

CIRCULAR DATED 25 JULY 2016

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE NON-INTERESTED DIRECTORS (AS DEFINED HEREIN) OF HALCYON AGRI CORPORATION LIMITED (“HAC” OR THE “COMPANY”) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up shares in the capital of the Company, you should immediately forward this Circular to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



HALCYON AGRI CORPORATION LIMITED

(Company Registration Number: 200504595D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

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

Independent Financial Adviser to the Non-Interested Directors



XANDAR CAPITAL PTE. LTD.

SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 22 AUGUST 2016 (“CLOSING DATE”). THE OFFEROR HAS STATED IN THE OFFER DOCUMENT THAT THE OFFER WILL CLOSE ON THE CLOSING DATE AND WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE AND THAT THE TERMS OF THE OFFER WILL NOT BE REVISED.

TABLE OF CONTENTS

DEFINITIONS.....	3
SUMMARY TIMETABLE	8
LETTER TO SHAREHOLDERS.....	9
1. INTRODUCTION.....	9
2. THE OFFER.....	10
3. IRREVOCABLE UNDERTAKINGS FROM THE UNDERTAKING SHAREHOLDERS ...	12
4. INFORMATION ON THE OFFEROR AND SINOCEM.....	12
5. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTION RELATING TO THE COMPANY	15
6. LISTING STATUS AND COMPULSORY ACQUISITION	17
7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER	18
8. RECOMMENDATIONS OF THE NON-INTERESTED DIRECTORS.....	20
9. ACTIONS TO BE TAKEN BY SHAREHOLDERS	21
10. OVERSEAS SHAREHOLDERS AND CPFIS INVESTORS.....	21
11. RESPONSIBILITY STATEMENT OF THE DIRECTORS.....	23
12. ADDITIONAL GENERAL INFORMATION	23
APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS	24
APPENDIX B – ADDITIONAL GENERAL INFORMATION	53
1. DIRECTORS	53
2. BACKGROUND AND PRINCIPAL ACTIVITIES	53
3. SHARE CAPITAL	53
4. DISCLOSURE OF INTERESTS	54
5. OTHER DISCLOSURES.....	55
6. FINANCIAL INFORMATION OF THE HAC GROUP.....	57
7. MATERIAL CHANGES IN FINANCIAL POSITION	59
8. SIGNIFICANT ACCOUNTING POLICIES.....	59
9. CHANGES IN ACCOUNTING POLICIES	59
10. MATERIAL CONTRACTS WITH INTERESTED PERSONS.....	59
11. MATERIAL LITIGATION.....	60
12. GENERAL.....	60
13. DOCUMENTS AVAILABLE FOR INSPECTION	60
APPENDIX C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	62
APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY	80

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“Act”	:	The Companies Act, Chapter 50 of Singapore
“Angsana”	:	Angsana Capital Ltd., a company incorporated in the British Virgin Islands, which is wholly-owned by Robert Meyer through Keystone
“ANZ”	:	The Australia and New Zealand Banking Group Limited, Singapore Branch, being the financial adviser to the Offeror
“Books Closure Date”	:	Books closure date for determination of entitlements to any Distribution
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 25 July 2016 issued by the Company to the Shareholders containing the recommendations of the Non-Interested Directors and the advice of the IFA to the Non-Interested Directors in relation to the Offer
“Closing Date”	:	5:30 p.m. (Singapore time) on 22 August 2016, being the closing time and date for lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Company” or “HAC”	:	Halcyon Agri Corporation Limited
“Completion”	:	Completion under the Vendor SPAs
“Directors”	:	The directors of the Company for the time being
“Distribution”	:	Any dividend, rights and/or distribution
“Encumbrance”	:	Any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever
“FAA”	:	The Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose HAC Shares are deposited with CDP
“FAT”	:	The Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose HAC Shares are not deposited with CDP
“Formal Offer Announcement”	:	The formal offer announcement dated 18 July 2016 made by ANZ, for and on behalf the Offeror confirming its firm intention to undertake the Offer
“FY”	:	The financial year ended, or as the case may be, ending 31 December

DEFINITIONS

“GMG”	:	GMG Global Ltd, a company incorporated in Singapore whose shares are listed on the Mainboard of the SGX-ST, and which is a subsidiary of the Offeror
“GMG VGO”	:	The voluntary general offer to be made by the Company for all the shares of GMG other than those already owned, controlled or agreed to be acquired by the Company and parties acting in concert with the Company, on the terms set out in the Implementation Agreement and in accordance with Rule 15 of the Code
“HAC Group”	:	The Company and its subsidiaries
“HAC Shares”	:	The ordinary shares in the total issued and paid-up share capital of the Company. Unless otherwise stated, references in this Circular to the HAC Shares are based on total number of issued and paid-up ordinary shares of 600,092,000 HAC Shares as at the Latest Practicable Date
“IFA”, “Independent Financial Adviser” or “Xandar”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in respect of the Offer
“IFA Letter”	:	The letter dated 25 July 2016 issued by the IFA to the Non-Interested Directors containing the advice of the IFA in respect of the Offer, as reproduced in Appendix A to this Circular
“Implementation Agreement”	:	The implementation agreement dated 28 March 2016 entered into between the Company and the Offeror, pursuant to which (i) the Offeror will undertake the Offer in accordance with the Code upon Completion, (ii) the Company will undertake the GMG VGO upon completion of the Offer in accordance with the Code, and (iii) the Offeror will irrevocably accept the GMG VGO in respect of all its GMG shares
“Keystone”	:	Keystone Pacific Pte. Ltd., a company which is wholly-owned by Robert Meyer and is also the sole shareholder of Angsana
“Latest Practicable Date”	:	18 July 2016, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Non-Interested Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, namely, Robert Meyer, Pascal Demierre, Alan Nisbet, Randolph Khoo Boo Teck and Liew Choon Wei
“NR Assets”	:	The natural rubber assets to be purchased by the Company from the Offeror pursuant to the Share Sale Agreement
“NR Assets Acquisition”	:	The acquisition of the NR Assets through the NR Assets Holdco pursuant to the Share Sale Agreement

DEFINITIONS

“NR Assets Holdco”	:	Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd., a private limited company incorporated in Singapore for the purpose of holding the NR Assets
“Offer”	:	The mandatory conditional cash offer made by ANZ, for and on behalf of the Offeror, for all the HAC Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, in accordance with Rule 14 of the Code
“Offer Document”	:	The offer document dated 25 July 2016 issued by ANZ, for and on behalf of the Offeror, in respect of the Offer
“Offer Document LPD”	:	18 July 2016, as stated in the Offer Document to be the latest practicable date prior to the printing of the Offer Document
“Offer Period”	:	The period commencing from the Pre-conditional Offer Announcement Date until the Closing Date
“Offer Price”	:	The offer price of S\$0.75 in cash for every one (1) Offer Share, being the consideration for which the Offer will be made
“Offer Shares”	:	All HAC Shares in issue, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	:	Sinochem International (Overseas) Pte. Ltd., a company incorporated in Singapore which is a wholly-owned subsidiary of Sinochem
“Offeror Concert Group”	:	The Offeror and parties acting or presumed to be acting in concert with the Offeror
“Offeror Securities”	:	The (a) shares of the Offeror, (b) securities which carry substantially the same rights as any shares of the Offeror, and (c) convertible securities, warrants, options and derivatives in respect of any such shares of the Offeror in (a) or such securities in (b)
“PD Moratorium Shares”	:	Has the meaning as set out in Section 5.5.3 of Appendix B to this Circular
“PD Vendor SPA”	:	The Vendor SPA entered into between Pascal Demierre and the Offeror for the purchase by the Offeror of 11,274,576 HAC Shares from Pascal Demierre
“Pre-conditional Offer Announcement Date”	:	28 March 2016
“Pre-conditional Offer Announcement”	:	The announcement made by ANZ on the Pre-conditional Offer Announcement Date, for and on behalf of the Offeror, in relation to the pre-conditional mandatory cash offer for all the Offer Shares
“Q1 2016”	:	The financial period ended 31 March 2016

DEFINITIONS

“Remaining Shares”	:	The remaining HAC Shares legally held by Angsana on completion of the GMG VGO
“RM Moratorium Shares”	:	Has the meaning as set out in Section 5.5.2 of Appendix B to this Circular
“RM Vendor SPA”	:	The Vendor SPA entered into between Robert Meyer, Angsana and the Offeror for the purchase by the Offeror of 124,092,000 HAC Shares from Angsana
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Sale Agreement”	:	The share sale agreement dated 28 March 2016 entered into between the Company and the Offeror for the purchase of the NR Assets through the NR Assets Holdco by the Company from the Offeror
“Shareholders”	:	The registered holders of the HAC Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such HAC Shares, mean the Depositors in the Depository Register and whose securities accounts (not including a securities sub-account) maintained with CDP are credited with those HAC Shares
“Sinochem”	:	Sinochem International Corporation, a company incorporated in the People’s Republic of China whose shares are listed on the Shanghai Stock Exchange
“Undertaking Shareholders”	:	The Vendor Shareholders and the following Shareholders: (a) Credence Capital Fund II (Cayman) Limited (b) Goi Seng Hui
“Vendor Shareholders”	:	The following Shareholders: (a) Angsana (b) Clear Tower Investments Limited, a substantial shareholder of the Company (c) Pascal Demierre, an Executive Director of the Company (d) Andrew Trevatt (e) Leonard Beschizza
“Vendor SPAs”	:	The sale and purchase agreements dated 28 March 2016 entered into between each of the Vendor Shareholders and the Offeror for the purchase by the Offeror of a total of 180,439,576 HAC Shares (representing 30.07% of the total issued and paid-up share capital of HAC) from the Vendor Shareholders
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“US\$” and “cents”	:	United States dollars and cents, being the lawful currency of the United States of America
“%” or “per cent.”	:	Percentage or per centum

DEFINITIONS

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time.

The terms “**associate**” and “**controlling shareholders**” shall have the meanings ascribed to them respectively in the listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time.

The terms “**subsidiaries**”, “**substantial shareholders**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to the HAC Group.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

Capitalised terms used in extracts of the Offer Document shall have the same meanings as ascribed to them in the Offer Document.

CAUTIONARY NOTE ON 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 neither HAC nor Xandar undertakes any obligation to update publicly or revise any forward-looking statements.

SUMMARY TIMETABLE

Date of despatch of Offer Document	25 July 2016
Date of despatch of Circular	25 July 2016
Closing Date ⁽¹⁾	5.30 p.m. (Singapore time) on 22 August 2016. It was stated in the Offer Document that the Offeror does not intend to extend the Offer beyond 5:30 p.m. on 22 August 2016 and the Offer will not be open for acceptance beyond 5:30 p.m. on 22 August 2016.
Date of settlement of consideration for valid acceptances of the Offer ⁽²⁾	Settlement for the HAC Shares tendered in the Offer must be made within seven (7) business days after the Offer becomes or is declared unconditional in all respects in accordance with its terms, or, if such HAC Shares are tendered after the HAC MGO has become or been declared unconditional in all respects, within seven (7) business days after the receipt of such valid acceptances.

Notes:

- (1) Please refer to Section 1 of Appendix 1 to the Offer Document for further details.
- (2) Please refer to Section 2 of Appendix 1 to the Offer Document for further details.

LETTER TO SHAREHOLDERS

HALCYON AGRI CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200504595D)

Directors:

Robert Meyer (Executive Chairman and Chief Executive Officer)
Pascal Demierre (Executive Director)
Alan Nisbet (Lead Independent Director)
Randolph Khoo Boo Teck (Independent Director)
Liew Choon Wei (Independent Director)

Registered Office:

250 North Bridge Road
#12-01 Raffles City Tower
Singapore 179101

25 July 2016

To: The Shareholders of Halcyon Agri Corporation Limited

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, SINGAPORE BRANCH FOR AND ON BEHALF OF SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD., FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Pre-conditional Offer Announcement

On 28 March 2016, ANZ announced for and on behalf of the Offeror, *inter alia*, that in connection with the proposed merger of the natural rubber assets of both Sinochem and the Company to form the world's leading natural rubber company (the "**Proposed Merger**"), the Company, the Vendor Shareholders, Sinochem and the Offeror had on 28 March 2016 entered into certain agreements amongst themselves as follows:

- (a) the acquisition by the Offeror of an aggregate of 30.07% of the issued HAC Shares from the Vendor Shareholders pursuant to the Vendor SPAs, whereby Completion is conditional upon the conditions precedent to the Vendor SPAs having been fulfilled (and/or waived in accordance with the Vendor SPAs, to the extent legally permissible). Upon Completion taking place, the Offeror is obliged to make the Offer for all HAC Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, in accordance with Rule 14 of the Code;
- (b) subsequent to completion of the Offer and pursuant to the Implementation Agreement, the Company will acquire a majority stake in GMG by making the GMG VGO in accordance with Rule 15 of the Code, the consideration of which is to be satisfied by the allotment and issuance of 0.9333 new fully paid-up HAC Shares for every one (1) GMG share; and
- (c) upon or shortly after completion of the GMG VGO and subject to the satisfaction of certain conditions, the Company will undertake the NR Assets Acquisition, being the acquisition of all the shares in the NR Assets Holdco from the Offeror for an aggregate consideration amount of S\$210,000,000 which is to be satisfied by the allotment and issuance of 280,000,000 new fully paid-up HAC Shares.

A copy of the Pre-conditional Offer Announcement dated 28 March 2016 is available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

1.2 Formal Offer Announcement

On 18 July 2016, ANZ announced, for and on behalf of the Offeror, *inter alia*, that the acquisition of an aggregate of 180,439,576 HAC Shares (representing approximately 30.07% of the total issued and paid-up share capital of the Company) pursuant to the Vendor SPAs was completed on 18 July 2016.

Accordingly, the Offeror is obliged to undertake the Offer in accordance with Rule 14 of the Code. A copy of the Formal Offer Announcement dated 18 July 2016 made by ANZ is available on the website of the SGX-ST at www.sgx.com.

