

MANDATORY CONDITIONAL CASH OFFER

by

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,
SINGAPORE BRANCH**



(Australian Company No.:005357522)
(Incorporated in Australia)

for and on behalf of

SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD.

(Company Registration No.: 200305994Z)
(Incorporated in the Republic of Singapore)

a direct wholly-owned subsidiary of

SINOCHEM INTERNATIONAL CORPORATION

(Company Registration No.: 913100007109235395)
(Incorporated in the People's Republic of China)

to acquire all the issued and paid-up ordinary shares in the capital of

HALCYON AGRI CORPORATION LIMITED

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

other than those already owned, controlled or agreed to be acquired by
Sinochem International (Overseas) Pte. Ltd. and parties acting in concert with it

1. INTRODUCTION

Reference is made to the pre-conditional mandatory conditional cash offer announcement dated 28 March 2016 for HAC Shares by ANZ for and behalf of the Offeror ("**Pre-Con Announcement**") as well as the Offeror's announcement of 9 July 2016 on the satisfaction of all the Conditions Precedent to the Vendor SPAs.

Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the Pre-Con Announcement.

2. COMPLETION OF VENDORS SPAS

The Offeror has completed the acquisition of 180,439,576 HAC Shares, comprising approximately 30.07% of the total issued HAC Shares¹, under the Vendor SPAs.

¹ Unless otherwise stated, the total number of issued HAC Shares are based on 600,092,000 HAC Shares in issue (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on the date hereof).

The Offeror accordingly makes the HAC MGO pursuant to Rule 14 of the Code.

3. TERMS OF HAC MGO

Subject to the terms set out in the Offer Document, the HAC MGO is made on the following basis:

- (a) **Offer Price. S\$0.75 in cash per Offer Share**
- (b) **No Encumbrances.** The Offer Shares will be acquired:
 - (i) fully paid-up;
 - (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and
 - (iii) together with all rights, benefits and entitlements attached thereto as at the date of this announcement ("**Offer Announcement Date**") 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 Offer Announcement Date.

Accordingly, if any dividend, right and/or distribution ("Distribution") is declared, paid or made by HAC on or after the Offer Announcement Date, and:

- (i) **if the settlement date in respect of the Offer Shares accepted pursuant to HAC MGO falls on or before the books closure date for determination of entitlements to any Distribution ("Books Closure Date"), the Offeror will pay the relevant accepting HAC shareholders the Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of those Offer Shares from HAC; and**
 - (ii) **if the settlement date in respect of the Offer Shares accepted pursuant to the HAC MGO falls after the Books Closure Date, the amount of the Distribution in respect of such Offer Shares will be deducted from the Offer Price payable for such Offer Shares, as the Offeror will not receive the Distribution in respect of those Offer Shares from HAC.**
- (c) **Minimum Acceptance Condition.** The HAC MGO is solely conditional upon the Offeror having received, by the close of the HAC MGO, valid acceptances in respect of such number of Offer Shares which, when taken together with the HAC Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (collectively "**Offeror Concert Group**"), will result in the Offeror Concert Group holding such number of HAC Shares carrying more than 50% of the voting rights attributable to the issued HAC Shares (excluding any treasury HAC Shares) as at the close of the HAC MGO.

In view of the HAC MGO Undertakings, the Minimum Acceptance Condition is expected to be satisfied, and the HAC MGO to become unconditional.

4. FINANCIAL EVALUATION

The Offer Price represents the following premium over the historical transacted prices of the HAC Shares on the SGX-ST:

	Benchmark Price (S\$)	Premium over Benchmark Price %
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 Pre-Con Announcement	0.727	3.2
Last transacted price per HAC Share on 11 January 2016 ²	0.635	18.1
Last transacted price per HAC Share on 8 September 2015 ³	0.605	24.0
VWAP per HAC Share for the one month period up to and including 8 September 2015	0.491	52.6
VWAP per HAC Share for the three month period up to and including 8 September 2015	0.581	29.0
VWAP per HAC Share for the six month period up to and including 8 September 2015	0.692	8.3
VWAP per HAC Share for the twelve month period up to and including 8 September 2015	0.665	12.8

Source: Bloomberg L.P.

5. HAC MGO UNDERTAKINGS

The Undertaking Shareholders have undertaken that 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 the Offeror, 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 the Offeror Concert Group holding at least 53.98% of the total issued and paid-up share capital in HAC as at the close of the HAC MGO (which is equivalent to 323,939,576 HAC Shares, assuming that HAC did not issue any new HAC Shares from the Offer Announcement Date until the closing date of the HAC MGO).

Save as aforesaid, the Undertaking Shareholders shall not accept the HAC MGO in respect of any of their HAC Shares.

The HAC MGO Undertakings will terminate upon completion of the HAC MGO.

² 11 January 2016 was the last full market day before news articles were published asserting that HAC was in discussions with Sinochem on a potential transaction.

³ 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.

