

# HALCYON AGRI CORPORATION LIMITED

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

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## (1) PROPOSED ISSUANCE OF GUARANTEED PERPETUAL SECURITIES (2) UPDATES ON THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

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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 announcements of the Company dated 22 June 2020 and 8 July 2020 (the “Announcements”) in relation to the Rights Issue.*

### 1. DEVELOPMENTS SUBSEQUENT TO THE ANNOUNCEMENTS

- 1.1 The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Announcements relating to the proposed rights issue on the basis of one (1) Rights Share for every two (2) Shares, at an issue price of S\$0.22 for each Rights Share (the “**Issue Price**”).
- 1.2 In light of the recent share price movements and in consideration of current market conditions, the Company has been exploring various means of alternative equity fundraising options which are more suitable under the prevailing circumstances.
- 1.3 On 27 August 2020, Sinochem International Corporation (“**SIC**”) notified the Company that SIC’s board of directors has passed a resolution to approve the provision of a corporate guarantee (the “**SIC Guarantee**”) to support the issuance of perpetual securities of up to US\$200 million (the “**Guaranteed Perpetual Securities**”) by the Company. Sinochem International (Overseas) Pte. Ltd. (“**SIO**”) <sup>1</sup>, the Company’s major shareholder, is wholly-owned by SIC.
- 1.4 Taking into account the indications of support from SIO and SIC as well as the advice from professional financial advisers, the Board views the issuance of Guaranteed Perpetual Securities as a viable alternative funding solution in terms of quantum of proceeds and its equity-like features.
- 1.5 It should be noted that:
- (a) it is not customary practice for SIC to provide a guarantee to its subsidiaries that are not wholly-owned, and SIC’s willingness to provide such corporate guarantee to the Company demonstrates its strong support as the indirect major shareholder of the Company; and
  - (b) the provision of the SIC Guarantee is subject to the approval of SIC’s shareholders which will be sought at an extraordinary general meeting to be held on 14 September 2020 (the “**SIC Shareholders’ Approval**”).

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<sup>1</sup> SIO has an interest in an aggregate of 877,056,655 Shares, representing approximately 54.99% of the total number of issued Shares, and is 100% wholly-owned by SIC. SIC is a public company listed on the Shanghai Stock Exchange, which is 54.28% indirectly owned by 中国中化集团公司 (also known as Sinochem Group), a key state-owned enterprise of the People’s Republic of China.

## **2. PROPOSED ISSUANCE OF GUARANTEED PERPETUAL SECURITIES**

2.1 The Board is of the view that the issuance of Guaranteed Perpetual Securities would be beneficial to the Company and its Shareholders and is a more suitable funding option, for the following reasons:

- (a) The estimated net proceeds from the issuance of the Guaranteed Perpetual Securities would be greater than the estimated net proceeds of the Rights Issue of US\$125.4 million<sup>2</sup>, after deducting estimated expenses. The additional proceeds would enable the Company to better achieve the stated rationale of the Rights Issue, i.e. (i) to enhance the Group's financial position by adding liquidity, augmenting its capital base thus reducing the Group's overall gearing; and (ii) provide the Group with greater financial capability and flexibility to capitalise on any investment opportunities in a timely manner as and when such opportunities arise.
- (b) The SIC Guarantee enhances the marketability of the Guaranteed Perpetual Securities with institutional investors. Hence, there is better certainty on the amount of proceeds that can be raised through the issuance of Guaranteed Perpetual Securities, compared to the Rights Issue as the Issue Price may not be attractive to investors based on current market environment.
- (c) Unlike the Rights Issue, the issuance of Guaranteed Perpetual Securities will not lead to the dilution of minority holdings.

2.2 As at the date of this announcement, the Company is reviewing the indicative terms of the Guaranteed Perpetual Securities received from the financial institutions and that its principal terms and conditions have not been finalised.

## **3. UPDATES TO THE RIGHTS ISSUE**

3.1 Having due regard to the considerations as set out in section 2.1 above and subject to the SIC Shareholders' Approval being obtained by SIC, the Company now views the issuance of Guaranteed Perpetual Securities as a more optimal and equitable form of fundraising as compared with the Rights Issue.

3.2 The Company will make further announcement(s) on SGXNET as and when there are material developments to the Rights Issue and the proposed issuance of the Guaranteed Perpetual Securities.

## **4. CAUTIONARY STATEMENT**

In the meantime, Shareholders and potential investors should take note that there is no assurance that the SIC Shareholders' Approval will be obtained and that the issuance of Guaranteed Perpetual Securities detailed above will proceed or be completed successfully. Shareholders and potential investors should therefore 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

Liew Guat Yi  
Company Secretary  
28 August 2020

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<sup>2</sup> On the assumption that the Rights Issue is fully subscribed.