1.3 Offer Document

Pursuant to the note on Rule 22.1 of the Code, an application was made to the SIC and the SIC has given its consent, for the Offer Document to be despatched earlier than 14 days after the date of the Formal Offer Announcement. Shareholders should have received or will be receiving a copy of the Offer Document issued by ANZ, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document dated 25 July 2016 is available on the website of the SGX-ST at www.sgx.com.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendations of the Non-Interested Directors and the advice of the IFA to the Non-Interested Directors in respect of the Offer.

Shareholders are advised to read the Offer Document, this Circular and the IFA Letter (set out in Appendix A to this Circular) carefully and consider the recommendations of the Non-Interested Directors and the advice of the IFA to the Non-Interested Directors before deciding whether or not to accept the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

Based on the information set out in the Offer Document, ANZ has, for and on behalf of the Offeror, made the Offer to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA, and the FAT, on the following basis:

2.1 Offer Price

The Offer Price for each Offer Share will be as follows:

For each Offer Share: S\$0.75, payable in cash

The Offer Shares will be acquired:

- (a) fully paid;
- (b) free from any Encumbrance whatsoever; and

LETTER TO SHAREHOLDERS

- (c) together with all rights, benefits and entitlements attached as at the Formal Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions declared, paid or made by the Company on or after the Formal Offer Announcement Date.

Accordingly, if any Distribution is declared, paid or made by the Company on or after the Formal Offer Announcement Date, and:

- (i) **if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the Books Closure Date, the Offeror will pay the relevant accepting Shareholders the Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of those Offer Shares from the Company; and**
- (ii) **if the settlement date in respect of the Offer Shares accepted pursuant to the Offer 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 the Company.**

2.2 Minimum Acceptance Condition

The Offer is conditional upon the Offeror having received, by the close of the Offer Period, 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 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 shares) as at the close of the Offer Period (“**Minimum Acceptance Condition**”).

In view of the undertakings from the Undertaking Shareholders as described in Section 3 below, the Minimum Acceptance Condition is expected to be satisfied, and the Offer to become unconditional.

2.3 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days after the date of despatch of the Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer Document was despatched on 25 July 2016. As stated in the Offer Document, the Offer will close at 5.30 p.m. (Singapore time) on 22 August 2016, being the Closing Date. Pursuant to the Offer Document, the Offeror does not intend to extend the Offer beyond 5:30 p.m. (Singapore time) on the Closing Date and the Offer will not be open for acceptance beyond 5:30 p.m. (Singapore time) on the Closing Date. The terms of the Offer as set out in the Offer Document will also not be revised.

2.4 Further Details of the Offer

Further details of the Offer are set out in Appendix 1 to the Offer Document, including details on:

- (a) settlement of the consideration for the Offer;
- (b) requirements relating to the announcements of level of acceptances of the Offer; and
- (c) right of withdrawal of acceptances of the Offer.

Please refer to Appendix 2 to the Offer Document which sets out the procedures for acceptance of the Offer.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

2.5 Offeror's Shareholding

As at the Offer Document LPD, the Offeror Concert Group hold in aggregate 180,439,576 HAC Shares, representing 30.07% of the total number of HAC Shares.

3. IRREVOCABLE UNDERTAKINGS FROM THE UNDERTAKING SHAREHOLDERS

The Offeror has obtained irrevocable undertakings from the Undertaking Shareholders, not to accept the Offer in respect of any of their HAC Shares. However, in the event the acceptances by other Shareholders immediately prior to the Closing Date 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 Offer which would result in the Offeror (and its concert parties) holding at least 53.98% of the total issued and paid-up share capital in the Company (which is equivalent to 323,939,576 HAC Shares assuming the Company did not issue any new HAC Shares from the Formal Offer Announcement Date until the Closing Date).

The irrevocable undertakings will terminate upon completion of the Offer.

4. INFORMATION ON THE OFFEROR AND SINOCEM

The information on Sinochem and the Offeror set out in italics below has been extracted from Appendix 3 to the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

1. DIRECTORS

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as set out below:

Name	Address	Description
<i>Pu Jiang</i>	<i>c/o 8 Marina View #34-04 Asia Square Tower 1 Singapore 018960</i>	<i>Director</i>
<i>Li Dajun</i>	<i>c/o 8 Marina View #34-04 Asia Square Tower 1 Singapore 018960</i>	<i>Director</i>
<i>Qin Jinke</i>	<i>c/o 8 Marina View #34-04 Asia Square Tower 1 Singapore 018960</i>	<i>Director</i>
<i>Cheng Ruimin</i>	<i>c/o 8 Marina View #34-04 Asia Square Tower 1 Singapore 018960</i>	<i>Director</i>

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

2.1 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.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Offeror has an issued share capital of S\$268,040,902 comprising 268,040,902 issued ordinary shares, and its directors are Pu Jiang, Li Dajun, Qin Jinke and Cheng Ruimin.

The Offeror owns 391,593,237 GMG shares, representing approximately 51.12% of the total issued and paid-up share capital of GMG, as at the Latest Practicable Date.

2.2 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 Latest Practicable Date, Sinochem has an issued share capital of RMB2,083,012,671, comprising 2,083,012,671 shares, of which 55.35% is held by Sinochem Corporation, and its directors are Zhang Zenggen, Yang Lin, Qin Hengde, Cui Yan, Lan Zhongkai, Zhu Hongchao and Xu Jingchang.

3. SUMMARY OF FINANCIAL PERFORMANCE

A summary of the audited and interim consolidated income statements of the Sinochem Group for FY2013, FY2014, FY2015 and Q1 2016 is set out in the table below.

The summary is extracted from, and should be read in conjunction with, the audited and interim consolidated financial statements of the Sinochem Group for FY2013, FY2014, FY2015 and Q1 2016, which are available at <http://www.sinochemintl.com/>.

<i>RMB million, FYE 31 December</i>	2013	2014	2015	Q1 2016
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	48,315	44,942	43,746	8,454
COGS	(45,321)	(40,905)	(39,203)	(7,361)
Gross profit	2,994	4,037	4,543	1,093
Operating expenses	(1,831)	(1,930)	(2,701)	(844)
Operating profit	1,162	2,106	1,842	249
Non-operating income	118	445	115	16
Non-operating expenses	(25)	(26)	(30)	(2)
Earnings before interest and tax	1,256	2,526	1,926	264
Finance cost - net	(264)	(515)	(540)	(57)
Profit before income tax	992	2,011	1,386	207
Income tax expense	(203)	(466)	(356)	(31)
Net profit after tax	789	1,545	1,030	176
Profit attributable to:				
Shareholders of the company	646	1,136	480	68
Non-controlling interest	142	409	550	109

LETTER TO SHAREHOLDERS

4. STATEMENT OF ASSETS AND LIABILITIES

A summary of the audited and interim consolidated balance sheets of the Sinochem Group as at FY2013, FY2014, FY2015 and Q1 2016 is set out in the table below.

The summary is extracted from, and should be read in conjunction with, the audited and interim consolidated financial statements of the Sinochem Group for FY2013, FY2014, FY2015 and Q1 2016, which are available at <http://www.sinochemintl.com/>.

<i>RMB million, FYE 31 December</i>	31/12/2013	31/12/2014	31/12/2015	31/3/2016
	(Audited)	(Audited)	(Audited)	(Unaudited)
Cash and cash equivalents	2,239	5,543	4,763	4,822
Inventories	3,819	4,196	3,945	4,862
Other current assets	5,993	8,107	7,594	11,323
Total current assets	12,051	17,847	16,302	21,007
Property, plant and equipment	5,726	9,082	9,399	9,416
Long-term equity investments	6,227	3,414	3,378	3,344
Intangibles	4,374	5,623	5,601	5,602
Other non-current assets	2,087	3,216	5,659	6,603
Total non-current assets	18,414	21,335	24,036	24,965
TOTAL ASSETS	30,465	39,182	40,338	45,972
Borrowings	5,280	7,084	9,369	13,589
Other current liabilities	4,701	5,598	4,975	6,185
Total current liabilities	9,981	12,682	14,344	19,774
Borrowings	4,527	6,465	5,418	5,459
Other non-current liabilities	761	866	950	877
Total non-current liabilities	5,288	7,331	6,368	6,336
TOTAL LIABILITIES	15,269	20,013	20,712	26,111
Share capital	2,083	2,083	2,083	2,083
Retained earnings	3,752	4,407	4,567	4,635
Other reserves	5,749	4,725	4,655	4,672
Shareholders' equity	11,584	11,215	11,306	11,390
Minority interest	3,613	7,954	8,321	8,472
TOTAL LIABILITIES AND EQUITY	30,465	39,182	40,338	45,972

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, other than for making of the Offer and save as disclosed in this Offer Document and for information on the Sinochem Group which is publicly available, there has not been, to the knowledge of Sinochem Group, any material change in the financial position of the Sinochem Group since 31 December 2015, being the date of the last audited consolidated financial statements of the Sinochem Group laid before its shareholders in general meeting.

LETTER TO SHAREHOLDERS

6. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements of the Sinochem Group have been prepared in accordance with China Accounting Standards issued by the Ministry of Finance (企业会计准则-基本准则). The significant accounting policies of the Sinochem Group are set out in the notes of the financial statements of the audited consolidated financial statements of the Sinochem Group for FY2015, which is available at <http://www.sinochemintl.com/>.

7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of the Sinochem Group since the date of its audited consolidated financial statements for FY2015 which will cause the figure set out in paragraphs 3 and 4 above to be not comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Offeror is at 8 Marina View, #34-04 Asia Square Tower 1, Singapore 018960.

5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTION RELATING TO THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from Sections 11 and 12 of the Letter to Shareholders in the Offer Document respectively and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

11. RATIONALE

The Offer is made by the Offeror in compliance with Rule 14.1 of the Code to facilitate the Proposed Merger, with Sinochem as the resultant controlling shareholder of the Company and GMG (including the NR Assets).

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

(a) *The Proposed Merger is consistent with Sinochem's and the Company'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 the Company with the Company becoming the flagship of Sinochem Group's natural rubber businesses. The combination of the Company, GMG and Sinochem's other non-listed natural rubber businesses through the Proposed Merger will form one of the world's leading natural rubber companies 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 the Group 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 plantations, processing and distribution.

LETTER TO SHAREHOLDERS

In the upstream/plantations segment, the Proposed Merger will increase the total plantation land held by the Company by more than 26 times to in excess of 193,000 hectares and significantly increase the planted area held by the Company to in excess of 54,000 hectares.¹

In the midstream/processing segment, the Proposed Merger will increase the total processing capacity of the Company by about 100% to approximately 1.5 million tonnes per annum, making the Company the world's leading producer of TSR, in terms of production capacity.²

In the downstream/distribution segment, the Proposed Merger will increase the Company'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 the Company to realise potential synergies*

The Proposed Merger will add complementary business operations of GMG and the NR Assets as well as operating expertise to the Company. 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.

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

The Company currently produces TSR of Indonesian and Malaysian origin for sale to its customers. The Proposed Merger would broaden the Company'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 the Company can produce. As a result, following completion of the Proposed Merger, the Company'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 the Company 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 consumption³. To date, only a relatively small portion of the Company's total sales volume has been attributed to PRC customers. The Proposed Merger extends the Company'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 the Company across the natural rubber supply chain*

The Proposed Merger will provide the Company 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,

¹ Includes GMG's associate, SIAT S.A.

² Includes GMG's associate, SIAT S.A.

³ Source: IRSG Rubber Statistical Bulletin Jan-Mar 2016

LETTER TO SHAREHOLDERS

combined with the Company'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 profile of the Company in the financial markets

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

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

The Proposed Merger of the Group, GMG and Sinochem's other non-listed natural rubber businesses, will enable the combined businesses, as the enlarged Group, to compete more advantageously with other international natural rubber players. The Proposed Transactions represent the most efficient and fair basis upon which to combine the relevant assets of the Company, GMG and the NR Assets, and provide:

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

12. OFFEROR'S INTENTIONS FOR THE COMPANY

Save in connection with the integration and consolidation of the businesses of the Company, GMG and the NR Assets, the Offeror currently has no intentions to (a) introduce any major changes to the existing business or management of the Group, (b) discontinue the employment of the employees of the Group, or (c) re-deploy any of the fixed assets of 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 the Group which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the Group.

6. LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the intentions of the Offeror relating to the listing status and compulsory acquisition of the Company has been extracted from Section 14 of the Letter to Shareholders in the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

LETTER TO SHAREHOLDERS

14. LISTING STATUS AND COMPULSORY ACQUISITION

14.1 Listing Status

It is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1105 of the Listing Manual, the Offeror intends to undertake or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted.

14.2 Compulsory Acquisition

As the Undertaking Shareholders will not accept the Offer in respect of their Shares (except in limited circumstances set out in Section 4), 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 Offer.

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Appointment of the IFA

Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Non-Interested Directors in respect of, *inter alia*, the Offer. Shareholders should consider carefully the recommendations of the Non-Interested Directors and the advice of the IFA to the Non-Interested Directors before deciding whether to accept or reject the Offer. The IFA's advice is set out in the IFA Letter, which is reproduced in Appendix A to this Circular.

