

HALCYON AGRI CORPORATION LIMITED

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

S\$125,000,000 6.50 PER CENT. NOTES DUE 2019 (ISIN: SG6SC1000002) COMPRISED IN SERIES 001 (THE "SERIES 001 NOTES") ISSUED BY HALCYON AGRI CORPORATION LIMITED (THE "COMPANY") PURSUANT TO ITS S\$300,000,000 MULTICURRENCY DEBT ISSUANCE PROGRAMME (THE "PROGRAMME") ESTABLISHED ON 25 APRIL 2014

THIS NOTICE IS FOR THE ATTENTION OF THE NOTEHOLDERS (AS DEFINED BELOW). SHAREHOLDERS OF THE COMPANY WHO ARE NOT OTHERWISE NOTEHOLDERS WILL NOT BE ELIGIBLE TO ATTEND OR VOTE AT THE MEETING OF THE NOTEHOLDERS EITHER IN PERSON OR BY PROXY.

Commencement of consent solicitation process by the Company in connection with the Series 001 Notes

Reference is made to:

- (a) the Series 001 Notes; and
- (b) the trust deed dated 25 April 2014 (the "**Trust Deed**") made between (1) the Company, as issuer, and (2) DBS Trustee Limited, as trustee (the "**Trustee**"), as supplemented by a supplemental trust deed dated 19 January 2015 made between the same parties, constituting the Series 001 Notes.

In this announcement, unless there is something in the subject or context inconsistent therewith:

"**business day**" means a day (other than a Saturday, a Sunday or gazetted public holiday) on which CDP and commercial banks are open for general business in Singapore;

"**CDP**" means The Central Depository (Pte) Limited;

"**China**" means The People's Republic of China, excluding Taiwan and the Special Administrative Regions of Hong Kong and Macau;

"**Change of Control**" means any change in shareholding of the Company resulting in Sinochem Group or any of its subsidiaries owning (whether directly or indirectly) 50.1 per cent. (in aggregate) or more of the issued share capital of the Company and the Company becoming a subsidiary of Sinochem Group;

"**Conditions**" means the terms and conditions of the Series 001 Notes contained in Part III of Schedule 1 to the Trust Deed, as the same may be modified in accordance with the terms of the Trust Deed;

“Consent Solicitation Statement” means the consent solicitation statement dated 5 April 2016 prepared by the Company in relation to the Consent Solicitation and delivered to the holders of the Series 001 Notes;

“Determination Date” means the date on which a compliance certificate is or should have been delivered by the Company pursuant to Clause 16.9 of the Trust Deed;

“Direct Participant” means each person who is shown in the records of CDP as a holder of the Series 001 Notes;

“GAAP” means Singapore Financial Reporting Standards as in effect from time to time;

“GMG” means GMG Global Ltd;

“Group” mean the Company and its subsidiaries and **“member of the Group”** shall be construed accordingly;

“Guarantee” means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness,

and **“Guaranteed”** shall be construed accordingly;

“HAC Shares” means the issued and paid-up ordinary share capital of the Company, and each a **“HAC Share”**;

“Indebtedness” means with respect to a Person at any date of determination, any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, except Trade Payables;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (i) any amount raised by the issue of redeemable shares;
- (j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance, except Trade Payables;
- (k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above; and
- (l) (without double counting) any indebtedness referred to in paragraphs (a) to (j) above of other Persons secured by Security Interest upon any assets of the Person to which this definition is being applied, *provided* that the amount of such Indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination and (ii) the amount of such indebtedness;

“Interest Payment Date” means 31 January and 31 July of each year;

“Letter of Support” means the letter of support from SIC to the Trustee and the Noteholders (as set out in the section in the Consent Solicitation Statement entitled “Form of Letter of Support”);

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“Proposed Acquisition” means the proposed mandatory conditional cash offer 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;

“Relevant Indebtedness” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“Series 001 Trust Account” means in relation to the Series 001 Notes, the trust account to be opened and maintained by the Trustee and into which moneys are deposited in accordance with the Trust Deed, and any reference to the Series 001 Trust Account shall also include any other trust account or trust accounts which replace(s) or is/are a substitute for such Series 001 Trust Account.

“**SIC**” mean Sinochem International Corporation;

“**SIO**” means Sinochem International (Overseas) Pte. Ltd., a wholly-owned subsidiary of SIC;

“**subsidiary**” means any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore) of the Company; and

“**Trade Payables**” means with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the Consent Solicitation Statement issued by the Company.