6. INFORMATION ON THE OFFEROR AND SINOCEM

6.1 The Offeror

The Offeror is a private limited company incorporated and domiciled in Singapore. The Offeror is a direct wholly-owned subsidiary of Sinochem, a company which is incorporated in the PRC and listed on the Shanghai Stock Exchange. The principal activities of the Offeror consist of both investment holding and the trading of plastics, chemicals, rubber, petrochemical, metallurgical and other products.

As at the Offer Announcement Date, the Offeror has an issued share capital of S\$268,040,902 comprising 268,040,902 issued ordinary shares.

6.2 Sinochem

Sinochem is a large state-owned holding company in the PRC, listed on the Shanghai Stock Exchange. It is a diversified international conglomerate which specialises in 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 Offer Announcement Date, Sinochem has an issued share capital of RMB 2,083,012,671, comprising 2,083,012,671 shares, of which 55.35% is held by Sinochem Corporation.

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

7. INFORMATION ON HAC

HAC is incorporated in Singapore and listed on the Main Board of the SGX-ST. It is a global natural rubber supply chain manager. HAC's business activities span the entire natural rubber supply chain and are organised around three key stages of activity: origination, production and distribution. HAC produces high quality natural rubber at its 14 processing facilities in Indonesia and Malaysia. 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 of America and Europe. HAC is one of the top five natural rubber companies globally, with a production capacity of 748,000 tonnes and a distribution capability in excess of one million tonnes.

Based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on the Offer Announcement Date, HAC has an issued and paid-up share capital of S\$210,039,652.40 comprising 600,092,000 issued HAC Shares.

Additional information on HAC can be found at its corporate website at <http://www.halcyonagri.com/>.

8. RATIONALE

8.1 Rationale

The Offeror believes that the Proposed Merger would be in the best interest of HAC for the following reasons:

(a) **The Proposed Merger is consistent with Sinochem's and HAC's strategy of establishing a leading global natural rubber supply chain manager**

The Proposed Merger would result in the combination of highly complementary assets under Sinochem and HAC with HAC becoming the flagship of Sinochem Group's natural rubber businesses. The combination of HAC, GMG and Sinochem's other non-listed natural rubber businesses through the Proposed Merger will form the world's leading natural rubber company and, in so doing, generate significant value creation opportunities for ongoing shareholders. This is consistent with Sinochem's business strategy to rationalise its existing natural rubber operations, increase shareholder value and build a leading global natural rubber supply chain platform.

(b) **The Proposed Merger significantly enhances the scale and market position of HAC in each segment of the natural rubber supply chain**

The Proposed Merger will create a world leading global natural rubber enterprise, with market leading competency in each part of the supply chain including plantation, processing and distribution.

In the upstream/plantations segment, the Proposed Merger will increase the total plantation land held by HAC by more than 26 times to in excess of 193,000 hectares and significantly increase the planted area held by HAC to in excess of 54,000 hectares.⁴

In the midstream/processing segment, the Proposed Merger will increase the total processing capacity of HAC by about 100% to approximately 1.5 million tonnes per annum, making HAC the world's leading producer of TSR in terms of production capacity.⁵

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

(c) **The Proposed Merger combines complementary business operations and expertise of Sinochem and HAC to realise potential synergies**

The Proposed Merger will add complementary business operations of GMG and the NR Assets as well as operating expertise to HAC. Sinochem, with 60 years of operating history in the natural rubber business, brings a wealth of expertise in the management of rubber plantations, operation of natural rubber processing facilities and distribution of natural rubber to customers. It is expected that, over time, there will be synergistic opportunities through common corporate infrastructure, sharing best practices and economies of scale.

⁴ Includes GMG's associate, SIAT S.A..

⁵ Includes GMG's associate, SIAT S.A..

(d) **The Proposed Merger broadens the geographic scope of HAC's operations and product offering**

HAC currently produces TSR of Indonesian and Malaysian origin for sale to its customers. The Proposed Merger would broaden HAC'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 HAC can produce. As a result, following completion of the Proposed Merger, HAC'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.

(e) **The Proposed Merger extends the distribution reach of HAC into the PRC**

The combined business will benefit from a significantly enhanced market presence in 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 consumption⁶. To date, only a relatively small portion of HAC's total sales volume has been attributed to PRC customers. The Proposed Merger extends HAC's distribution reach into the PRC, providing a comprehensive network of sales offices and an extensive customer base.

(f) **The Proposed Merger increases the vertical integration of HAC across the natural rubber supply chain**

The Proposed Merger will provide HAC 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 which aligns with their own sustainability and responsibility agendas.

(g) **Enhancement of the investment and credit profiles of HAC in the financial markets**

The Proposed Merger is expected to enhance the profile of HAC in the equity and debt capital markets with Chinese state-owned enterprise Sinochem becoming HAC's major shareholder, thus enabling a potential significant increase in the market capitalisation of HAC to become a sizeable listed natural rubber company. This would in turn, enable HAC to potentially attract more extensive research coverage and may possibly lead to an overall increase in investor interest and trading liquidity in the HAC Shares.

