar

SGD – Singapore Dollar

RMB – Renminbi

MYR – Malaysian Ringgit

**APPENDIX G – AGREED-UPON PROCEDURES REPORT**

**Schedule II**

**3. STATEMENT OF ADJUSTMENTS**

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information of the Enlarged Group:

**Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2015**

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	994,712	469,287	1,011,553	(146,389)	2,329,163
Cost of sales	(932,536)	(424,778)	(986,421)	144,199	(2,199,536)
<b>Gross profit</b>	<b>62,176</b>	<b>44,509</b>	<b>25,132</b>		<b>129,627</b>
Distribution costs	(14,000)	(18,278)	(6,842)		(39,120)
Administrative expenses	(20,696)	(33,168)	(6,692)	2,190	(58,366)
Net other income/(costs)	8,275	(7,090)	1,585		2,770
Share of associates	-	2,225	-		2,225
<b>Operating profit</b>	<b>35,755</b>	<b>(11,802)</b>	<b>13,183</b>		<b>37,136</b>
Finance income	635	894	712		2,241
Finance cost	(24,126)	(3,666)	(454)		(28,246)
<b>Profit before income tax</b>	<b>12,264</b>	<b>(14,574)</b>	<b>13,441</b>		<b>11,131</b>
Income tax expense	(5,915)	(1,813)	(2,833)		(10,561)
<b>Net profit after tax</b>	<b>6,349</b>	<b>(16,387)</b>	<b>10,608</b>		<b>570</b>
<b>Profit attributable to:</b>					
Owners of the enlarged group	8,467	(13,272)	10,566		5,761
Non-controlling interest	(2,118)	(3,115)	42		(5,191)

Note:

(1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2014

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	479,247	635,134	998,673	(257,370)	1,855,684
Cost of sales	(454,344)	(594,757)	(977,654)	254,858	(1,771,897)
<b>Gross profit</b>	<b>24,903</b>	<b>40,377</b>	<b>21,019</b>		<b>83,787</b>
Distribution costs	(3,439)	(21,353)	(18,030)		(42,822)
Administrative expenses	(22,281)	(40,599)	(5,874)	2,512	(66,242)
Net other income/(costs)	567	(13,442)	(162)		(13,037)
Share of associates	-	(4,126)	-		(4,126)
<b>Operating loss</b>	<b>(250)</b>	<b>(39,143)</b>	<b>(3,047)</b>		<b>(42,440)</b>
Finance income	950	1,085	781		2,816
Finance cost	(10,514)	(3,355)	(462)		(14,331)
<b>Loss before income tax</b>	<b>(9,814)</b>	<b>(41,413)</b>	<b>(2,728)</b>		<b>(53,955)</b>
Income tax expense	(3,051)	(1,394)	(203)		(4,648)
<b>Net loss after tax</b>	<b>(12,865)</b>	<b>(42,807)</b>	<b>(2,931)</b>		<b>(58,603)</b>
<b>Loss attributable to:</b>					
Owners of the enlarged group	(9,429)	(31,967)	(2,813)		(44,209)
Non-controlling interest	(3,436)	(10,840)	(118)		(14,394)

Note:

- (1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives



## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 December 2013

<i>Figures in US\$'000</i>	<b>HAC</b>	<b>GMG</b>	<b>NR Assets</b>	<b>Adj.<sup>(1)</sup></b>	<b>Enlarged Group</b>
Revenue	204,970	805,355	1,259,974	(396,263)	1,874,036
Cost of sales	(184,722)	(722,368)	(1,237,484)	395,252	(1,749,322)
<b>Gross profit</b>	<b>20,248</b>	<b>82,987</b>	<b>22,490</b>		<b>124,714</b>
Distribution costs	(1,389)	(21,873)	(11,107)		(34,369)
Administrative expenses	(6,735)	(27,716)	(5,436)	1,011	(38,876)
Net other income/(costs)	6	(22,132)	80		(22,046)
Share of associates	-	641	-		641
<b>Operating profit</b>	<b>12,130</b>	<b>11,907</b>	<b>6,027</b>		<b>30,064</b>
Finance income	207	957	384		1,548
Finance cost	(1,650)	(3,610)	(477)		(5,737)
<b>Profit before income tax</b>	<b>10,687</b>	<b>9,254</b>	<b>5,934</b>		<b>25,875</b>
Income tax expense	(1,576)	(5,193)	(2,072)		(8,841)
<b>Net profit after tax</b>	<b>9,111</b>	<b>4,061</b>	<b>3,862</b>		<b>17,034</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the enlarged group	9,093	6,965	3,732		19,790
Non-controlling interest	18	(2,904)	130		(2,756)