7.2 The IFA's advice to the Non-Interested Directors on the Offer

The advice of the IFA to the Non-Interested Directors in respect of the Offer has been extracted from paragraph 6 of the IFA Letter and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meaning as those defined in the IFA Letter. **Shareholders are advised to read and consider carefully the key considerations relied upon by the IFA, in arriving at its advice to the Non-Interested Directors in conjunction with, and in the context of, the full text of the IFA Letter.**

6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the financial terms of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

- (a) the financial performance of the HAC Group which reported profits attributable to shareholders of US\$9.1 million and US\$8.5 million in FY2013 and FY2015 respectively and losses attributable to shareholders of US\$9.4 million and US\$6.6 million in FY2014 and 1Q2016 respectively;*
- (b) the Offer Price of S\$0.75 per HAC Share, represents a premium of 225.9% (or S\$0.5199) to the NAV per HAC Share as at 31 March 2016;*
- (c) the Offer Price of S\$0.75 per HAC Share, represents a significant premium over the net tangible liabilities position represented by each HAC Share as at 31 March 2016;*

LETTER TO SHAREHOLDERS

- (d) *the Offer Price represents premiums of approximately 27.9%, 51.7%, 28.5%, 8.1% and 11.8% to the VWAP on 8 September 2015 and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including 8 September 2015 respectively;*
- (e) *the Offer Price represents premium of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including the Unaffected Date respectively;*
- (f) *for the 1-year period up to the Unaffected Date, HAC Shares have generally outperformed the FSSTI over the same period;*
- (g) *the EV/EBITDA ratio of the HAC Group, as implied by the Offer Price, is within the range, and above the mean and the median of the HAC Comparables;*
- (h) *the P/E ratio of the HAC Group, as implied by the Offer Price, is significantly higher than the P/E ratio of Sri Trang, the only profitable HAC Comparable for the LTM;*
- (i) *the P/NAV ratio of the HAC Group, as implied by the Offer Price and based on the NAV per HAC Share, is above the range, the mean and the median of the HAC Comparables;*
- (j) *as the HAC Group was in a net tangible liabilities position as at 31 March 2016, the P/NTA ratio is not meaningful. For reference only, the HAC Comparables are trading at P/NTA ratios of between 0.7 times and 3.2 times;*
- (k) *the EV / Sales Tonnage ratio of the HAC Group, as implied by the Offer Price, is within the range, and below the mean and the median of the HAC Comparables;*
- (l) *the EV / Processing Capacity ratio of the HAC Group, as implied by the Offer Price, is within the range, below the mean and above the median of the HAC Comparables;*
- (m) *the premium implied by the Offer Price over the the last transacted price of HAC Shares on 8 September 2015 and VWAP for the 1-month period prior to and including 8 September 2015 respectively, are within the range and above the mean and median premium of Selected Comparable Transactions;*
- (n) *the premium implied by the Offer Price over the VWAP for the 3-month period prior to and including 8 September 2015, is within the range, below the mean and above the median premium of Selected Comparable Transactions;*
- (o) *the premium implied by the Offer Price over the VWAP for the 6-month period prior to and including 8 September 2015, is within the range, and below the mean and median premium of Selected Comparable Transactions;*
- (p) *the premium implied by the Offer Price over the last transacted price of HAC Shares on the Unaffected Date, is within the range, below the mean and above the median premium of Selected Comparable Transactions;*
- (q) *the premium implied by the Offer Price over the VWAP for the 1-month, 3-month and 6-month period prior to and including the Unaffected Date, is within the range and below the mean and median premium of Selected Comparable Transactions;*
- (r) *the ratio of the Offer Price over the NAV of HAC Shares, is within the range, and above the mean and median offer price over NAV ratios of Selected Comparable Transactions; and*
- (s) *other considerations set out in paragraph 5.8 of this IFA Letter.*

LETTER TO SHAREHOLDERS

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable.

The Proposed Transactions would, upon completion, result in the Company being the listed vehicle and holding company for: (a) at least a majority of the total issued and paid-up shares of GMG, via the GMG VGO; and (b) the NR Assets. Shareholders would have a stake in this enlarged HAC Group, via a SGX-ST listed company. Accordingly, there would be an ongoing ready market for their HAC Shares.

Alternatively, the sequence of the transactions offers Shareholders the opportunity to realise their investment in HAC, via the Offer, at S\$0.75 per HAC Share should they not wish to invest in the enlarged HAC Group (as a result of the Proposed Merger), at the same price at which the Vendor Shareholders have sold their HAC Shares to SIO, pursuant to the Vendor SPAs.

We also advise the Non-Interested Directors to consider highlighting to Shareholders that there is no assurance that the price of HAC Shares will remain at current levels after the close or lapse of the Offer and the current price performance of HAC Shares is not indicative of the future price performance levels of HAC Shares.

Accordingly, we advise the Non-Interested Directors to recommend Shareholders who do not wish to invest in the enlarged HAC Group (as a result of the Proposed Merger) to ACCEPT the Offer unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transaction costs in connection with open market transactions.

8. RECOMMENDATIONS OF THE NON-INTERESTED DIRECTORS

The Non-Interested Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Non-Interested Directors in the IFA Letter, concur with the advice of the IFA in respect of the Offer, and have set out their recommendation on the Offer below:

8.1 Shareholders who:

- (a) wish to realise their investments in the Company at this time but are unable to sell their HAC Shares in the open market at a price (after deduction of related expenses) higher than the Offer Price; and/or
- (b) believe that the current market price of the HAC Shares may decrease; and/or
- (c) believe that there may be no future benefits in continuing to own their HAC Shares of the enlarged HAC Group as a result of the Proposed Merger; and/or
- (d) are uncertain of the longer term performance and prospects of the enlarged HAC Group,

may wish to consider selling a portion or all of their HAC Shares in the open market or tendering HAC Shares pursuant to the Offer. The Non-Interested Directors wish to highlight that Shareholders who tender HAC Shares in acceptance of the Offer or sell HAC Shares in the open market, should note that there is no assurance that (i) the price of the HAC Shares will remain at current levels after the close or lapse of the Offer and (ii) the current price performance of the HAC Shares is not indicative of the future price performance levels of the HAC Shares, which will be governed by factors such as, *inter alia*, the performance and prospects of the Company, prevailing and future economic conditions and outlook and market conditions and sentiments.

8.2 Shareholders who:

- (a) do not currently wish to realise their investments in the Company; and/or

LETTER TO SHAREHOLDERS

- (b) believe that the current market price of the HAC Shares may increase; and/or
- (c) believe that there may be material incremental value to be realised in the future as a result of the Proposed Merger which would create the world's leading natural rubber supply chain manager; and/or
- (d) hold a favourable view of the enlarged HAC Group's longer term prospects and believe that they will be able to realise greater value from continuing to own their HAC Shares,

may wish to consider retaining a portion or all of their HAC Shares. The Non-Interested Directors wish to highlight that Shareholders who retain their HAC Shares, should note that there is no assurance that (i) the prices of the HAC Shares will remain at current levels after the close or lapse of the Offer and (ii) the current price performance of the HAC Shares is not indicative of the future price performance levels of the HAC Shares, which will be governed by factors such as, *inter alia*, the performance and prospects of the Company, prevailing and future economic conditions and outlook and market conditions and sentiments.

- 8.3 In making the above recommendation, the Non-Interested Directors have not had regard to the specific investment objectives, financial situation, tax position, risk profiles, or particular needs and constraints of any individual Shareholder. As different Shareholders would have different investment profiles and objectives, the Non-Interested Directors would recommend that any individual Shareholder who may require specific advice in relation to his/her investment objectives, portfolio and/or the Offer should consult his/her stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are also advised to read the IFA letter set out in Appendix A to this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA to the Non-Interested Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders may accept the Offer in respect of all or any part of their holdings of HAC Shares. Shareholders who wish to accept the Offer must do so by **no later than 5.30 p.m. (Singapore time) on 22 August 2016** and should take note of the "Procedures for Acceptance of the Offer" as set out in Appendix 2 to the Offer Document.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and the FAT which have been sent to them.

10. OVERSEAS SHAREHOLDERS AND CPFIS INVESTORS

Overseas Shareholders and CPFIS Investors should refer to Sections 17 and 18.2 of the Letter to Shareholders in the Offer Document, which is extracted and reproduced in italics below:

17. OVERSEAS SHAREHOLDERS

17.1 Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by laws and regulations of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable legal requirements. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, each of the Offeror and ANZ reserves the right not to send these documents to any overseas jurisdiction. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including to those to whom this Offer Document, the FAA and/or the FAT have not been or will not be sent.

LETTER TO SHAREHOLDERS

Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from 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 Offer (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 Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

17.2 Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities and legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf (including ANZ, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments that may be required to be paid. In accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and ANZ that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities and legal requirements.

Each of the Offeror and ANZ reserves the right not to treat any acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptance may be rejected.

Any Overseas Shareholder who is in doubt about his position should consult his professional advisers in the relevant jurisdictions.

17.3 Copies of this Offer Document, the FAA and/or the FAT

Overseas Shareholders may obtain copies of the Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5:30 p.m. (Singapore time) on the Closing Date from, as the case may be, (a) the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or (b) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Electronic copies of the Offer Document, the FAA and/or the FAT may also be obtained from the website of the SGX-ST at www.sgx.com. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to the Registrar at the aforementioned address to request for the Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at his own risk, provided always that the last date for despatch in respect of such request shall be a date falling three Market Days prior to the Closing Date. It is the responsibility of the Overseas Shareholder who wishes to request for the Offer Document, the FAA and/or the FAT and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities and legal requirements. In requesting for this Offer Document, the FAA and/or the FAT and any related

LETTER TO SHAREHOLDERS

documents, the Overseas Shareholder represents and warrants to the Offeror and ANZ that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities and legal requirements.

17.4 Notice

Each of the Offeror and ANZ reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

18.2 Information Pertaining to CPFIS Investors

CPFIS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

11. RESPONSIBILITY STATEMENT OF THE DIRECTORS

The Directors (including those who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than (a) the IFA Letter, (b) information extracted from the Offer Document and (c) information relating to Sinochem and the Offeror) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the HAC Group in the context of the Offer and the Directors are not aware of any material facts the omission of which would make any statement in this Circular misleading in any material respect.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the HAC Group are fair and accurate.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. ADDITIONAL GENERAL INFORMATION

Additional general information is provided in Appendix B to this Circular.

Yours faithfully
For and on behalf of the Board of Directors
HALCYON AGRI CORPORATION LIMITED

Robert Meyer
Executive Chairman and Chief Executive Officer

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

25 July 2016

Halcyon Agri Corporation Limited
250 North Bridge Road
#12-01 Raffles City Tower
Singapore 179101

**Attention: Non-Interested Directors
(as defined herein)**

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRICULTURE CORPORATION LIMITED IN RESPECT OF THE MANDATORY CONDITIONAL CASH OFFER BY AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, SINGAPORE BRANCH FOR AND ON BEHALF OF SINOCEM INTERNATIONAL (OVERSEAS) PTE. LTD. TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF HALCYON AGRICULTURE CORPORATION LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY SINOCEM INTERNATIONAL (OVERSEAS) PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT

Unless otherwise defined or the context otherwise requires, all terms defined in the Company's circular dated 25 July 2016 (the "Circular") shall have the same meanings herein.

1. INTRODUCTION

1.1 PRE-CONDITIONAL OFFER ANNOUNCEMENT

On 28 March 2016 (the "**Pre-conditional Offer Announcement Date**"), Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**") announced, for and on behalf of Sinochem International (Overseas) Pte. Ltd. ("**Offeror**" or "**SIO**"), that subject to the fulfillment of certain conditions precedent, the Offeror will make a mandatory conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**HAC Shares**") in the capital of Halcyon Agri Corporation Limited ("**HAC**" or "**Company**") other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Offer Shares**").

In connection with the proposed merger of the natural rubber assets of both Sinochem International Corporation ("**Sinochem**") and HAC to form the world's leading natural rubber supply chain manager (the "**Proposed Merger**"), HAC, certain HAC shareholders, Sinochem and the Offeror had on the Pre-conditional Offer Announcement Date entered into certain agreements amongst themselves as follows:

- (a) acquisition by the Offeror of an aggregate of 30.07% of the issued HAC Shares (the "**Vendor Shareholders Sale**") from Angsana Capital Ltd., Pascal Demierre, Clear Tower Investments Limited, Andrew Trevatt and Leonard Beschizza (collectively, the "**Vendor Shareholders**"), whereby completion of the Vendor Shareholders Sale ("**Completion**") is conditional upon the conditions precedent to the sale and purchase agreements (the "**Vendor SPAs**") having been fulfilled (and/or waived in accordance with the Vendor SPAs, to the extent legally permissible). Pursuant to the implementation agreement entered into by and among HAC and the Offeror on the Pre-conditional Offer Announcement Date (the "**Implementation Agreement**"), upon Completion taking place, the Offeror will make the Offer, being a mandatory conditional cash offer for the Offer Shares in accordance with Rule 14 of The Singapore Code on Take-overs and Mergers (the "**Code**");
- (b) subsequent to the completion of the Offer and pursuant to the Implementation Agreement, HAC will acquire a majority stake in GMG Global Ltd ("**GMG**"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), by making a

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

voluntary general offer for all the shares in GMG other than those already owned, controlled or agreed to be acquired by HAC in accordance with Rule 15 of the Code (the “**GMG VGO**”), upon the fulfillment of all the pre-conditions to the GMG VGO, the consideration of which is to be satisfied by the allotment and issuance of 0.9333 new fully paid-up HAC Shares for every one GMG share accepted under the GMG VGO; and

- (c) upon or shortly after completion of the GMG VGO and subject to the satisfaction of certain conditions, HAC will acquire from SIO all the shares in a company to be incorporated by SIO, which company will own certain other companies which conduct natural rubber processing and trading businesses (the “**NR Assets**”), for an aggregate consideration amount of S\$210,000,000 which is to be satisfied by the allotment and issuance of 280,000,000 new fully paid-up HAC Shares (the “**NR Assets Acquisition**”).

The GMG VGO and NR Assets Acquisition shall be referred herein as the “**Proposed Transactions**”. Sinochem and parties acting in concert with it will hold at least 60% of HAC’s enlarged share capital upon completion of the Offer and the Proposed Transactions.

1.2 FORMAL OFFER ANNOUNCEMENT

On 18 July 2016 (the “**Offer Announcement Date**”), ANZ announced, for and on behalf of the Offeror, that the Vendor Shareholders Sale has been completed, and accordingly, the Offeror is making the Offer pursuant to Rule 14 of the Code.

As at the Offer Announcement Date, the Offeror and parties acting or presumed to be acting in concert with the Offeror (the “**Offeror Concert Group**”) hold in aggregate 180,439,576 HAC Shares, or approximately 30.07% of the issued HAC Shares.

1.3 OFFER DOCUMENT

Pursuant to the note on Rule 22.1 of the Code, an application was made to the Securities Industry Council of Singapore (the “**SIC**”) and the SIC has given its consent, for the Offer Document to be despatched earlier than 14 days after the date of the Offer Announcement Date. The formal offer document (the “**Offer Document**”) setting out the full terms and conditions of the Offer has been issued by ANZ, for and on behalf of the Offeror, on 25 July 2016. Shareholders should have received a copy of the Offer Document issued by ANZ, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer.