(h) **The Proposed Merger represents an efficient and fair basis upon which to combine the relevant assets of HAC, GMG and the NR Assets**

The proposed merger of HAC Group, GMG and Sinochem's other non-listed natural rubber businesses, will enable the combined businesses, as the enlarged HAC entity, to compete more advantageously with other international natural rubber players. The Proposed Transactions represent the most efficient and fair

⁶ Source: IRSG Rubber Statistical Bulletin Jan-Mar 2016.

basis upon which to combine the relevant assets of HAC, GMG and the NR Assets, and provide:

- certainty that Sinochem's natural rubber assets will substantially be controlled by HAC;
- certainty that the Offeror will be the controlling shareholder, owning in excess of 50.1% of the enlarged HAC entity;
- choice for HAC shareholders, to continue to remain as a shareholder of the enlarged HAC entity or to sell their HAC Shares for cash; and
- choice for GMG shareholders, to invest in the enlarged HAC entity by exchanging GMG shares into new HAC Shares or to continue to remain a shareholder of GMG (or to sell their GMG shares in the market for cash consideration).

8.2 Intention of the Offeror

Save in connection with the integration and consolidation of the businesses of HAC, GMG and the NR Assets, the Offeror currently has no intentions to (i) introduce any major changes to the existing business or management 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. The Offeror however retains the flexibility at any time to consider any options or opportunities in relation to HAC which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the HAC Group.

9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

It is the current intention of the Offeror to maintain the listing status of HAC on the SGX-ST following completion of the HAC MGO. However, in the event that the trading of the HAC Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror reserves the right to undertake or support any action as may be necessary for any such listing suspension by the SGX-ST to be lifted.

9.2 Compulsory Acquisition

As the Undertaking Shareholders will not accept the HAC MGO in respect of their HAC Shares (except in limited circumstances as set out in Section 5 above), it is envisaged that the Offeror would not become entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act pursuant to acceptances of the HAC MGO.

10. CONFIRMATION OF FINANCIAL RESOURCES

ANZ, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the HAC MGO, taking into account the HAC MGO Undertaking.

11. OFFER DOCUMENT

The Offer Document will be despatched to HAC shareholders not later than 21 days from the Offer Announcement Date.

HAC Shareholders are advised to exercise caution when dealing in their HAC Shares, pending receipt of the Offer Document.

12. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

12.1 Holdings and Dealings

Based on the latest information available to the Offeror, and save for the acquisitions under the Vendor SPAs, none of the Offeror and parties acting in concert with it (including the directors of the Offeror and Sinochem, as well as ANZ) (collectively "**Relevant Persons**") (i) owns, controls or has agreed to acquire any HAC Securities or (ii) has dealt for value in HAC Securities during the six-month period immediately preceding the date of the Pre-Con Announcement and ending on the date of this announcement ("**Reference Period**").

12.2 Other Arrangements

As at the Offer Announcement Date and based on the latest information available to the Offeror, save as disclosed in this announcement, none of the Relevant Persons has:

- (a) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to HAC Securities which might be material to the HAC MGO;
- (b) granted any security interest relating to any HAC Securities to another person, whether through a charge, pledge or otherwise;
- (c) borrowed any HAC Securities from another person (excluding borrowed HAC Securities which have been on-lent or sold); or
- (d) lent any HAC Securities to another person.

As at the date of this announcement, the Offeror is in negotiations with a PRC-based equity fund on the terms of its potential participation in HAC. In the event this materialises, it is envisaged that the Offeror will issue up to US\$90 million exchangeable bonds to the participating equity fund which are exchangeable by the Offeror into HAC Shares at an exchange price per HAC Share equivalent to the Offer Price, and on such exchange occurring, the Offeror will continue to be the majority shareholder of HAC and hold not less than 50% of the entire issued HAC Shares subsequent to completion of the Proposed Merger. The Offeror and the participating equity fund will also enter into a shareholders' agreement to regulate their rights and obligations as shareholders of HAC (including but not limited to any moratorium or other obligations under the Listing Manual). As negotiations are ongoing, no definitive agreement(s) have yet been signed. In the event there are subsequent developments hereafter arising from such negotiations, the Offeror will make the necessary announcement(s) to update HAC shareholders.

12.3 No Irrevocable Undertakings

As at the Offer Announcement Date and based on the latest information available to the Offeror, save as disclosed in this announcement, none of the Relevant Persons has received any irrevocable undertaking from any party to accept or reject the HAC MGO.

13. OVERSEAS HAC SHAREHOLDERS

13.1 Overseas Jurisdictions

This announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The HAC MGO will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the HAC MGO, including details of how the HAC MGO may be accepted.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this announcement and any formal documentation relating to the HAC MGO are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the HAC MGO would violate the law of any Restricted Jurisdiction and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The HAC MGO (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the HAC MGO will not be capable of acceptance by any such use, means, instrumentality or facilities.

13.2 Overseas HAC Shareholders

The availability of the HAC MGO to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. Further details in relation to Overseas Shareholders will be contained in the Offer Document.

14. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or publicly available sources (including, without limitation, in relation to the HAC Group), the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

Issued by

Australia and New Zealand Banking Group Limited, Singapore Branch

For and on behalf of

Sinochem International (Overseas) Pte. Ltd.

18 July 2016

Any enquiries relating to this announcement or the Offer should be directed to the following:

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