The Company wishes to announce that it has today commenced a consent solicitation process to seek the approval of the holders (the “**Noteholders**”) of the Series 001 Notes (the “**Consent Solicitation**”), by way of extraordinary resolution to, *inter alia*, only in respect of the Series 001 Notes:

- (a) a suspension of the financial covenants in the Trust Deed and the Series 001 Notes from the financial quarter ended 31 March 2016 up to 31 July 2017 and in this regard, a waiver of any non-compliance or potential non-compliance with Clause 7.2 of the Trust Deed and Condition 4(b) of the Series 001 Notes in respect of the financial quarter ended 31 March 2016. These financial covenants will be restored on 1 August 2017, or earlier if (i) the Proposed Acquisition is aborted, or (ii) a Change of Control fails to occur on or before 31 December 2016;
- (b) if a Change of Control occurs on or before 31 December 2016, the following will take place on the date that such Change of Control occurs:
 - (i) the Company will covenant that it will procure that Sinochem Group or any of its subsidiaries shall at all times own (whether directly or indirectly) not less than 50.1 per cent. (in aggregate) of the total issued voting share capital of the Company;
 - (ii) the Company will ensure that SIC delivers the duly signed Letter of Support to the Trustee and the Noteholders on the date on which the Change of Control occurs;
 - (iii) the negative pledge in the Trust Deed will be substituted with one which provides, *inter alia*, that the Company and its subsidiaries shall not create any Security Interest on any of its assets to secure any Relevant Indebtedness or any Guarantee of Relevant Indebtedness unless (A) the Series 001 Notes are secured equally and rateably by the same Security Interest or (B) the Company provides such other security for the Series 001 Notes as the Noteholders may agree;

- (c) if the Proposed Acquisition is aborted, the financial covenants will be restored on the date on which an announcement is made that the Proposed Acquisition is not to be proceeded with for any reason or if the Change of Control fails to occur on or before 31 December 2016, the financial covenants will be restored on and from 1 January 2017; and
- (d) If the Proposed Acquisition is not completed by the dates specified below, the Company will provide further assurance to the Noteholders by depositing sums into the Series 001 Trust Account in aggregate equal to the interest due on the Series 001 Notes for up to two interest periods on the terms below.

For the avoidance of doubt, amounts deposited in each of the scenarios listed below will be deposited cumulatively.

Date of deposit	Amount deposited (as a multiple of the number of Interest Periods)	Condition for deposit	Application of moneys
Within three business days of 31 July 2016	One	(i) No Change of Control takes place by 31 July 2016, and (ii) the Company has not made an announcement that the Proposed Acquisition is not to be proceeded with for any reason.	The Trustee will apply moneys from the Series 001 Trust Account: <ul style="list-style-type: none"> (a) on an Interest Payment Date after a Change of Control occurs; or (b) if an announcement is made that the Proposed Acquisition is not to be proceeded with for any reason, on an Interest Payment Date following the Determination Date in respect of the financial quarter during which such announcement was made, or any subsequent financial quarter, provided that the Company has delivered to the Trustee a compliance certificate in respect of the most recent financial quarter confirming compliance with the financial covenants;
Within three business days of 30 September 2016	One	(i) No Change of Control takes place by 30 September 2016, and (ii) the Company has not made an announcement that the Proposed Acquisition is not to be proceeded with for any reason.	<ul style="list-style-type: none"> (c) if no Change of Control has occurred on or before 31 December 2016, on an Interest Payment Date following the Determination Date in respect of the financial quarter ending on 31 March

Date of deposit	Amount deposited (as a multiple of the number of Interest Periods)	Condition for deposit	Application of moneys
			<p>2017, or any subsequent financial quarter, provided that the Company has delivered to the Trustee a compliance certificate in respect of the most recent financial quarter confirming compliance with the financial covenants; or</p> <p>(d) on any date after the Series 001 Notes have become due and payable,</p> <p>in each case, solely towards payment of amounts due on the Series 001 Notes on such Interest Payment Date.</p>

Background to the Consent Solicitation

A. The Proposed Acquisition

On 28 March 2016, the Company announced that it and certain of its shareholders have entered into agreements with SIO (a wholly-owned subsidiary of SIC) to give effect to the following transactions subject to the satisfaction of certain conditions:

- (a) SIO making a mandatory general offer pursuant to the Singapore Code on Take-overs and Mergers (the "**Code**") to all the shareholders of the Company for all the the Company Shares (other than those already owned, controlled or agreed to be acquired by SIO and parties acting in concert with SIO) (i.e. the "**Proposed Acquisition**");
- (b) the Company making a voluntary general offer pursuant to the Code to all the shareholders of GMG for all the issued and paid-up ordinary shares in the capital of GMG (other than those already owned, controlled or agreed to be acquired by the Company and parties acting in concert with the Company) (the "**GMG VGO**"); and
- (c) the Company acquiring from SIO the natural rubber processing facilities and trading businesses (collectively, the "**NR Assets**") from SIO (the "**NR Assets Acquisition**"),

together, the "**Proposed Transactions**".