- 1.4 Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the independent financial adviser (“**IFA**”) to advise the Directors who are considered to be independent for the purposes of the Offer (the “**Non-Interested Directors**”) as to whether the financial terms of the Offer are fair and reasonable. This letter sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer (the “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendation of the Non-Interested Directors in respect thereof.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Non-Interested Directors on whether the financial terms of the Offer are fair and reasonable.

Our evaluation is limited to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial and/or risks or merits (if any) of the Offer. We have not relied on any financial projections or forecasts in respect of the Company and its subsidiaries (the “**HAC Group**”). We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the HAC Group after the close of the Offer. We are also not expressing any view herein as to the prices at which the HAC Shares may trade upon the close of the Offer. Such

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the HAC Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives can be achieved or are or will be available in future.

We have not made any independent evaluation or appraisal of the assets or liabilities (including, without limitation, intangible assets, property, plant and equipment, plantation related properties, biological assets, investment properties, inventories, receivables and payables) of the HAC Group and we have not been furnished with any such evaluation or appraisal.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted full responsibility for the accuracy, completeness and adequacy of all such information and representations as provided and made by the aforesaid parties as contained herein.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (other than (a) this IFA Letter; (b) information extracted from the Offer Document; and (c) information relating to Sinochem and the Offeror) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the HAC Group in the context of the Offer and the Directors are not aware of any material facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or the IFA Letter, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the HAC Group, are to the best of their knowledge and belief, fair and accurate.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) as of the Latest Practicable Date and the information made available to us that is contained in the Circular and the Offer Document. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

This IFA Letter is for the use and benefit of the Non-Interested Directors in connection with and for the purpose of their consideration of the Offer and the recommendation made by the Non-Interested Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than the IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than the IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than the IFA Letter).

Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Non-Interested Directors advise Shareholders to read these pages carefully.

3. INFORMATION RELATING TO THE OFFER

The Offer is made in accordance with Rule 14 of the Code and subject to the terms and conditions set out in the Offer Document, a copy of which has been issued by ANZ, for and on behalf of the Offeror, on 25 July 2016. Salient information on the Offer, found in Sections 2 through 4 of the Offer Document, is set out as follows:

3.1 OFFER PRICE

The consideration for each Offer Share: S\$0.75 in cash (“Offer Price”)

3.2 NO ENCUMBRANCES

The Offer Shares will be acquired:

- (i) fully paid-up;
- (ii) free from any Encumbrances whatsoever; and
- (iii) together with all rights, benefits and entitlements attached as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions declared, paid or made thereon by the Company on or after the Offer Announcement Date.

Accordingly, if any Distribution is declared, paid or made by the Company on or after the Offer Announcement Date, and:

- (i) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the Books Closure Date, the Offeror will pay the relevant accepting Shareholders the Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of those Offer Shares from the Company; and
- (ii) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer 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 the Company.

We note that no Distribution has been declared as at the Latest Practicable Date.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

3.3 MINIMUM ACCEPTANCE CONDITION

The Offer is conditional upon the Offeror having received, by the close of the Offer Period, 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 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 shares) as at the close of the Offer Period (“**Minimum Acceptance Condition**”).

In view of the undertakings that the Offeror has procured from the Undertaking Shareholders (as described in paragraph 3.4 of this IFA Letter below), the Minimum Acceptance Condition is expected to be satisfied, and the Offer to become unconditional.

3.4 UNDERTAKINGS

The Vendor Shareholders, Mr Goi Seng Hui and Credence Capital Fund II (Cayman) Limited (collectively, the “**Undertaking Shareholders**”) have each undertaken not to accept the Offer in respect of any of their HAC Shares.

However, in the event the acceptances by other Shareholders immediately prior to the Closing Date 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 Offer which would result in the Offeror (and its concert parties) holding at least 53.98% of the total issued and paid-up share capital in the Company (which is equivalent to 323,939,576 HAC Shares).

3.5 NO REVISION TO THE TERMS OF THE OFFER

The Offeror has stated in the Offer Document that the terms of the Offer will not be revised.

4. THE OFFEROR

4.1 INFORMATION ON THE OFFEROR AND SINOCEM

Information on the Offeror and Sinochem is set out in Appendix 3 of the Offer Document. We have extracted certain sections in italics as follows:

“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.”

“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.”

4.2 OFFEROR’S INTENTION FOR THE COMPANY

Save in connection with the integration and consolidation of the businesses of the Company, GMG and the NR Assets, the Offeror currently has no intentions to (a) introduce any major changes to the existing business or management of the HAC Group, (b) discontinue the employment of the employees of the HAC Group, or (c) 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 the HAC Group which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the HAC Group.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

5. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the financial performance of the HAC Group;
- (b) the net asset value of the HAC Group;
- (c) the market quotation and trading activity of HAC Shares;
- (d) the valuation of the HAC Group implied by the Offer Price versus the valuation of companies comparable to the HAC Group;
- (e) comparison with precedent takeovers of SGX-ST listed companies;
- (f) the rationale for the Proposed Merger;
- (g) the dividend track record of the Company; and
- (h) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 THE FINANCIAL PERFORMANCE OF THE HAC GROUP

5.1.1 Income Statement

A summary of the consolidated income statements of HAC for the three financial years ended 31 December (“FY”) 2015 and the three months ended 31 March 2015 (“1Q2015”) and 31 March 2016 (“1Q2016”) respectively is set out below:

US\$'millions	Audited			Unaudited	
	FY2013	FY2014	FY2015	1Q2015	1Q2016
Revenue	205.0	479.2	994.7	208.4	183.2
Gross profit	20.2	24.9	62.2	14.1	12.0
Profit / (Loss) after tax	9.1	(12.9)	6.3	2.2	(6.5)
Profit / (Loss) after tax attributable to Shareholders	9.1	(9.4)	8.5	1.2	(6.6)

The total sales volume and revenue per tonne of rubber for HAC Group from FY2013 through FY2015 and 1Q2016 is set out below:

	FY2013	FY2014	FY2015	1Q2015	1Q2016
Total sales volume (tonnes)	79,108	289,002	667,800	134,166	150,203
Revenue per tonne (US\$/ tonne)	2,591	1,658	1,490	1,553	1,220

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

FY2014 versus FY2013

Revenues increased 133.8% (or US\$274.2 million) from US\$205.0 million in FY2013 to US\$479.2 million in FY2014 driven by an increase in sales volume, primarily as a result of the part year contributions from Anson Company (Private) Limited (“**Anson**”) and New Continent Enterprises (Private) Limited (“**New Continent Enterprises**”). Total sales volume increased by 265.3% from 79,108 tonnes in FY2013 to 289,002 tonnes in FY2014. The higher sales volume was offset by lower revenue per tonne, which dropped from US\$2,591 in FY2013 to US\$1,658 in FY2014, reflecting the lower market price for natural rubber.

Gross profits increased by 23.0% (or US\$4.7 million) from US\$20.2 million in FY2013 to US\$24.9 million in FY2014 mainly due to contributions from the sales by Anson and New Continent Enterprises. Gross profit per tonne was lower in FY2014 as compared to FY2013 due to: (i) changes in the mix of business, with distribution of third party products (which represented 35.6% of sales volume in FY2014 as compared to 0% in FY2013) having a lower gross margin than production and sale of the HAC Group’s own products, (ii) the transitional arrangements in relation to Anson’s production which resulted in a lower average selling price and therefore lower margin on 56.3% of the sales volume of HAC Group’s own products in FY2014, and (iii) variations in raw material availability during the year, due to lower market prices and weather conditions.

The HAC Group’s profit was also impacted by higher administrative expenses of US\$22.3 million in FY2014 (FY2013: US\$6.7 million), higher selling expenses of US\$3.4 million in FY2014 (FY2013: US\$1.4 million) and higher finance cost of US\$10.5 million in FY2014 (FY2013: US\$1.7 million). The higher administrative and selling expenses in FY2014 also included non-recurring expenses of US\$13.9 million in relation to the Anson acquisition.

Consequently, there was a loss after tax attributable to Shareholders of US\$9.4 million in FY2014 as compared to a profit attributable to Shareholders of US\$9.1 million in FY2013.

FY2015 versus FY2014

Revenues increased 107.6% (or US\$515.5 million) from US\$479.2 million in FY2014 to US\$994.7 million in FY2015 as a result of an increase in sales volume by 131.1% from 289,002 tonnes in FY2014 to 667,800 tonnes in FY2015. This was attributable to contributions from acquired businesses (Anson, New Continent Enterprises and Centrotrade Rubber Group (as defined in paragraph 5.3.1 of this IFA Letter)). The higher sales volume was partially offset by a decrease in revenue per tonne, which dropped from US\$1,658 in FY2014 to US\$1,490 in FY2015, due to the continued decline in the market price of natural rubber.

Gross profits increased by 149.7% (or US\$37.3 million) from US\$24.9 million in FY2014 to US\$62.2 million in FY2015 primarily as a result of contributions from acquired business (Anson, New Continent Enterprises and Centrotrade Rubber Group). Gross profit per tonne was higher in FY2015 as compared to FY2014 due to: (i) rationalisation of the distribution segment’s functional processes which resulted in a higher gross margin as compared to FY2014, and (ii) cessation of transitional arrangements in relation to Anson’s production which, in FY2014, resulted in a lower average selling price and lower margins on sale of the HAC Group’s own products.

Higher selling expenses of US\$14.0 million in FY2015 (FY2014: US\$3.4 million) and higher finance cost of US\$24.1 million in FY2015 (FY2014: US\$10.5 million) were partially offset by higher other income of US\$8.3 million (FY2014: US\$0.6 million) primarily arising from fair value gains on the HAC Group’s investment properties and biological assets.

Profit after tax attributable to Shareholders improved to US\$8.5 million in FY2015 from a loss after tax attributable to Shareholders of US\$9.4 million in FY2014.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

1Q2016 versus 1Q2015

Revenues decreased by 12.1% (or US\$25.2 million) from US\$208.4 million in 1Q2015 to US\$183.2 million in 1Q2016 due to lower selling prices despite the increase in sales volumes from 134,166 tonnes in 1Q2015 to 150,203 tonnes in 1Q2016. The additional sales volume in 1Q2016 was mainly contributed by the processing segment due to higher capacity utilisation. Selling prices declined as a result of the decrease in the market price for natural rubber, with revenue per tonne declining from US\$1,553 in 1Q2015 to US\$1,220 in 1Q2016.

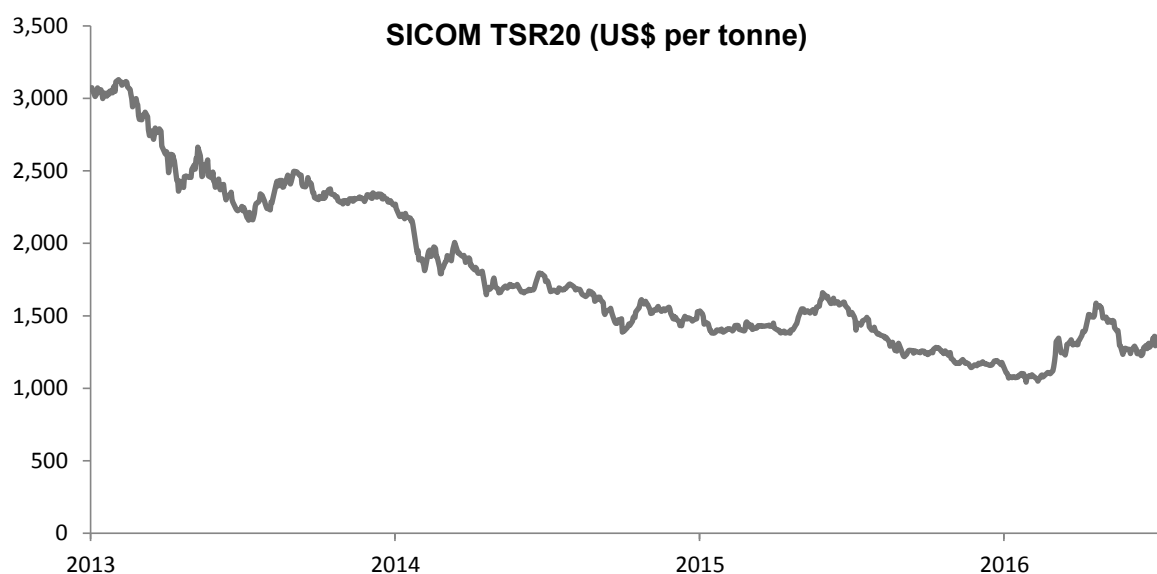
Gross profits decreased by 15.4% (or US\$2.2 million) from US\$14.1 million in 1Q2015 to US\$12.0 million in 1Q2016 mainly due to margins compression in Indonesia.

The HAC Group's profit was also impacted by higher administrative expenses of US\$8.2 million in 1Q2016 (1Q2015: US\$2.3 million), higher selling expenses of US\$3.1 million in 1Q2016 (1Q2015: US\$2.7 million) and higher finance cost of US\$6.7 million in 1Q2016 (1Q2015: US\$5.8 million).

Consequently, there was a loss after tax attributable to Shareholders of US\$6.6 million in 1Q2016 as compared to a profit attributable to Shareholders of US\$1.2 million in 1Q2015.

5.1.2 Natural Rubber Prices

As set out in paragraph 5.1.1 of this IFA Letter, HAC's revenues in FY2013 through 1Q2016 were affected by the fall in prices of natural rubber in the corresponding period. We set out below the daily closing price of Technically Specified Rubber Grade 20 ("TSR20") on the Singapore Commodity Exchange Limited ("SICOM") from 1 January 2013 till the Latest Practicable Date:



Source: Bloomberg Finance L.P.