Note:

- (1) Adjusted for inter-company sales elimination between GMG and SIO, and reclassification of net gain/loss on financial derivatives

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2013

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	49,677	55,057	1,845		106,579
Pledged deposits	3,011	5,761	932		9,704
Trade receivables and prepayments	7,347	57,742	46,228	(57,910)	53,407
Other receivables	2,592	53,228	3,719	(1)	59,538
Derivative financial instruments	903	1,476	-		2,379
Inventories	16,409	119,734	103,422		239,565
Other current assets	-	462	40,082		40,544
<b>Current assets</b>	<b>79,939</b>	<b>293,460</b>	<b>196,228</b>		<b>511,716</b>
Intangible assets	10,000	9,242	8,738		27,980
Property, plant and equipment	15,537	86,320	32,927		134,784
Plantation related properties	-	165,509	-		165,509
Biological assets	-	52,631	-		52,631
Investment properties	-	11,760	1,110		12,870
Deferred tax assets	197	4,023	30		4,250
Investment in associates	-	260,740	-		260,740
Other non-current assets	2,178	4,933	99		7,210
<b>Non-current assets</b>	<b>27,912</b>	<b>595,158</b>	<b>42,904</b>		<b>665,974</b>
<b>Total assets</b>	<b>107,851</b>	<b>888,618</b>	<b>239,132</b>		<b>1,177,690</b>
Derivative financial instruments	789	1,413	-		2,202
Trade payables	-	29,154	79,725	(59,017)	49,862
Other payables and advances	2,866	37,510	53,840	1,106	95,322
Loan payables	21,143	86,043	-		107,186
Provision for taxation	1,352	1,618	-		2,970
Finance lease	-	153	-		153
Other current liabilities	-	-	10,229		10,229
<b>Current liabilities</b>	<b>26,150</b>	<b>155,891</b>	<b>143,794</b>		<b>267,924</b>
Loan payables	-	12,807	-		12,807
Retirement benefit obligations	648	-	-		648
Deferred tax liabilities	781	7,648	204		8,633
Finance lease	-	356	-		356
Other non-current liabilities	-	-	1,234		1,234
<b>Non-current liabilities</b>	<b>1,429</b>	<b>20,811</b>	<b>1,438</b>		<b>23,678</b>
<b>Total liabilities</b>	<b>27,579</b>	<b>176,702</b>	<b>145,232</b>		<b>291,602</b>
<b>Equity</b>	<b>80,272</b>	<b>711,916</b>	<b>93,900</b>		<b>886,088</b>
<b>Total liabilities and equity</b>	<b>107,851</b>	<b>888,618</b>	<b>239,132</b>		<b>1,177,690</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2014

