

# HALCYON AGRI CORPORATION LIMITED

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

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## PROPOSED DISPOSAL OF ALL INTEREST IN SIAT S.A. BY GMG GLOBAL LTD - WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL

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*Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Company's announcement dated 25 December 2016 relating to the Proposed Disposal (the "Announcement").*

### 1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Halcyon Agri Corporation Limited ("**HAC**" or the "**Company**", and together with its subsidiaries, the "**Group**") refers to Announcement on the proposed disposal of 9,348 ordinary shares (representing 35% of the issued and paid-up capital) (the "**Sale Shares**") in SIAT S.A. ("**SIAT**") by the Company's wholly-owned subsidiary, GMG Global Ltd ("**GMG**") to Fimave SA/NV (the "**Proposed Disposal**").
- 1.2 As disclosed in the Announcement, the Company will seek clarity from and apply to SGX-ST, for waiver to hold an extraordinary general meeting ("**EGM**") to seek shareholders' approval for the Proposed Disposal.

### 2. WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL

- 2.1 An application was made on 6 January 2017 to the SGX-ST (followed by subsequent correspondences thereafter) for a waiver with regard to the compliance with Listing Rule 1014(2) for the requirement to seek approval from the Company's shareholders (the "**Shareholders**") for the Proposed Disposal (the "**Waiver**").
- 2.2 In its letter dated 6 February 2017, the SGX-ST informed the Company that based on the Company's submission and representations to the SGX-ST, it has no objection to the Company's application for Waiver, subject to the following:
- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
  - (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the constitution of the Company (the "**Confirmation**"); and
  - (c) confirmation that none of the Company's directors and/or controlling shareholders has any interest in the Proposed Disposal.

- 2.3 The bases for the Company's application for Waiver are as follows:

#### 2.3.1 The Sale Shares are a non-core asset

The Group (i) does not own management control or operational influence over SIAT and (ii) has no ability to participate in the direction of SIAT, as the business is managed by Fimave SA/NV, the purchaser. The Proposed Disposal will allow the Company to streamline its business and activities across the Group, in line with its efforts to drive efficiency, performance and profitability in the Group's business, following the completion of the acquisition of GMG and certain natural rubber assets of the Sinochem Group in the fourth quarter of 2016.

The Sale Shares were originally acquired by GMG in July 2012 and do not constitute a core asset of the post-consolidated Group. Based on the information available to the Company, rubber business constitutes no more than 30% of SIAT's activities. Accordingly, the disposal of the Sale Shares will not affect the nature of the Group's core business, and is not expected to have a significant effect on the operating performance of the Company.

### **2.3.2 Gains on Proposed Disposal**

Based on the GMG group's unaudited consolidated financial statements for 9M2016, the book value of the Sale Shares is approximately US\$201.7 million. Accordingly, the Group expects to realise a gain of approximately US\$14.2 million in respect of the Proposed Disposal.

The proceeds from the Proposed Disposal are intended to be used for working capital and/or strategic purposes. This would further strengthen the Group's balance sheet, enhance the Group's financial flexibility and facilitate any plan(s) by the Group to enhance shareholder value.

### **2.3.3 The Sale Shares is a loss-making asset**

The Sale Shares were acquired by GMG with expectation that it would create long-term value and bring synergistic effect to its existing assets and operations. However, the investment turned in dismal results and that the expected contributions from the Sale Shares did not materialise.

Between the period from July 2012 to 30 September 2016, the accumulated losses incurred by SIAT which has been equity accounted in GMG's accounts (being 35% thereof) amounted to approximately US\$28.6 million.

Accordingly, the Shareholders are unlikely to be overly concerned about the Proposed Disposal given that the Sale Shares is a loss-making asset.

### **2.3.4 No material change in the risk profile of the Group**

The Board believes that the Proposed Disposal will not result in a material change in the risk profile of the Group as:

- (a) the disposal of such a non-core asset is not expected to have a significant effect on the existing operations of the Company; and
- (b) the Proposed Disposal will not have a significant adverse impact on the Group's earnings and working capital.

Therefore, it is reasonable to expect the Shareholders not to be overly concerned with the Proposed Disposal which would not change the nature of the Group's core activities or risk profile.

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

2.5 Pursuant to the condition for the Waiver as set out in paragraph 2.2(b) above, the Company will submit the Confirmation to SGX-ST in due course.

### **3. NO CONVENING OF EGM**

As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an EGM to seek Shareholders' approval for the Proposed Disposal and accordingly, will not be dispatching a circular to Shareholders in relation thereto.

### **4. FURTHER INFORMATION**

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

### **5. CAUTIONARY STATEMENT**

Shareholders and potential investors should exercise caution when trading in the Company's securities, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

By Order of the Board

Pascal Demierre  
Executive Director  
7 February 2017

#### *Forward-Looking Statements*

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