The table below sets out the highest, lowest, average and closing prices of TSR20 on SICOM from 1 January 2013 till the Latest Practicable Date as follows:

Period	US\$ per tonne			
	Highest	Lowest	Average	Closing
FY2013	3,129	2,159	2,510	2,265
FY2014	2,270	1,387	1,710	1,522
FY2015	1,660	1,143	1,370	1,178
1Q2016	1,346	1,042	1,156	1,327
1 April 2016 to the Latest Practicable Date	1,588	1,225	1,365	1,301

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

The price of natural rubber since 1 January 2013, as represented by the market price of TSR20 on SICOM, has been on a decreasing trend after it reached the high of US\$3,129 per tonne in FY2013. As at the Latest Practicable Date, the closing market price of TSR20 on SICOM was US\$1,301 per tonne which represented a decrease of 2.0% to the closing market price of TSR20 on SICOM as at 31 March 2016.

We note HAC's commentary on rubber prices in its 1Q2016 results announcement which was released on 14 May 2016 and have set out below in *italics* certain extracts for your reference:

“Halcyon Agri’s financial performance for the remainder of 2016 will continue to be affected by the natural rubber market price environment. The extreme low prices experienced in the first quarter of 2016 and their impact on raw material availability had a significant impact on the profitability of natural rubber producers, from which Halcyon Agri was not immune. While the market price for natural rubber has recovered somewhat from its lows, reaching US\$1,571 on 25 April, it closed at US\$1,468 on 11 May and continues to be volatile. The self-imposed restriction on natural rubber exports by the Governments of Thailand, Indonesia and Malaysia, which Vietnam has also subsequently adopted, while positive for pricing, may also limit the Group’s processing export volumes until the end of August 2016, or later if the scheme is extended.”

5.2 THE NET ASSET VALUE (“NAV”) OF THE HAC GROUP

5.2.1 Composition of Assets and Liabilities

We set out below key information from the statement of financial position of the HAC Group as at 31 March 2016.

US\$'millions	Unaudited 31 March 2016
Current assets	286.6
Current liabilities	(233.4)
Net current assets	53.2
Non-current assets	373.1
Non-current liabilities	(298.8)
Net assets	127.5
Less: Non-controlling interest	(24.9)
Net assets attributable to Shareholders	102.5

Note:

(1) Total may not add up due to rounding.

As at 31 March 2016, the HAC Group had total assets of US\$659.7 million, mainly comprising intangible assets of US\$200.5 million, inventories of US\$119.6 million, property, plant and equipment of US\$102.0 million, cash and bank balances of US\$71.5 million, trade receivables of US\$55.3 million, plantation related properties of US\$39.5 million, other receivables of US\$23.6 million, investment properties of US\$21.9 million and derivative financial instruments of US\$12.2 million.

Total liabilities as at 31 March 2016 was US\$532.2 million, mainly comprising non-current loan payables of US\$265.5 million, current loan payables of US\$196.3 million, deferred tax liabilities of US\$21.0 million, other payables of US\$12.9 million, derivative financial instruments of US\$12.7 million and trade payables of US\$9.7 million.

As at 31 March 2016, the HAC Group had an NAV (after excluding non-controlling interest) of US\$102.5 million. As the HAC Group's intangibles asset was US\$200.5 million, it was in a net tangible liabilities position as at 31 March 2016.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

5.2.2 Further details on certain assets of the HAC Group

Intangible assets

Intangible assets accounted for 30.4% of total assets as at 31 March 2016.

As per the Company's interim condensed consolidated financial statements for 1Q2016 (the "1Q2016 Interim Report"), intangible assets comprised mainly goodwill, process know-how and customer related intangibles. Goodwill, primarily arising from the HAC Group's various acquisitions, accounted for 94.7% of the intangible assets as at 31 March 2016. We further note from the 1Q2016 Interim Report that the goodwill and process-know-how was tested for impairment as at 31 December 2015 and 31 March 2016. No impairment loss was recognised as at 31 December 2015 and 31 March 2016 as the recoverable amounts of the respective cash generating units to which goodwill and process know-how have been allocated to were in excess of the respective carrying values.

Property, plant and equipment

Property, plant and equipment accounted for 15.5% of total assets at 31 March 2016 respectively.

As per the Company's FY2015 annual report, property, plant and equipment mainly comprised leasehold buildings, leasehold land, plant and machinery, asset under construction and leasehold improvements and renovation. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Plantation assets

Plantation related properties and biological assets accounted for 6.0% and 0.8% of total assets as at 31 March 2016 respectively.

As per the Company's FY2015 annual report, plantation related properties included prepaid land leases and plantation improvements. Biological assets mainly consist of oil palm and rubber that are grown for commercial sales as part of normal business operations. Planted areas for oil palm and rubber plantation are approximately 566 hectares and 1,281 hectares as at 31 December 2015. As at 31 December 2015, apart from the 30 hectares oil palm plantation that was ready for harvesting, the remaining oil palm and rubber plantations were not ready for commercial harvesting.

Investment properties

Investment properties accounted for 3.3% of total assets as at 31 March 2016.

As per the Company's FY2015 annual report, investment properties held by the HAC Group as at 31 December 2015 comprised of various plots of lands, shophouses, residential houses, and offices in Indonesia. Investment properties were stated at fair value, which had been determined based on valuations performed as at 31 December 2015. The valuations were performed by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of properties being valued.

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should have been valued at an amount that is materially different from that which was recorded in the statement of financial position of the HAC Group as at 31 March 2016, and whether there are any factors which have not been disclosed in the financial statements of the HAC Group that are likely to impact the NAV and net tangible assets ("NTA") as at 31 March 2016.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

In respect of the above, we have sought the following confirmation from the Board of Directors and management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the HAC Group's assets and their respective book values as at 31 March 2016 which would have a material impact on the NAV and NTA of the HAC Group;
- (b) other than those already provided for or disclosed in the HAC Group's financial statements as at 31 March 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV and NTA of the HAC Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the HAC Group;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the HAC Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the HAC Group; and
- (e) there are no material acquisitions or disposal of assets by the HAC Group between 31 March 2016 and the Latest Practicable Date, and the HAC Group does not have any plans, save for the Proposed Transactions, for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the HAC Group's business.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including but not limited to the property, plant and equipment, plantation related properties, biological assets and investment properties) of the HAC Group. The Directors have confirmed to us that no separate valuations was performed for the material assets of the HAC Group (including but not limited to the property, plant and equipment, plantation related properties, biological assets and investment properties).

5.2.3 The Offer Price versus the NAV per HAC Share

Based on the unaudited NAV of the HAC Group (after excluding non-controlling interest) of US\$102.5 million as at 31 March 2016 and the issued share capital of 600,092,000 HAC Shares as at the Latest Practicable Date, the NAV per HAC Share was approximately US\$0.1709 or S\$0.2301 (based on an exchange rate of US\$1:S\$1.3469 as at 31 March 2016). The Offer Price represents a premium of 225.9% (or S\$0.5199) to the NAV per HAC Share as at 31 March 2016.

5.2.4 The Offer Price versus the NTA per HAC Share

The HAC Group had intangible assets of US\$200.5 million as at 31 March 2016. Accordingly, the net tangible liabilities of the HAC Group (after excluding non-controlling interest) as at 31 March 2016 was US\$98.0 million, equivalent to a net tangible liability per HAC Share of US\$0.1633 or S\$0.2199 (based on an exchange rate of US\$1:S\$1.3469 as at 31 March 2016).

The Offer Price represents a significant premium over the net tangible liability per HAC Share as at 31 March 2016.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

5.3 MARKET QUOTATION AND TRADING ACTIVITY OF HAC SHARES

5.3.1 Historical HAC Share Price

The historical price chart (based on closing prices and the number of HAC Shares traded on a daily basis) for HAC Shares during the period commencing from the 12-month period prior to 8 September 2015, being the last full market day prior to the Company's announcement on 9 September 2015 that the Company was then in confidential discussions with certain parties regarding a potential strategic transaction, up to the Latest Practicable Date is set out below:



Source: Bloomberg Finance L.P

A summary of the salient announcements and events relating to the Company during the aforesaid period is set out below:

Earnings Announcements

- E1: On 5 December 2014, the Company announced its unaudited financial results for the nine months ended 30 September 2014.
- E2: On 16 February 2015, the Company announced its unaudited financial results for the financial year ended 31 December 2014.
- E3: On 15 May 2015, the Company announced its unaudited financial results for the three months ended 31 March 2015.
- E4: On 5 August 2015, the Company announced its unaudited financial results for the six months ended 30 June 2015.
- E5: On 4 November 2015, the Company announced its unaudited financial results for the nine months ended 30 September 2015.
- E6: On 26 February 2016, the Company announced its unaudited financial results for the financial year ended 31 December 2015.
- E7: On 14 May 2016, the Company announced its unaudited financial results for the three months ended 31 March 2016.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

Other selected announcements

- A1: On 25 September 2014, the Company announced that it had entered into a sale and purchase agreement with Mr Oei Hong Bie @ Ng Kim Tjing @ Hadi Widjaja and Hong Wan Company Limited for the acquisition of 41,000,000 ordinary shares representing the entire issued and paid up share capital of New Continent Enterprises.
- A2: On 31 October 2014, the Company announced that it had entered into an exclusivity agreement with Raiffeisen Centrobank AG (“**RCB**”), one of the leading investment banks in Austria, for which RCB provided an exclusivity undertaking to the HAC Group in relation to the sale of entire shares in, or business undertakings and properties of its wholly owned subsidiary, Centrotrade Holding AG (“**Centrotrade**”).
- A3: On 26 January 2015, the Company announced that it had entered into a master share purchase agreement with Centrotrade for the acquisition of Centrotrade Deutschland GmbH, Centrotrade Commodities Malaysia Sdn. Bhd., Centrotrade Singapore Pte Ltd and Centrotrade Minerals & Metals, Inc. (collectively the “**Centrotrade Rubber Group**”).
- A4: On 25 May 2015, the Company announced that it had received the approval in-principle from the SGX-ST on 22 May 2015, for the transfer of the listing of the Company from the Catalyst sponsored regime to the Mainboard of the SGX-ST.
- A5: On 30 June 2015, the Company announced that it had completed the acquisition of the Centrotrade Rubber Group.
- A6: On 1 July 2015, the Company announced that it has successfully completed a refinancing of up to US\$413 million, replacing existing debts with a mix of term loan and working capital facilities.
- A7: On 9 September 2015, the SGX-ST queried HAC regarding the trading activities of HAC Shares. HAC responded on 9 September 2015 that the Company was currently in confidential discussions with certain parties regarding a potential strategic transaction. However, no agreement had been reached and there could be no assurance that an agreement will be concluded.
- A8: On 26 November 2015, the Company announced that Angsana Capital Ltd. (“**Angsana**”) had on 26 November 2015 accepted the Company’s offer (the “**Exchange Offer**”) made on 1 September 2015 for the exchange of 75,000,000 Halcyon Rubber Company Pte. Ltd. preference shares (“**HRC Preference Shares**”) held by Angsana into new fully paid-up ordinary shares in the capital of the Company.
- A9: On 30 November 2015, the Company announced that it had issued 179,092,000 new HAC Shares to Angsana at the exchange price of S\$0.5027 per new HAC Share, in exchange for the 75,000,000 HRC Preference Shares. With the completion of the Exchange Offer, Halcyon Rubber Company Pte. Ltd. has become a wholly-owned subsidiary of the Company.
- A10: On 12 January 2016 (the “**SGX-ST Query Date**”), the SGX-ST queried HAC regarding the trading activities of HAC Shares. HAC requested for a trading halt pending the release of an announcement.
- On 15 January 2016, HAC announced that they were in discussions with Sinochem over the possibility of a potential strategic transaction involving the combination of HAC Group, Sinochem’s interests in GMG and certain rubber-related assets of Sinochem, as well as the possibility of Sinochem purchasing a controlling interest in HAC. HAC also announced that the trading halt would be lifted on the morning of 18 January 2016.
- A11: On 28 March 2016, the Company announced the Proposed Transactions.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

A12: On 25 April 2016, the Company announced that the pre-condition relating to waivers from bondholders had been fulfilled.

On 26 April 2016, the Company announced that the pre-condition relating to consent from the lenders under the Facilities Agreement had been fulfilled.

A13: On 2 June 2016, the Company announced that the pre-condition relating to the approval of Shareholders for the GMG VGO and NR Assets Acquisition had been fulfilled.

A14: On 9 July 2016 (the “**Offer Notification Date**”), the Company announced that all conditions precedent to completion taking place under the Vendor SPAs had been fulfilled.

On 9 July 2016, ANZ, for and on behalf of the Offeror, also announced that the Offer was expected to be made on 15 July 2016.

A15: On 18 July 2016, ANZ, for and on behalf of the Offeror, announced the Offer.

5.3.2 Market Statistics

We have tabulated below selected statistical information on the share price performance and trading liquidity of HAC Shares commencing from the 12-month period prior to 8 September 2015, being the last full market day preceding the Company’s announcement on 9 September 2015 that it was in discussions with certain parties regarding a potential strategic transaction, up to the Latest Practicable Date.

	Highest price S\$ ⁽¹⁾	Lowest price S\$ ⁽²⁾	VWAP S\$ ⁽³⁾	Premium of Offer Price over VWAP %	Average daily trading volume '000 ⁽⁴⁾	Average daily trading volume as a percentage of free float % ⁽⁵⁾
<u>Prior to and including 8 September 2015</u>						
Last 12 months	0.840	0.435	0.6708	11.8	1,280	0.45
Last 6 months	0.840	0.435	0.6936	8.1	1,655	0.59
Last 3 months	0.670	0.435	0.5836	28.5	1,077	0.38
Last 1 month	0.605	0.435	0.4945	51.7	1,024	0.36
8 September 2015	0.605	0.605	0.5862	27.9	732	0.26
<u>Prior to and including the Unaffected Date ⁽⁶⁾</u>						
Last 12 months	0.840	0.435	0.6735	11.4	1,465	0.52
Last 6 months	0.735	0.435	0.6424	16.7	1,148	0.41
Last 3 months	0.735	0.625	0.6942	8.0	1,104	0.39
Last 1 month	0.690	0.625	0.6646	12.8	831	0.29
Unaffected Date	0.635	0.635	0.6286	19.3	1,794	0.64
<u>After the SGX-ST Query Date and up to 23 March 2016</u>						
After 12 January 2016 up to 23 March 2016	0.730	0.635	0.6883	9.0	1,139	0.40
23 March 2016 (being the last traded day prior to the Pre-conditional Offer Announcement Date)	0.730	0.730	0.7269	3.2	2,840	1.01

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

	Highest price S\$(¹)	Lowest price S\$(²)	VWAP S\$(³)	Premium of Offer Price over VWAP %	Average daily trading volume '000(⁴)	Average daily trading volume as a percentage of free float %(⁵)
After the Pre-conditional Offer Announcement Date and up to 8 July 2016						
After the Pre-conditional Offer Announcement Date up to 8 July 2016 (being the last traded day prior to the Offer Notification Date)	0.740	0.715	0.7330	2.3	1,607	0.57
After the Offer Notification Date and up to 14 July 2016						
After the Offer Notification Date up to 14 July 2016 (being the last traded day prior to the Offer Announcement Date and the Latest Practicable Date)	0.745	0.740	0.7449	0.7	4,278	1.52
14 July 2016	0.745	0.745	0.7446	0.7	121	0.04

Source: Bloomberg Finance L.P.