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	75,781	31,152	4,930		111,863
Pledged deposits	1,675	5,744	132		7,551
Trade receivables and prepayments	64,964	45,693	46,863	(4,088)	153,432
Other receivables	28,015	47,254	1,773	(1)	77,041
Derivative financial instruments	5,117	2,894	-		8,011
Inventories	88,075	74,454	55,550		218,079
Other current assets	-	4,378	51,525		55,903
<b>Current assets</b>	<b>263,627</b>	<b>211,569</b>	<b>160,773</b>		<b>631,880</b>
Intangible assets	197,773	8,676	8,413		214,862
Property, plant and equipment	113,926	93,012	39,469		246,407
Plantation related properties	41,875	175,230	-		217,105
Biological assets	338	45,026	-		45,364
Investment properties	20,551	12,498	1,039		34,088
Deferred tax assets	2,673	3,534	200		6,407
Investment in associates	-	232,281	-		232,281
Other non-current assets	224	4,378	42		4,644
<b>Non-current assets</b>	<b>377,360</b>	<b>574,635</b>	<b>49,163</b>		<b>1,001,158</b>
<b>Total assets</b>	<b>640,987</b>	<b>786,204</b>	<b>209,936</b>		<b>1,633,038</b>
Derivative financial instruments	821	4,919	-		5,740
Trade payables	26,990	18,256	53,455	(31,326)	67,375
Other payables and advances	23,899	40,853	40,064	27,237	132,053
Loan payables	58,538	77,909	26,978		163,425
Provision for taxation	294	1,288	-		1,582
Finance lease	405	135	-		540
Other current liabilities	-	-	2,182		2,182
<b>Current liabilities</b>	<b>110,947</b>	<b>143,360</b>	<b>122,679</b>		<b>372,897</b>
Loan payables	338,215	32,258	-		370,473
Retirement benefit obligations	11,033	-	-		11,033
Deferred tax liabilities	18,780	7,047	-		25,827
Finance lease	1,481	210	-		1,691
Other non-current liabilities	-	-	2,163		2,163
<b>Non-current liabilities</b>	<b>369,509</b>	<b>39,515</b>	<b>2,163</b>		<b>411,187</b>
<b>Total liabilities</b>	<b>480,456</b>	<b>182,875</b>	<b>124,842</b>		<b>784,084</b>
<b>Equity</b>	<b>160,531</b>	<b>603,329</b>	<b>85,094</b>		<b>848,954</b>
<b>Total liabilities and equity</b>	<b>640,987</b>	<b>786,204</b>	<b>209,936</b>		<b>1,633,038</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated financial position of the Enlarged Group as at 31 December 2015

<i>Figures in US\$'000</i>	HAC	GMG	NR Assets	Adj. <sup>(1)</sup>	Enlarged Group
Cash and bank balances	70,541	28,431	1,974		100,946
Pledged deposits	-	3,227	226		3,453
Trade receivables and prepayments	65,030	23,197	28,016	(1,005)	115,238
Other receivables	30,751	49,061	10,807	(3)	90,616
Derivative financial instruments	24,250	105	-		24,355
Inventories	102,875	56,012	30,829		189,716
Other current assets	-	3,941	29,261		33,202
<b>Current assets</b>	<b>293,447</b>	<b>163,974</b>	<b>101,113</b>		<b>557,526</b>
Intangible assets	200,534	7,868	7,774		216,176
Property, plant and equipment	99,489	83,208	38,732		221,429
Plantation related properties	35,491	192,136	-		227,627
Biological assets	6,360	39,848	-		46,208
Investment properties	21,420	10,771	950		33,141
Deferred tax assets	3,175	4,869	-		8,044
Investment in associates	-	211,811	-		211,811
Other non-current assets	148	3,892	36		4,076
<b>Non-current assets</b>	<b>366,617</b>	<b>554,403</b>	<b>47,492</b>		<b>968,512</b>
<b>Total assets</b>	<b>660,064</b>	<b>718,377</b>	<b>148,605</b>		<b>1,526,038</b>
Derivative financial instruments	7,567	559	-		8,126
Trade payables	11,249	16,508	31,784	(1,246)	58,295
Other payables and advances	18,349	15,120	14,550	239	48,258
Loan payables	191,874	96,111	3,961		291,946
Provision for taxation	1,553	1,465	509		3,527
Finance lease	435	74	-		509
Other current liabilities	-	-	2,024		2,024
<b>Current liabilities</b>	<b>231,027</b>	<b>129,837</b>	<b>52,828</b>		<b>412,685</b>
Loan payables	270,150	52,644	-		322,794
Retirement benefit obligations	10,703	-	-		10,703
Deferred tax liabilities	20,486	6,482	-		26,968
Finance lease	1,046	54	-		1,100
Other non-current liabilities	-	-	2,108		2,108
<b>Non-current liabilities</b>	<b>302,385</b>	<b>59,180</b>	<b>2,108</b>		<b>363,673</b>
<b>Total liabilities</b>	<b>533,412</b>	<b>189,017</b>	<b>54,936</b>		<b>776,358</b>
<b>Equity</b>	<b>126,652</b>	<b>529,360</b>	<b>93,669</b>		<b>749,680</b>
<b>Total liabilities and equity</b>	<b>660,064</b>	<b>718,377</b>	<b>148,605</b>		<b>1,526,038</b>

