



GMG GLOBAL LTD

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For more information, please contact:

August Consulting Pte Ltd

Karen TING, karenting@august.com.sg

Serene CHIA, serenechia@august.com.sg

Tel: (65) 6733 8873 Fax: (65) 6733 9913

GMG achieves growth in tonnage sold in 1Q2016

Financial Highlights	3 months ended 31 March 16 (1Q2016)	3 months ended 31 March 15 (1Q2015)	Change
	<i>S\$mil</i>	<i>S\$mil</i>	<i>%</i>
Revenue	124.2	150.7	(17.6)
Gross Profit	6.8	17.2	(60.7)
Gross Profit Margin (%)	5.4	11.4	
Other operating (expenses)/gain	(0.2)	2.5	nm
Share of profit/(loss) of associates	0.5	(0.5)	nm
FOREX adjustment gain/(loss)	1.9	(1.8)	nm
Net Profit/ (Loss) attributable to shareholders	(3.5)	2.7	nm

n.m. – not meaningful

SINGAPORE – 28 April 2016 – Mainboard-listed **GMG Global Ltd** (“**GMG**” or “**the Group**”), a vertically-integrated producer of natural rubber engaged in the planting, cultivating, tapping, processing, marketing and exporting of natural rubber, posted a revenue of S\$124.2 million for the three months ended 31 March 2016 (“1Q2016”) compared to S\$150.7 million last year (“1Q2015”).

This decline in revenue stemmed from rubber selling prices which were 19% lower at S\$1,650 per ton in 1Q2016, compared to S\$2,041 per ton in 1Q2015. This was partially offset by higher tonnage sold for the same period (1Q2016: 75,248 tons; 1Q2015: 73,860 tons), and favourable exchange translation rate.

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(subsidiary of Sinochem International)

Reg No.:199904244E

8 Marina View #34-05, Asia Square Tower 1 Singapore 018960

Tel: (65) 6220 8638 | Fax: (65) 6323 0737 | Website: www.gmg.sg

Gross profit margin for 1Q2016 was lower at 5.4% as a result of lower selling price. Accordingly, gross profit of S\$6.8 million was achieved (1Q2015: S\$17.2 million).

For the period under review, administrative expenses were reduced to S\$9.8 million in 1Q2016, from S\$10.5 million in 1Q2015 as a result of the Group's continued cost cutting measures.

A change in methodology of fair valuation of consumable biological assets and a reversal of stock provision saw other operating expenses of S\$0.2 million in 1Q2016, compared to a gain of S\$2.5 million in 1Q2015.

On the back of improved palm oil prices, the Group's 35%-owned associate, SIAT SA, made a profit of S\$0.5 million in 1Q2016 compared to a loss of S\$0.5 million a year ago.

Consequently, at the post-tax level, the Group posted a net attributable loss of S\$5.6 million for 1Q2016 versus a net attributable profit of S\$2.8 million for 1Q2015.

Steady Financial Position

As at 31 March 2016, the Group's total assets increased by 2.5% to S\$1,041.6 million, with plantation assets increasing by 1.6% to S\$333.4 million. The Group's balance sheet remained healthy with a low net gearing ratio of 0.34 times.

Business Outlook

In March 2016, the price of rubber was averaging US\$1,428 per ton which GMG expects to stay range-bound at current levels, barring unforeseen circumstances.

"Our performance is highly dependent on the price of natural rubber and FOREX changes as well as climatic changes. Notwithstanding, our continued focus will be to increase sales volume as well as sales premium while managing our costs and improving on productivity to improve performance. At the same time, we will also strengthen and enhance our risk



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management to manage our exposure to foreign exchange and commodity price risks,” said Mr Li Xuetao (李雪涛), GMG’s Chief Executive Officer.

On 28 March 2016, Deutsche Bank AG, Singapore Branch had, for and on behalf of Halycon Agri Corporation Limited (the "Offeror") announced that, subject to the fulfilment or waiver of certain pre-conditions, the Offeror will make a voluntary conditional offer (the "Pre-Conditional VGO") for all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it.

The Board of Directors of the Company will, in due course, appoint an independent financial adviser to advise the directors who are considered independent for the purposes of the Pre-Conditional VGO (the "Independent Directors"). If and when the Offeror announces a formal offer for the Company (after fulfilment or waiver of the pre-conditions to the Pre-Conditional VGO), a circular containing the advice of the independent financial adviser and the recommendation of the Independent Directors will be despatched to the shareholders of the Company.

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ABOUT GMG GLOBAL LTD

Listed on the Mainboard of the Singapore Exchange, 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, 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 tons. GMG’s customers include some of the world’s top 10 tyre manufacturers who use the Group’s primary tyre-grade rubber to produce tyres for industrial vehicles. With values firmly rooted in sustainability practices and corporate citizenship, we are committed to constant engagement with stakeholders to create mutually beneficial relationships.

GMG is a subsidiary of China’s Sinochem International Corporation (“Sinochem International”) which is listed on the Shanghai Stock Exchange. Sinochem International is a diversified international conglomerate which specialises in trading, manufacturing and transportation of chemicals (including agricultural and horticultural), plastics, rubber, and

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metallurgy products. Sinochem International is the top distributor and one of the largest producers of natural rubber in China. *For more information please visit GMG's website at: www.gmg.sg.*

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