Notes:

- (1) The highest price refers to the highest daily closing price during the relevant period.
- (2) The lowest price refers to the lowest daily closing price during the relevant period.
- (3) The volume weighted average price ("VWAP") of the HAC Shares over the relevant period.
- (4) The average daily trading volume of the HAC Shares is computed based on the total volume of HAC Shares traded during the relevant period, divided by the number of days on which the SGX-ST is open for the trading of securities during the relevant period.
- (5) Free float refers to the HAC Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of approximately 281.9 million HAC Shares, representing approximately 47.0% of the 600,092,000 total issued HAC Shares.
- (6) 11 January 2016 (the "**Unaffected Date**"), being the last full market day prior to the SGX-ST queries on 12 January 2016 following which the Company announced a trading halt and subsequently announced on 15 January 2016 that the Company was in discussions with Sinochem over the possibility of a potential strategic transaction involving the combination of HAC Group, Sinochem's interests in GMG and certain rubber-related assets of Sinochem, as well as the possibility of Sinochem purchasing a controlling interest in HAC.

Based on the above table, we note that:

Prior to and including 8 September 2015

- (i) the price of HAC Shares have ranged between S\$0.435 and S\$0.840 in the 12 months prior to and including 8 September 2015;
- (ii) VWAP of the HAC Shares over the various periods prior to and including 8 September 2015, fluctuated between S\$0.4945 (1-month VWAP) and S\$0.6936 (6-month VWAP);
- (iii) the Offer Price represents premiums of approximately 27.9%, 51.7%, 28.5%, 8.1% and 11.8% to the VWAP on 8 September 2015 and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including 8 September 2015 respectively;

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

- (iv) in the 12 months prior to and including 8 September 2015, the HAC Shares were traded on 249 days out of a possible 249 market days, or 100.0% of market days during the corresponding period;
- (v) the average daily trading volume of HAC Shares for the 1-month, 3-month, 6-month and 12-month periods prior to and including 8 September 2015 was low, representing only 0.36%, 0.38%, 0.59% and 0.45% of the free float respectively;

Prior to and including the Unaffected Date

- (vi) the price of HAC Shares have ranged between S\$0.435 and S\$0.840 in the 12 months prior to and including the Unaffected Date;
- (vii) VWAP of the HAC Shares over the various periods prior to and including the Unaffected Date, fluctuated between S\$0.6286 (Unaffected Date) and S\$0.6942 (3-month VWAP);
- (viii) the Offer Price represents premiums of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including the Unaffected Date respectively;
- (ix) in the 12 months prior to and including the Unaffected Date, the HAC Shares were traded on 248 days out of a possible 248 market days, or 100.0% of market days during the corresponding period;
- (x) the average daily trading volume of HAC Shares for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Unaffected Date was low, representing only 0.29%, 0.39%, 0.41% and 0.52% of the free float respectively;

After the SGX-ST Query Date and up to 23 March 2016

- (xi) the Offer Price represents a premium of 9.0% to the VWAP of the HAC Shares for the period after the SGX-ST Query Date and up to 23 March 2016, being the last traded day prior to the Pre-conditional Offer Announcement Date;
- (xii) the average daily trading volume of HAC Shares remained low, representing 0.40% of the free float, for period after the SGX-ST Query Date and up to 23 March 2016;

After the Pre-conditional Offer Announcement Date and up to 8 July 2016

- (xiii) the Offer Price represents a premium of 2.3% to the VWAP of the HAC Shares for the period after the Pre-conditional Offer Announcement Date and up to 8 July 2016, being the last traded day prior to the Offer Notification Date;
- (xiv) the average daily trading volume of HAC Shares increased slightly to 0.57% of the free float for the period after the Pre-conditional Offer Announcement Date and up to 8 July 2016;

After the Offer Notification Date and up to the 14 July 2016

- (xv) the Offer Price represents a premium of 0.7% to the VWAP of the HAC Shares for the period after the Offer Notification Date and up to 14 July 2016 (being the last traded day prior to the Offer Announcement Date and the Latest Practicable Date);
- (xvi) the average daily trading volume of HAC Shares increased to 1.52% of the free float for the period after the Offer Notification Date and up to 14 July 2016 on the back of the news that the Offer was expected to be made on 15 July 2016; and
- (xvii) the HAC Shares have not closed above the Offer Price from the Pre-conditional Offer Announcement Date up till the Latest Practicable Date.

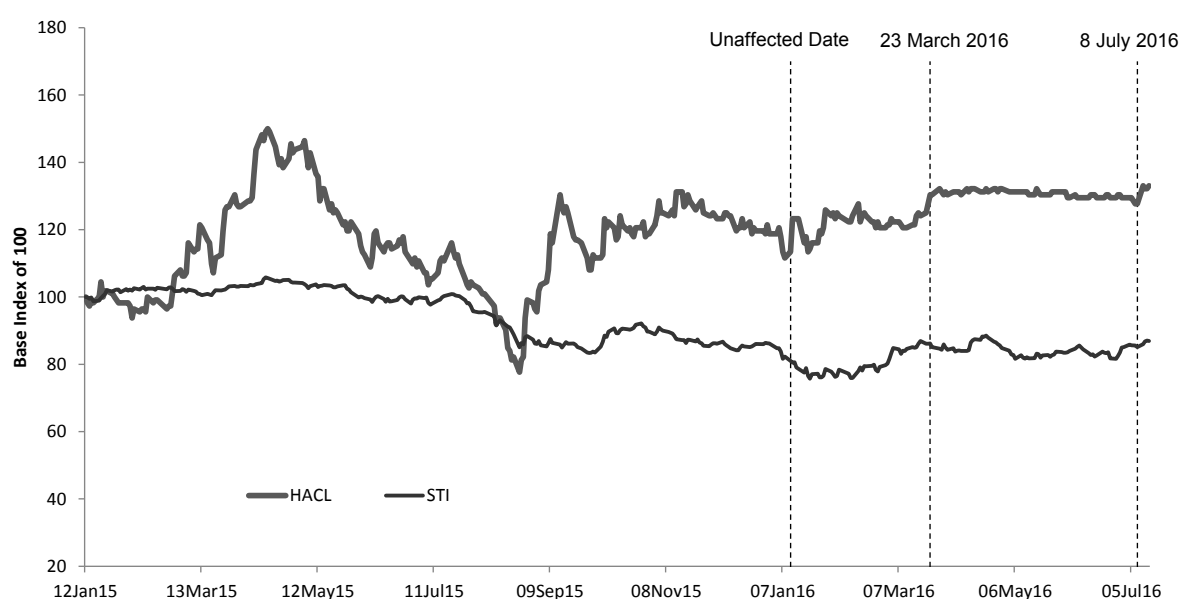
APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

It should be noted that there can be no assurance that (i) HAC Shares will continue to trade at or close to the Offer Price after the close or lapse of the Offer, and (ii) the current price performance of the HAC Shares is not indicative of the future price performance levels of HAC Shares.

5.3.3 Relative Performance of HAC Shares

To gauge the market price performance of HAC Shares relative to the general share price performance of the Singapore equity market, we have compared the movement of HAC Shares with the FTSE Straits Times Index (the “**FSSTI**”), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

The chart below sets out the market price performance of HAC Shares and the FSSTI for the period starting from 12 January 2015, being the one year period prior to the Unaffected Date, up to and including 14 July 2016, being the last traded day prior to the Offer Announcement Date and the Latest Practicable Date.



Source: Bloomberg Finance L.P.

Note:

- (1) HAC Share prices and FSSTI values have been rebased to 100 as at 12 January 2015 for comparison purposes.

We have also set out the rebased index values for HAC Shares and the FSSTI at key dates during the one year period prior to the Unaffected Date up till and including the Latest Practicable Date:

	HAC	FSSTI
Rebased Index as at 12 January 2015	100	100
Rebased Index as at the Unaffected Date	113.4	81.0
Rebased Index as at 23 March 2016, being the last traded day prior to the Pre-conditional Offer Announcement Date	130.4	86.2
Rebased Index as at 8 July 2016, being the last traded day prior to the Offer Notification Date	127.7	85.1
Rebased Index as at 14 July 2016	133.0	86.9

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

Based on the above, we note the following:

- (a) for the 1-year period up to the Unaffected Date, HAC Shares have generally outperformed the FSSTI over the same period;
- (b) for the period after the Unaffected Date up till 23 March 2016, being the last traded day prior to the Pre-conditional Offer Announcement Date, HAC Shares continued to outperform the FSSTI over the same period;
- (c) for the period after 23 March 2016 up till 8 July 2016, HAC Shares marginally underperformed the FSSTI; and
- (d) for the period after 8 July 2016 up till 14 July 2016, HAC Shares rebounded and outperformed the FSSTI.

5.4 THE VALUATION OF THE HAC GROUP IMPLIED BY THE OFFER PRICE VERSUS THE VALUATION OF COMPANIES COMPARABLE TO THE HAC GROUP

The HAC Group is principally engaged in the origination, production and distribution of natural rubber. The HAC Group owns natural rubber plantations and sources rubber of a range of origins and grades for distribution to customers through its international sales network. The HAC Group also owns and operates natural rubber processing factories. For the purposes of assessing the valuation of the HAC Group as implied by the Offer Price, we have considered listed companies whose business are broadly comparable with the HAC Group (“**HAC Comparables**”).

We had discussions with management about the suitability and reasonableness of the HAC Comparables. We wish to highlight that the HAC Comparables are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the HAC Group in terms of location, business activities, customer base, size of operations, asset base, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made here is necessarily limited and it may be difficult to place reliance on the comparison of valuation for the HAC Comparables. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the HAC Comparables is set out below:

HAC Comparables	Listing Location	Brief Business Description	Market Capitalisation as at the Latest Practicable Date ^{(1) (2)} (S\$ million)
Sri Trang Agro-Industry Public Company Limited (“ Sri Trang ”)	Singapore	Sri Trang is engaged in the manufacture and sale of rubber products. Its products include rubber smoked sheets, which are used as raw material in the production of automobile tires, pipes, shoes and parts of automobiles; block rubber, which is used in the automobile tyre industry, as well as a substitute to grade-3 rubber smoked sheet, and concentrated latex, which can be used as a raw material in the production of latex examination gloves, condoms, and elastic rubber thread.	550
GMG Global Ltd. (“ GMG ”)	Singapore	GMG is a Singapore-based natural rubber producer with integrated capabilities extending from planting, cultivating, tapping and processing, to the marketing and exporting of natural rubber.	437

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

HAC Comparables	Listing Location	Brief Business Description	Market Capitalisation as at the Latest Practicable Date ⁽¹⁾ ⁽²⁾ (S\$ million)
China Hainan Rubber Industry Group Co. Ltd. (“ Hainan Rubber ”)	PRC	Hainan Rubber is principally engaged in the planting, processing and distribution of natural rubber. It is also involved in the cutting and distribution of rubber trees. The major products include rubber products, such as latex thread, natural rubber gloves, concentrated natural latex rubber, standard rubber for aircraft tire use and others, as well as rubber woods.	4,823
Thai Rubber Latex Corporation (Thailand) Public Company Limited (“ Thai Rubber ”)	Thailand	Thai Rubber manufactures latex concentrate and related products used as raw material for producing rubber products such as latex gloves, condoms, rubber thread, balloons, rubber bands, rubber tubes, and belt conveyor.	42
Société Internationale de Plantations d’Hévéas (“ SIPH ”)	France	SIPH specialises in the production, manufacturing and marketing of natural rubber for industrial use. SIPH operates 58,000 hectares of mature rubber plantations spread over 4 countries (Ivory Coast, Ghana, Nigeria and Liberia). SIPH markets its products, which are mainly reserved for the tyre business, on the international market.	238

Source: Bloomberg Finance L.P., annual reports, announcements and websites of respective companies

Notes:

- (1) Market capitalisation of the HAC Comparables is based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the closing exchange rate of S\$1:RMB4.972, S\$1:THB25.9236, and S\$1:EUR0.6698 as at the Latest Practicable Date. RMB, THB and EUR refer to the Chinese Yuan, Thai Baht and Euro respectively.