Note:

(1) Adjusted for inter-company receivables and payables elimination between GMG and SIO

**APPENDIX G – AGREED-UPON PROCEDURES REPORT**

**Schedule III**

**Unaudited pro forma consolidated income statement of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Revenue	1,874,036	1,855,684	2,329,163
Cost of sales	(1,749,322)	(1,771,897)	(2,199,536)
<b>Gross profit</b>	<b>124,714</b>	<b>83,787</b>	<b>129,627</b>
Distribution costs	(34,369)	(42,822)	(39,120)
Administrative expenses	(38,876)	(66,242)	(58,366)
Net other income/(costs)	(22,046)	(13,037)	2,770
Share of associates	641	(4,126)	2,225
<b>Operating profit/(loss)</b>	<b>30,064</b>	<b>(42,440)</b>	<b>37,136</b>
Finance income	1,548	2,816	2,241
Finance cost	(5,737)	(14,331)	(28,246)
<b>Profit/(loss) before income tax</b>	<b>25,875</b>	<b>(53,955)</b>	<b>11,131</b>
Income tax expense	(8,841)	(4,648)	(10,561)
<b>Net profit/(loss) after tax</b>	<b>17,034</b>	<b>(58,603)</b>	<b>570</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the enlarged group	19,790	(44,209)	5,761
Non-controlling interest	(2,756)	(14,394)	(5,191)

## APPENDIX G – AGREED-UPON PROCEDURES REPORT

### Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2013, 2014 and 2015

<i>Figures in US\$'000</i>	FY2013	FY2014	FY2015
Cash and bank balances	106,579	111,863	100,946
Pledged deposits	9,704	7,551	3,453
Trade receivables and prepayments	53,407	153,432	115,238
Other receivables	59,538	77,041	90,616
Derivative financial instruments	2,379	8,011	24,355
Inventories	239,565	218,079	189,716
Other current assets	40,544	55,903	33,202
<b>Current assets</b>	<b>511,716</b>	<b>631,880</b>	<b>557,526</b>
Intangible assets	27,980	214,862	216,176
Property, plant and equipment	134,784	246,407	221,429
Plantation related properties	165,509	217,105	227,627
Biological assets	52,631	45,364	46,208
Investment properties	12,870	34,088	33,141
Deferred tax assets	4,250	6,407	8,044
Investment in associates	260,740	232,281	211,811
Other non-current assets	7,210	4,644	4,076
<b>Non-current assets</b>	<b>665,974</b>	<b>1,001,158</b>	<b>968,512</b>
<b>Total assets</b>	<b>1,177,690</b>	<b>1,633,038</b>	<b>1,526,038</b>
Derivative financial instruments	2,202	5,740	8,126
Trade payables	49,862	67,375	58,295
Other payables and advances	95,322	132,053	48,258
Loan payables	107,186	163,425	291,946
Provision for taxation	2,970	1,582	3,527
Finance lease	153	540	509
Other current liabilities	10,229	2,182	2,024
<b>Current liabilities</b>	<b>267,924</b>	<b>372,897</b>	<b>412,685</b>
Loan payables	12,807	370,473	322,794
Retirement benefit obligations	648	11,033	10,703
Deferred tax liabilities	8,633	25,827	26,968
Finance lease	356	1,691	1,100
Other non-current liabilities	1,234	2,163	2,108
<b>Non-current liabilities</b>	<b>23,678</b>	<b>411,187</b>	<b>363,673</b>
<b>Total liabilities</b>	<b>291,602</b>	<b>784,084</b>	<b>776,358</b>
<b>Total equity</b>	<b>886,088</b>	<b>848,954</b>	<b>749,680</b>
<b>Total liabilities and equity</b>	<b>1,177,690</b>	<b>1,633,038</b>	<b>1,526,038</b>