SIO is a direct wholly-owned subsidiary of SIC, a company incorporated in China and listed on the Shanghai Stock Exchange. The Proposed Transactions, once completed, would result in the combination of highly complementary assets under the Company, creating 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.

Upon completion of the Proposed Acquisition, SIC, through SIO, would become the majority shareholder in the Company, thereby making the Company a subsidiary of Sinochem Group, and a Change of Control would have occurred. Upon completion of the Proposed Transactions, Sinochem Group and parties acting in concert with it will own (directly or indirectly) at least 60% of the Company's enlarged share capital, and the Company will own:

- (i) at least 51.12% of the voting rights attributable to the total issued and paid-up share capital of GMG (excluding treasury shares); and
- (ii) the NR Assets.

The Proposed Transactions are expected to complete in the third quarter of 2016.

B. Rationale for the Proposal

- ***Suspension of financial covenants***

The Proposed Acquisition is subject to certain conditions precedent, including the Company obtaining a waiver from the Noteholders in relation to compliance with the financial covenants stipulated in the Trust Deed and the Series 001 Notes for the period up to 31 July 2017 (including for the financial quarter ended 31 March 2016). Even though the Company is seeking a waiver from compliance with the financial covenants, it believes that it has sufficient cash flow to continue servicing payments on the Series 001 Notes.

The rationale for the GMG VGO and the NR Assets Acquisition is set out in the Company's announcement dated 28 March 2016 (the "**Transactions Announcement**").

The Company believes that continued compliance with the financial covenants starting from 1 August 2017 would allow the Company to facilitate the integration of GMG and the NR Assets with the Group during the period of suspension of the financial covenants and reflect more meaningfully its business operations following the completion of the Proposed Transactions as by this time, more than six months of operations with GMG and the NR Assets would have been captured in the Company's consolidated accounts.

In order to provide assurance to Noteholders prior to the occurrence of the Change of Control, the Company will deposit certain amounts into a trust account (opened in the name of the Trustee and held on trust for the Noteholders) to be applied by the Trustee towards payment on amounts due on the Series 001 Notes.

Further, in light of the Proposed Transactions (which would result in a Change of Control) and in consideration of the Noteholders agreeing to a suspension of the financial covenants as specified in "Terms of the Proposal" below, the Company will ensure that SIC will give the Letter of Support (in the form set out in the section hereof entitled "Form of Letter of Support") to the Trustee and the Noteholders when the Change of Control occurs and that Sinochem Group or any of its subsidiaries shall at all times own (whether directly or indirectly) not less than 50.1 per cent. (in aggregate) of the total issued voting share capital of the Company.

As at the date of this Consent Solicitation Statement, the Group is in the process of preparing its financial statements for the financial quarter ended 31 March 2016 and the results in respect of such financial quarter are not yet available.

- ***Substitution of negative pledge***

After the Change of Control occurs, the Company proposes to substitute the existing negative pledge applicable to the Series 001 Notes with a Euro-market version which is more in line with the negative pledge provisions of the debt securities of Sinochem Group or its subsidiaries.

Further details of the Proposal are set out in “Terms of the Proposal” in the Consent Solicitation Statement.

DBS Bank Ltd. has been appointed as the solicitation agent in connection with the Consent Solicitation. For further details on the Consent Solicitation, Noteholders are advised to refer to the notice of meeting published in *The Business Times* and announced via SGXNET on 5 April 2016.

A copy of the Consent Solicitation Statement will be mailed to the Direct Participants with an address in Singapore. In order to avoid any violation of laws applicable in countries other than Singapore, the Consent Solicitation Statement has not been and will not be mailed to Noteholders who do not presently have an address in Singapore (“**Foreign Noteholders**”). Foreign Noteholders who wish to obtain a copy of the Consent Solicitation Statement should provide in writing such address in Singapore to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent in connection with the Consent Solicitation, not later than five business days before the Expiration Time (as defined in the Consent Solicitation Statement).

In addition, Noteholders may collect copies of the Consent Solicitation Statement from the office of Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent in connection with the Consent Solicitation, at 80 Robinson Road, #11-02, Singapore 068898 from 5 April 2016, between 9.00 a.m. to 6.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 10.00 a.m. (Singapore time) on 25 April 2016.

By Order of the Board
Halcyon Agri Corporation Limited

Pascal Demierre
Executive Director
5 April 2016

NOTE: this announcement does not constitute an invitation to participate in the Consent Solicitation. No offer or invitation to issue or redeem any securities is being made pursuant to this release. This announcement must be read in conjunction with the Consent Solicitation Statement. This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Company or any other entity.