For the comparison with the HAC Comparables, we have referred to various valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies. In this respect, we have considered the following widely used ratios:

Valuation Ratio	General Description
EV/EBITDA	<p>“EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.</p> <p>The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.</p>

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

Valuation Ratio	General Description
Price-to-Earnings (“P/E”)	The P/E ratio illustrates the ratio of the market price of a company’s share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
Price-to-Net Asset Value (“P/NAV”)	P/NAV ratio illustrates the ratio of the market price of a company’s share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
Price-to-Net Tangible Asset (“P/NTA”)	P/NTA ratio illustrates the ratio of the market price of a company’s share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.
EV-to-Sales Tonnage (“EV / Sales Tonnage”)	The historical EV/Sales Tonnage ratio illustrates the ratio of the market value of a company’s business relative to the sales (in tonnes) of the company. It provides an indication of the relative market value of the company’s business per tonne of sales. “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. Sales tonnage refers to the rubber sales (in tonnes) of the respective company based on the latest publicly available information, where available.
EV-to-Processing Capacity (“EV / Processing Capacity”)	The historical EV/Processing Capacity ratio illustrates the ratio of the market value of a company’s business relative to the processing capacity (in tonnes) of the respective company. It provides an indication of the relative market value of the company’s business per tonne of processing capacity. “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. Processing capacity refers to the rubber processing capacity (in tonnes) of the respective company based on the latest publicly available information, where available.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

We set out in the table below the financial ratios of the HAC Comparables as at the Latest Practicable Date:

HAC Comparables	Net Profit / (Loss) (S\$m) ⁽¹⁾	EV / EBITDA ⁽²⁾ (times)	P/E ⁽³⁾ (times)	P/NAV ⁽⁴⁾ (times)	P/NTA ⁽⁴⁾ (times)	EV / Sales Tonnage ⁽⁵⁾ (\$/Tonne)	EV / Processing Capacity ⁽⁵⁾ (\$/Tonne)
Sri Trang	25.9	13.4	21.8	0.7	0.7	1,024	829
GMG	(24.5)	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾	0.6	0.8	2,042	1,267
Hainan Rubber	(210.9)	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾	3.0	3.2	6,767	12,115
Thai Rubber	(3.2)	14.5	n.m. ⁽⁶⁾	0.7	0.7	n.a. ⁽⁷⁾	700
SIPH	(4.0)	19.9	n.m. ⁽⁶⁾	1.5	1.8	2,340	2,242
Maximum		19.9	21.8	3.0	3.2	6,767	12,115
Minimum		13.4	21.8	0.6	0.7	1,024	700
Mean		15.9	21.8	1.3	1.4	3,043	3,430
Median		14.5	21.8	0.7	0.8	2,191	1,267
HAC Group ⁽⁸⁾ (Based on the Offer Price)	0.8	18.2	552.5	3.3	n.m. ⁽⁹⁾	1,480	1,353

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies, and other publicly available information.

Notes:

- (1) The net profit / (loss) attributable to shareholders in the most recent last twelve months (“LTM”) compiled from the respective companies’ financial results. Net profit / (loss) figures are based upon the average exchange rates prevailing during the corresponding LTM period for each respective company.
- (2) The EBITDA figures of the HAC Comparables are based upon the LTM information compiled from the respective companies’ financial results. EV of the companies are based on their respective market capitalisations as at the Latest Practicable Date.
- (3) The P/E ratios of the HAC Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the net profits attributable to shareholders in the LTM compiled from the respective companies’ financial results.
- (4) The P/NAV and P/NTA ratios of the HAC Comparables are based on (i) their respective closing prices as at the Latest Practicable Date; and (ii) the most recent NAV and NTA attributable to shareholders as announced by the respective companies.
- (5) Based upon the latest sales tonnage and processing capacity of the HAC Comparables, where available.
- (6) Not meaningful as Thai Rubber and SIPH had losses in the LTM whilst GMG and Hainan Rubber had losses and negative EBITDA in the LTM.
- (7) Information on sales tonnage not available.
- (8) Based on the HAC Group’s LTM financials and the Offer Price. EV for the HAC Group is determined as the sum of the market capitalisation of the HAC Group, as implied by the Offer Price, in addition to minority interest, short term and long term borrowings less cash and cash equivalents.
- (9) Not meaningful as the HAC Group was in a net tangible liabilities position.

Based on the above ratio analysis, we noted that:

- (a) the EV/EBITDA ratio of the HAC Group, as implied by the Offer Price, is within the range, and above the mean and the median of the HAC Comparables;
- (b) the P/E ratio of the HAC Group, as implied by the Offer Price, is significantly higher than the P/E ratio of Sri Trang, the only profitable HAC Comparable for the LTM;

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

- (c) the P/NAV ratio of the HAC Group, as implied by the Offer Price and based on the NAV per HAC Share, is above the range, the mean and the median of the HAC Comparables;
- (d) as the HAC Group was in a net tangible liabilities position as at 31 March 2016, the P/NTA ratio is not meaningful. For reference only, the HAC Comparables are trading at P/NTA ratios of between 0.7 times and 3.2 times;
- (e) the EV / Sales Tonnage ratio of the HAC Group, as implied by the Offer Price, is within the range, and below the mean and the median of the HAC Comparables; and
- (f) the EV / Processing Capacity ratio of the HAC Group, as implied by the Offer Price, is within the range, below the mean and above the median of the HAC Comparables.

5.5 COMPARISON WITH PRECEDENT TAKEOVERS OF SGX-ST LISTED COMPANIES

We note that it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST. In assessing the reasonableness of the Offer Price, we have compared the financial statistics implied by the Offer Price with those of selected recent completed takeovers for companies listed on the SGX-ST which were announced in the 24-month period prior to the Pre-conditional Offer Announcement Date where the offeror indicated its intentions to preserve the listing status of the target companies (collectively, the “**Selected Comparable Transactions**”).

We wish to highlight that the list of target companies set out under the Selected Comparable Transactions are not directly comparable with the HAC Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits.

We also wish to highlight that the list of Selected Comparable Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror’s intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target company’s business and assets and existing and desired level of control in the target company. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Therefore, the comparison of the Offer with the Selected Comparable Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

	Announcement Date	Type ⁽¹⁶⁾	Premium / (Discount) of Offer Price over/(to):				Offer Price / NAV (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Kian Ho Bearings Limited ⁽¹⁾	4-Jun-14	MGO	(6.0)	9.0	10.5	11.0	0.7
United Envirotech Ltd ⁽²⁾	12-Nov-14	VGO	8.9	21.1	20.7	19.5	2.3
CH Offshore Ltd ⁽³⁾	11-Dec-14	VGO	6.5	8.1	5.4	5.1	0.9
Hafary Holdings Limited ⁽⁴⁾	30-Dec-14	VGO	9.1	11.1	11.1	14.8	1.3
LCD Global Investments Ltd ⁽⁵⁾	12-Jan-15	VGO	10.0	11.5	13.4	13.4	1.2

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

	Announcement Date	Type ⁽¹⁶⁾	Premium / (Discount) of Offer Price over/(to):				Offer Price / NAV (times)
			Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Xyec Holdings Co., Ltd ⁽⁶⁾	30-Jan-15	VGO	20.0	31.0	34.5	37.6	1.4
IPC Corporation Ltd ⁽⁷⁾	1-Apr-15	MGO	2.4	4.5	5.5	7.4	0.7
Novo Group Ltd ⁽⁸⁾	17-Aug-15	MGO	161.5	188.1	151.9	163.6	5.2
Jasper Investments Limited ⁽⁹⁾	18-Sep-15	MGO	(93.3)	(93.1)	(96.6)	(96.4)	n.m.
Jacks International Limited ⁽¹⁰⁾	6-Oct-15	MGO	90.5	103.5	103.5	121.8	1.9
Starland Holdings Limited ⁽¹¹⁾	14-Oct-15	MGO	25.5	45.7	60.5	73.5	0.5
Abundance International Limited ⁽¹²⁾	24-Mar-16	MGO	72.4	65.6	67.2	40.4	1.3

Maximum	161.5	188.1	151.9	163.6	5.2
Minimum	(93.3)	(93.1)	(96.6)	(96.4)	0.5
Mean ⁽¹³⁾	23.9	31.1	33.2	34.5	1.3
Median	9.6	16.3	17.1	17.2	1.3

HAC Group	18-Jul-16	MGO					
Based on Offer Price and prices prior to and including 8 September 2015⁽¹⁴⁾			24.0	51.7	28.5	8.1	3.3
Based on Offer Price and prices prior to and including the Unaffected Date⁽¹⁵⁾			18.1	12.8	8.0	16.7	3.3

Notes:

- (1) Based on the revalued NAV per share of S\$0.341 as at 31 December 2013.
- (2) Based on the NAV per share of S\$0.711 as at 31 December 2014.
- (3) Based on the revalued NAV per share of S\$0.571 as at 30 September 2014.
- (4) Based on the revalued NAV per share on an as-is basis of S\$0.191 as at 30 September 2014.
- (5) Based on the NAV per share of S\$0.271 as at 31 December 2014.
- (6) Based on the NAV per share of S\$0.213 as at 30 September 2014.
- (7) Based on the revalued NAV per share of S\$0.2498 as at 31 December 2014.
- (8) Based on the revalued NAV per share of US\$0.093 as at 31 July 2015.
- (9) n.m. – Not meaningful as the company was in a net liabilities position as at 30 June 2015.
- (10) Based on the NAV per share of S\$0.42 as at 31 July 2015.
- (11) Based on the revalued NAV per share of S\$0.506 as at 30 September 2015.
- (12) Based on the NAV per share of S\$0.0373 as at 31 December 2015.
- (13) Based on the trimmed mean whereby the highest and lowest values for each parameter have been discarded to account for the effect of outliers.
- (14) Based on the Offer Price of S\$0.75, the HAC Group's LTM financials, the last transacted price of S\$0.605 for HAC Shares on 8 September 2015, and the respective VWAP periods up to and including 8 September 2015.
- (15) Based on the Offer Price of S\$0.75, the HAC Group's LTM financials, the last transacted price of S\$0.635 for HAC Shares on 11 January 2016, and the respective VWAP periods up to and including 11 January 2016, being the Unaffected Date.
- (16) VGO – Voluntary General Offer, MGO – Mandatory General Offer.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

Based on the above, we note that:

- (i) the premium implied by the Offer Price over the last transacted price of HAC Shares on 8 September 2015 and the VWAP for the 1-month period prior to and including 8 September 2015 respectively, are within the range and above the mean and median premium of Selected Comparable Transactions;
- (ii) the premium implied by the Offer Price over the VWAP for the 3-month period prior to and including 8 September 2015, is within the range, below the mean and above the median premium of Selected Comparable Transactions;
- (iii) the premium implied by the Offer Price over the VWAP for the 6-month period prior to and including 8 September 2015, is within the range, and below the mean and median premium of Selected Comparable Transactions;
- (iv) the premium implied by the Offer Price over the last transacted price of HAC Shares on the Unaffected Date, is within the range, below the mean and above the median premium of Selected Comparable Transactions;
- (v) the premium implied by the Offer Price over the VWAP for the 1-month, 3-month and 6-month periods prior to and including the Unaffected Date, is within the range and below the mean and median premium of Selected Comparable Transactions; and
- (vi) the ratio of the Offer Price over the NAV of HAC Shares, is within the range, and above the mean and median offer price over NAV ratios of Selected Comparable Transactions.

5.6 RATIONALE FOR THE PROPOSED MERGER

The rationale for the Proposed Merger can be found in Section 11 of the Offer Document and we recommend that the Directors advise Shareholders to read the section carefully. We have summarised the rationale as follows:

- (a) the Proposed Merger is consistent with Sinochem's and the Company's strategy of establishing a leading global natural rubber supply chain manager;
- (b) the Proposed Merger significantly enhances the scale and market position of the HAC Group in each segment of the natural rubber supply chain;
- (c) the Proposed Merger combines complementary business operations and expertise of Sinochem and the Company to realise potential synergies;
- (d) the Proposed Merger broadens the geographic scope of the Company's operations and product offering;
- (e) the Proposed Merger extends the distribution reach of the Company into the PRC;
- (f) the Proposed Merger increases the vertical integration of the Company across the natural rubber supply chain;
- (g) enhancement of the investment and credit profiles of the Company in the financial markets; and
- (h) the Proposed Merger represents an efficient and fair basis upon which to combine the relevant assets of the Company, GMG and the NR Assets.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

5.7 DIVIDEND TRACK RECORD

The dividend track record of HAC for FY2013 through FY2015 is set out below:

	FY2013	FY2014	FY2015
Dividends per HAC Share declared in respect of the each financial year (Singapore cents)	1.0	Nil	Nil

We note from HAC's FY2015 annual report that the Company currently does not have a fixed dividend policy. The Company continues to pursue its expansion strategy and a considerable amount of non-recurring transaction related costs were incurred for acquisitions completed in FY2015. These costs had an impact on the HAC Group's financial performance and accordingly, the Company had not declared any dividends in respect of FY2015.

5.8 OTHER CONSIDERATIONS

In assessing the financial terms of the Offer, we have also considered the following:

(a) No Alternative Offer

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for HAC Shares from any third party.

(b) Listing Status

It is the intention of the Offeror to maintain the listing status of HAC on the SGX-ST following completion of the Offer. In the event that the trading of the HAC Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1105 of the Listing Manual of the SGX-ST (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.

(c) Compulsory Acquisition

As the Undertaking Shareholders will not accept the Offer in respect of their Shares (except in limited circumstances as set out in paragraph 3.4 of this IFA Letter), 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, Chapter 50 of Singapore (the "**Companies Act**") pursuant to acceptances of the Offer.

(d) Intention of the Directors in respect of their HAC Shares

As at the Latest Practicable Date, Robert Meyer and Pascal Demierre have undertaken not to accept the Offer in respect of any of their HAC Shares (inclusive of Robert Meyer's beneficial shareholdings in HAC Shares as disclosed in Section 4.3 of Appendix B of the Circular). However, in the event the acceptances by other Shareholders immediately prior to the close of the Offer when aggregated with the HAC Shares held by the Offeror, is less than 53.98% of the total issued HAC Shares, Angsana and Pascal Demierre (along with other Undertaking Shareholders **except** Credence Capital Fund II (Cayman) Limited) shall tender the requisite number of HAC Shares in acceptance of the Offer which would result in the Offeror and its concert parties holding at least 53.98% of the total issued and paid-up share capital in the Company as at the close of the Offer.

(e) No revision to the Offer Price

The Offer is made by the Offeror as a result of the Vendor Shareholders Sale and in accordance with Rule 14 of the Code. We further note that the Offer Document has stated that the Offeror does not intend to revise the Offer Price.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

- (f) Offer Price is the same as the Issue Price for the Proposed Transactions

We note that the Offer Price of S\$0.75 per HAC Share is (i) the same price at which the Offeror acquired HAC Shares from the Vendor Shareholders pursuant to the Vendor Shareholders Sale, and (ii) the same price at which new HAC Shares will be issued as consideration for the Proposed Transactions.