**APPENDIX G – AGREED-UPON PROCEDURES REPORT**

**Schedule IV**

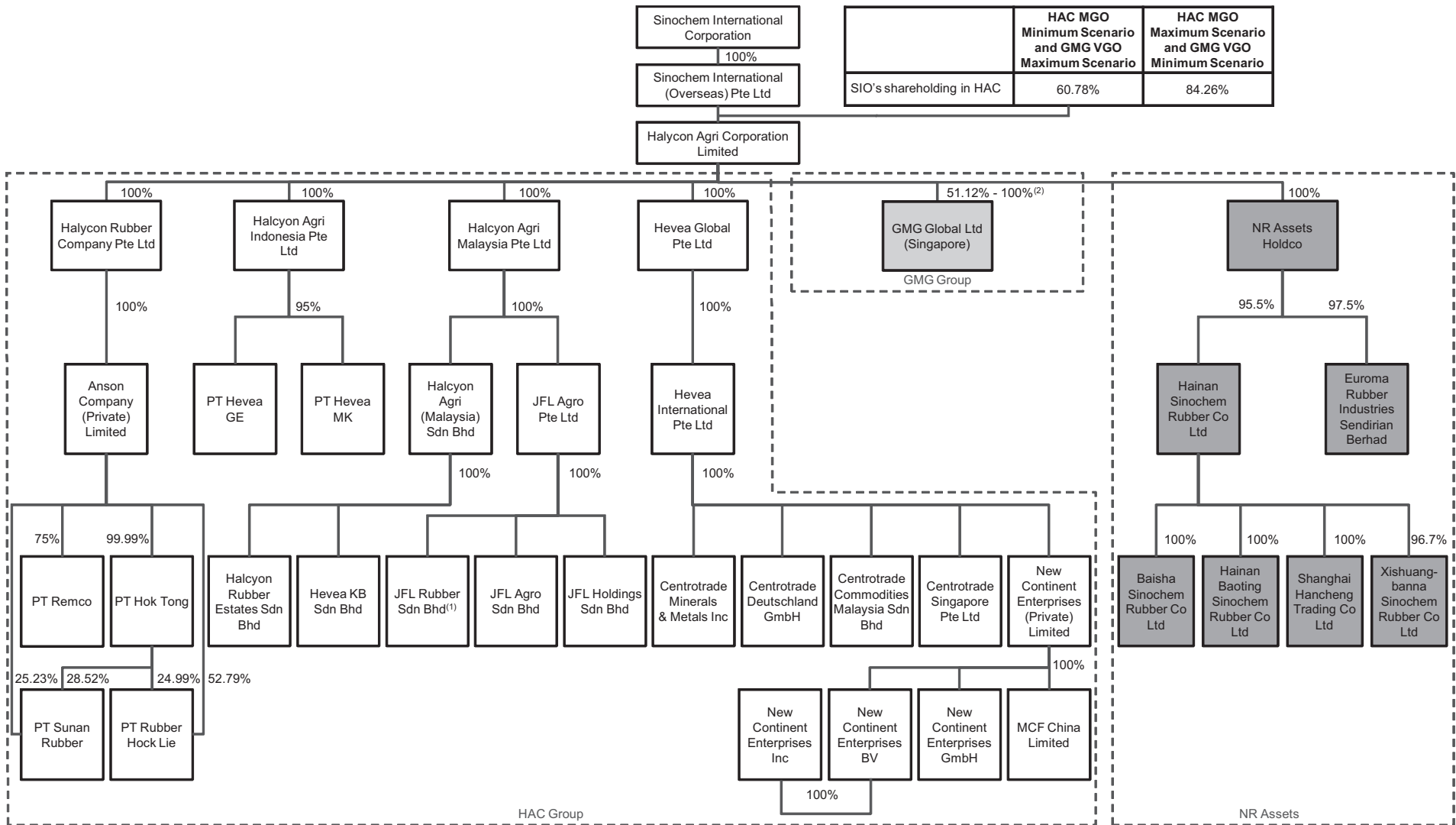
**Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the financial years ended 31 December 2013, 2014 and 2015**

<i>Figures in US\$'000</i>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Cash flow from operating activities<sup>(1)</sup></b>	<b>65,464</b>	<b>43,862</b>	<b>25,234</b>
<b>Investing activities</b>			
Investment income	2,454	8	9
Net proceeds from plant, property and equipment and other investments	5,965	2,354	831
Capital expenditure on plant, property and equipment, plantation assets and intangible assets	(69,295)	(414,248)	(73,503)
Cash paid for investment/loan to associate	(1,739)	(4,581)	(8,467)
Cash receipts from other investing activities	73	1,139	2,330
Payments for other investing activities	(731)	(117)	-
<b>Cash flow (used in) investing activities</b>	<b>(63,273)</b>	<b>(415,445)</b>	<b>(78,800)</b>
<b>Financing activities</b>			
Dividends and interest payment	(13,383)	(26,008)	(19,995)
Net drawdowns/(repayments) of borrowings	(39,369)	352,613	46,736
Net drawdowns/(repayments) of finance leases	(50)	1,728	(601)
Acquisition of non-controlling interest in a subsidiary	(6,619)	-	-
Capital contribution by non-controlling interests	22	62,293	-
Net proceeds from share issuance	51,213	14,485	-
Share issuance expense	-	-	(153)
Movements in fixed deposits	(3,318)	1,100	3,870
Finance income	2,586	-	-
Other cash received relating to financing activities	-	-	17,006
Other cash paid relating to financing activities	(13,347)	(18,332)	(129)
<b>Cash flow from/(used in) financing activities</b>	<b>(22,265)</b>	<b>387,879</b>	<b>46,734</b>
Effect of exchange rate changes	8,784	(9,434)	(1,866)
<b>Net change in cash and bank balances</b>	<b>(11,290)</b>	<b>6,862</b>	<b>(8,698)</b>
Beginning cash and bank balance	121,117	106,579	111,863
Foreign exchange adjustment	(3,248)	(1,578)	(2,219)
<b>Ending cash and bank balances</b>	<b>106,579</b>	<b>111,863</b>	<b>100,946</b>

Note:

- (1) Breakdown of cash flow from operating activities is not presented because Xishuangbanna, Hainan Sinochem and SIO's natural rubber division present their cash flow statements based on direct method which is different from that of HAC, GMG and Euroma which present their cash flow statements based on indirect method.
- (2) Unaudited pro forma consolidated statement of cash flows of the Enlarged Group was prepared by aggregating the statement of cash flows of HAC Group, GMG Group and pro forma consolidated statement of cash flows of the NR Assets.

## APPENDIX H – CORPORATE STRUCTURE OF THE ENLARGED GROUP AFTER COMPLETION OF THE PROPOSED TRANSACTIONS



**Notes:**

- (1) An application to strike off JFL Rubber Sdn Bhd had been submitted to Companies Commission of Malaysia on August 14, 2015.
- (2) Please refer to Section 2.4.5 of the Letter to Shareholders.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### HALCYON AGRI CORPORATION LIMITED

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

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of **HALCYON AGRI CORPORATION LIMITED** (the “**Company**”) will be held at RELC International Hotel, 30 Orange Grove Road (Off Orchard Road), Singapore 258352 on 2 June 2016 at 9.30 a.m., for the purpose of considering, and if thought fit, passing with or without modification(s), the resolutions as set out below. All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular dated 16 May 2016 to the Company’s shareholders (the “**Circular**”).

#### ORDINARY RESOLUTIONS

##### 1. RESOLUTION 1:

#### **PROPOSED ACQUISITION OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF GMG GLOBAL LTD BY WAY OF A PRE-CONDITIONAL VOLUNTARY GENERAL OFFER**

THAT the acquisition by the Company (or its wholly-owned subsidiary) of all the issued and paid-up share capital of GMG Global Ltd (“**GMG Shares**”) (other than those already owned, controlled or agreed to be acquired by the Company and parties acting in concert with the Company) by way of a pre-conditional voluntary general offer (the “**GMG VGO**”), on the terms set out in the Implementation Agreement dated 28 March 2016 entered into between the Company and Sinochem International (Overseas) Pte. Ltd. (“**SIO**”) (the terms and conditions of the GMG VGO and/or Implementation Agreement as may be amended, modified or supplemented from time to time as the Directors may deem appropriate and as may be permitted under the Singapore Code on Take-overs and Mergers and all other laws and regulations applicable to the GMG VGO (“**Applicable Laws**”)), be and is hereby approved, and for this purpose:

- (a) approval be and is hereby given to the Company to undertake the GMG VGO in accordance with Applicable Laws;
- (b) approval be and is hereby given to the Company to allot and issue new fully paid-up ordinary shares in the capital of the Company as consideration for the GMG VGO; and
- (c) the Directors of the Company and each of them be and is hereby authorised to do all such acts and things, and sign and execute all such documents and instruments (including approving and amending the terms of the GMG VGO in accordance with Applicable Laws, and any agreements, instruments, filings, notices, announcements, or disclosures, including ancillary agreements and documents) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the GMG VGO.

##### 2. RESOLUTION 2:

#### **PROPOSED ACQUISITION OF THE NATURAL RUBBER PROCESSING FACILITIES AND TRADING BUSINESS FROM SINOCHEN INTERNATIONAL (OVERSEAS) PTE. LTD.**

THAT the acquisition by the Company (or its wholly-owned subsidiary) of the NR Assets through the NR Assets Holdco (as set out in Section 2.5 of the Circular) on the terms and conditions of the Share Sale Agreement dated 28 March 2016 entered into between the Company and Sinochem International (Overseas) Pte. Ltd. in relation to the NR Assets (the “**Share Sale Agreement**”) (the terms and conditions of the Share Sale Agreement as may be amended, modified or supplemented from time to time as the Directors may deem appropriate or in the interests of the Company) be and is hereby approved, and for this purpose:

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (a) approval be and is hereby given for the Company to acquire the NR Assets;
- (b) approval be and is hereby given to the Company to allot and issue new fully paid-up ordinary shares in the capital of the Company as consideration for the acquisition of the NR Assets in accordance with the Share Sale Agreement; and
- (c) the Directors of the Company and each of them be and is hereby authorised to do all such acts and things, and sign and execute all such documents and instruments (including approving and amending the terms of the Share Sale Agreement, and any agreements, instruments, filings, notices, announcements, or disclosures, including ancillary agreements and documents) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this resolution.

### BY ORDER OF THE BOARD

Pascal Demierre  
Director  
16 May 2016  
Singapore

#### Notes:

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the EGM.

#### General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

#### Personal data privacy:

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual's personal data for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# HALCYON AGRI CORPORATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200504595D)

**Important:****Personal Data Privacy**

By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 16 May 2016.

## PROXY FORM EXTRAORDINARY GENERAL MEETING

\*I/We, \_\_\_\_\_ (Name) \*NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (address)

being a \*member/members of HALCYON AGRI CORPORATION LIMITED (the “**Company**”), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

\*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the extraordinary general meeting (the “**EGM**”), as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf, at the EGM to be held at RELC International Hotel, 30 Orange Grove Road (Off Orchard Road), Singapore 258352 on 2 June 2016 at 9.30 a.m. and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the EGM.

All resolutions put to vote at the EGM shall be decided by way of poll.

ORDINARY RESOLUTIONS		No. of votes for**	No. of votes against**
Resolution 1	To approve the proposed acquisition of all the issued and paid-up ordinary shares in the capital of GMG Global Ltd by way of a pre-conditional voluntary general offer		
Resolution 2	To approve the proposed acquisition of the natural rubber processing facilities and trading business from Sinochem International (Overseas) Pte. Ltd.		

*\*Delete accordingly*

*\*\*Please indicate the number of votes as appropriate*

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total Number of Shares held in:	
CDP Register	
Register of Members	

\_\_\_\_\_  
\*Signature(s) of member(s) or common seal of corporate shareholder

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**



**Notes:**

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend entitled to attend, speak and vote at the EGM in his stead.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. Relevant intermediary is either:
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
  - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and holds shares in that capacity; or
  - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company.
4. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the EGM.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.