- (g) Dealings in HAC Shares by Directors

The dealings in HAC Shares by Directors during the period commencing six (6) months prior to the Pre-conditional Offer Announcement Date, and ending on the Latest Practicable Date is set out below:

Name of Director	Transaction Date	Price per HAC Share (S\$)	Total number of HAC Shares sold
Robert Meyer	24-Nov-15 ⁽¹⁾	0.72	5,000,000
	26-Nov-15	0.72	2,550,000
	26-Nov-15 ⁽¹⁾	0.72	28,250,000
	14-Jul-16 ⁽²⁾	0.75	124,092,000
Pascal Demierre	15-Jul-16 ⁽²⁾	0.75	11,274,576

Notes:

- (1) Disposal of HAC Shares by the associates of Robert Meyer.
(2) Pursuant to the RM Vendor SPA and the PD Vendor SPA entered into on 28 March 2016.

We note that all the dealings in HAC Shares by Directors in the six (6) months prior to the Pre-conditional Offer Announcement Date were done at a price either lower or equal to the Offer Price.

- (h) Exchange Offer

On 30 November 2015, the Company issued 179,092,000 new HAC Shares to Angsana at the exchange price of S\$0.5027 per new HAC Share ("**Exchange Price**") in exchange for 75,000,000 HRC Preference Shares in accordance with the terms and conditions as set out in the subscription and shareholders' agreement dated 11 July 2014 which was subsequently approved by Shareholders on 4 August 2014. Angsana is wholly-owned by Robert Meyer through his wholly-owned company, Keystone Pacific Pte. Ltd..

The Exchange Price of S\$0.5027 was determined based on the volume weighted average price of the HAC Shares over the five (5) trading days immediately prior to the Company's exchange offer made to Angsana on 1 September 2015 (that is, from 25 August 2015 to 31 August 2015, both dates inclusive). With the completion of the exchange offer, Halcyon Rubber Company Pte. Ltd. has become a wholly-owned subsidiary of the Company. We note that the Offer Price is at a 49.2% premium to the Exchange Price.

- (i) Placement of HAC Shares

On 8 September 2014, the Company completed the placement of 25,000,000 HAC Shares to Mr Goi Seng Hui at S\$0.738 per HAC Share ("**Placement Price**"). We note that the Offer Price is at a 1.6% premium to the Placement Price.

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the financial terms of the Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

- (a) the financial performance of the HAC Group which reported profits attributable to shareholders of US\$9.1 million and US\$8.5 million in FY2013 and FY2015 respectively and losses attributable to shareholders of US\$9.4 million and US\$6.6 million in FY2014 and 1Q2016 respectively;
- (b) the Offer Price of S\$0.75 per HAC Share, represents a premium of 225.9% (or S\$0.5199) to the NAV per HAC Share as at 31 March 2016;
- (c) the Offer Price of S\$0.75 per HAC Share, represents a significant premium over the net tangible liabilities position represented by each HAC Share as at 31 March 2016;
- (d) the Offer Price represents premiums of approximately 27.9%, 51.7%, 28.5%, 8.1% and 11.8% to the VWAP on 8 September 2015 and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including 8 September 2015 respectively;
- (e) the Offer Price represents premium of approximately 19.3%, 12.8%, 8.0%, 16.7% and 11.4% to the VWAP on the Unaffected Date and the 1-month, 3-month, 6-month and 12-month VWAP of the HAC Shares prior to and including the Unaffected Date respectively;
- (f) for the 1-year period up to the Unaffected Date, HAC Shares have generally outperformed the FSSTI over the same period;
- (g) the EV/EBITDA ratio of the HAC Group, as implied by the Offer Price, is within the range, and above the mean and the median of the HAC Comparables;
- (h) the P/E ratio of the HAC Group, as implied by the Offer Price, is significantly higher than the P/E ratio of Sri Trang, the only profitable HAC Comparable for the LTM;
- (i) the P/NAV ratio of the HAC Group, as implied by the Offer Price and based on the NAV per HAC Share, is above the range, the mean and the median of the HAC Comparables;
- (j) as the HAC Group was in a net tangible liabilities position as at 31 March 2016, the P/NTA ratio is not meaningful. For reference only, the HAC Comparables are trading at P/NTA ratios of between 0.7 times and 3.2 times;
- (k) the EV / Sales Tonnage ratio of the HAC Group, as implied by the Offer Price, is within the range, and below the mean and the median of the HAC Comparables;
- (l) the EV / Processing Capacity ratio of the HAC Group, as implied by the Offer Price, is within the range, below the mean and above the median of the HAC Comparables;
- (m) the premium implied by the Offer Price over the the last transacted price of HAC Shares on 8 September 2015 and VWAP for the 1-month period prior to and including 8 September 2015 respectively, are within the range and above the mean and median premium of Selected Comparable Transactions;

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

- (n) the premium implied by the Offer Price over the VWAP for the 3-month period prior to and including 8 September 2015, is within the range, below the mean and above the median premium of Selected Comparable Transactions;
- (o) the premium implied by the Offer Price over the VWAP for the 6-month period prior to and including 8 September 2015, is within the range, and below the mean and median premium of Selected Comparable Transactions;
- (p) the premium implied by the Offer Price over the last transacted price of HAC Shares on the Unaffected Date, is within the range, below the mean and above the median premium of Selected Comparable Transactions;
- (q) the premium implied by the Offer Price over the VWAP for the 1-month, 3-month and 6-month period prior to and including the Unaffected Date, is within the range and below the mean and median premium of Selected Comparable Transactions;
- (r) the ratio of the Offer Price over the NAV of HAC Shares, is within the range, and above the mean and median offer price over NAV ratios of Selected Comparable Transactions; and
- (s) other considerations set out in paragraph 5.8 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable.

The Proposed Transactions would, upon completion, result in the Company being the listed vehicle and holding company for: (a) at least a majority of the total issued and paid-up shares of GMG, via the GMG VGO; and (b) the NR Assets. Shareholders would have a stake in this enlarged HAC Group, via a SGX-ST listed company. Accordingly, there would be an ongoing ready market for their HAC Shares.

Alternatively, the sequence of the transactions offers Shareholders the opportunity to realise their investment in HAC, via the Offer, at S\$0.75 per HAC Share should they not wish to invest in the enlarged HAC Group (as a result of the Proposed Merger), at the same price at which the Vendor Shareholders have sold their HAC Shares to SIO, pursuant to the Vendor SPAs.

We also advise the Non-Interested Directors to consider highlighting to Shareholders that there is no assurance that the price of HAC Shares will remain at current levels after the close or lapse of the Offer and the current price performance of HAC Shares is not indicative of the future price performance levels of HAC Shares.

Accordingly, we advise the Non-Interested Directors to recommend Shareholders who do not wish to invest in the enlarged HAC Group (as a result of the Proposed Merger) to ACCEPT the Offer unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transaction costs in connection with open market transactions.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Non-Interested Directors should advise Shareholders that the opinion and advice of Xandar Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

This IFA Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain the responsibility of the Non-Interested Directors. Neither the Company nor the

APPENDIX A – LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS

Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

ALEX TAN KAH KOON
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Robert Meyer	c/o 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101	Executive Chairman and Chief Executive Officer
Pascal Demierre	c/o 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101	Executive Director
Alan Nisbet	c/o 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101	Lead Independent Director
Randolph Khoo Boo Teck	c/o 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101	Independent Director
Liew Choon Wei	c/o 250 North Bridge Road #12-01 Raffles City Tower Singapore 179101	Independent Director

2. BACKGROUND AND PRINCIPAL ACTIVITIES

The Company is a limited liability company and was incorporated in Singapore on 7 April 2005 and was listed on the Catalist Board of the SGX-ST on 1 February 2013. On 29 June 2015, the Company transferred its listing to the Mainboard of the SGX-ST. The Company's registered office is at 250 North Bridge Road, #12-01 Raffles City Tower, Singapore 179101.

The principal activity of the Company is that of an investment holding company. The HAC Group is a global natural rubber supply chain manager primarily involved in the origination, production and distribution of natural rubber. The HAC Group produces high quality natural rubber at its 14 processing facilities in Indonesia and Malaysia and produces sustainable, premium TSR under its proprietary HEVEAPRO brand. 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. The HAC Group's distribution network is extensive, comprising sales offices and logistics assets spanning South East Asia, the People's Republic of China, South Africa, the United States and Europe. The HAC Group is one of the top five (5) natural rubber companies globally, with a production capacity of 748,000 tonnes and a distribution capability in excess of one (1) million tonnes.

3. SHARE CAPITAL

3.1 Issued HAC Shares

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$210,039,652.40 comprising 600,092,000 HAC Shares, and there has not been any change to the number of HAC Shares since the end of FY2015. The Company does not hold any HAC Shares in treasury.

As at the Latest Practicable Date, the Company does not have any outstanding instruments convertible into, rights to subscribe for, and options in respect of, the HAC Shares or which carry voting rights affecting the HAC Shares.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

3.2 Capital, Dividends and Voting Rights

The rights of Shareholders in respect of capital, dividends and voting in relation to the HAC Shares are contained in the Constitution of the Company. For ease of reference, selected texts from the Constitution of the Company relating to the same have been extracted and reproduced in Appendix D to this Circular.

4. DISCLOSURE OF INTERESTS

4.1 Interests and Dealings of the Company in Offeror Securities

The Company does not have any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

The Company has not dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Pre-conditional Offer Announcement Date, and ending on the Latest Practicable Date.

4.2 Interests and Dealings of the Directors in Offeror Securities

None of the Directors has any direct or indirect interests in the Offeror Securities as at the Latest Practicable Date.

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Pre-conditional Offer Announcement Date, and ending on the Latest Practicable Date.

4.3 Interests and Dealings of the Directors in the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or indirect interests in HAC Shares:

Name of Director	Direct Interest		Deemed Interest		Total Interest	
	No. of HAC Shares	% ⁽¹⁾	No. of HAC Shares	% ⁽¹⁾	No. of HAC Shares	% ⁽¹⁾
Robert Meyer	-	-	55,550,000 ⁽²⁾	9.26	55,550,000	9.26
Pascal Demierre	10,500,000	1.75	-	-	10,500,000	1.75
Alan Nisbet	-	-	400,000	0.07	400,000	0.07

Notes:

- (1) Based on 600,092,000 HAC Shares as at the Latest Practicable Date.
- (2) Robert Meyer is deemed interested in 55,000,000 HAC Shares held by Angsana, a company indirectly-owned by Robert Meyer and 550,000 HAC Shares held by his father, Gunther Richard Meyer.
- (3) Alan Nisbet is deemed interested in 400,000 HAC Shares held by his spouse, Ms Low Yu Cheng.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Save as disclosed below, none of the Directors has dealt for value in HAC Shares during the period commencing six (6) months prior to the Pre-conditional Offer Announcement Date, and ending on the Latest Practicable Date.

Name of Director	Date of Dealing	Price per HAC Share (S\$)	Total number of HAC Shares sold
Robert Meyer	24 November 2015 ⁽¹⁾	0.72	5,000,000
	26 November 2015	0.72	2,550,000
	26 November 2015 ⁽¹⁾	0.72	28,250,000
	14 July 2016 ⁽²⁾	0.75	124,092,000
Pascal Demierre	15 July 2016 ⁽²⁾	0.75	11,274,576

Notes:

- (1) Disposal of HAC Shares by the associates of Robert Meyer.
- (2) Pursuant to the RM Vendor SPA and the PD Vendor SPA entered into on 28 March 2016.

4.4 Interests and Dealings of the IFA in the Company

None of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any HAC Shares as at the Latest Practicable Date.

None of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any HAC Shares during the period commencing six months prior to the Pre-conditional Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Intentions of the Directors in respect of their shares

As at the Latest Practicable Date, the following Directors, in respect of their beneficial shareholdings in HAC Shares as disclosed in Section 4.3 of Appendix B to this Circular, have undertaken not to accept the Offer in respect of any of their HAC Shares:

- (a) Robert Meyer; and
- (b) Pascal Demierre.

However, in the event the acceptances by other HAC Shareholders immediately prior to the close of the Offer when aggregated with the HAC Shares held by the Offeror, is less than 53.98% of the total issued HAC Shares, Angsana and Pascal Demierre (along with other Undertaking Shareholders **except** Credence Capital Fund II (Cayman) Limited) shall tender the requisite number of HAC Shares in acceptance of the Offer which would result in the Offeror and its concert parties holding at least 53.98% of the total issued and paid-up share capital in the Company as at the close of the Offer Period.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts

- (a) There are no service contracts of any Director or proposed director which have more than twelve (12) months to run and which cannot be terminated by the Company within the next twelve (12) months without paying any compensation; and
- (b) Save as disclosed below, there are no service contracts entered into or amended between any Director or proposed director, with the Company during the period commencing six (6) months prior to the Pre-conditional Offer Announcement Date and ending on the Latest Practicable Date:

APPENDIX B – ADDITIONAL GENERAL INFORMATION

The three (3)-year service agreement of Mr Robert Meyer, the Executive Chairman and Chief Executive Officer of the Company expired on 31 December 2015, and has been renewed on 1 January 2016 for a further period of one (1)-year, with an automatic annual renewal thereafter. Mr Meyer is entitled to a monthly salary of S\$75,000, with a variable bonus subject to review by the Remuneration Committee, taking into account Mr Meyer's performance and prevailing economic conditions.

5.2 No Payment or Benefit to Directors

As at the Latest Practicable Date, it is not proposed, in connection with the Offer, that any payment or other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer.

5.3 No Agreement or Arrangement Conditional upon Outcome of the Offer

Save for the Vendor SPAs, the irrevocable undertakings from the Undertaking Shareholders, and the moratorium arrangements as described in Section 5.5 below, as at the Latest Practicable Date, there are no other agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.

5.4 Material Contracts entered into by Offeror

Save for the Vendor SPAs, the irrevocable undertakings from the Undertaking Shareholders, and the Implementation Agreement, as at the Latest Practicable Date, there are no other material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

5.5 Moratorium Undertakings

5.5.1 Pursuant to moratorium requirements set out in Rule 1015 read with Rules 227, 228 and 229 of the listing manual of the SGX-ST, Mr Robert Meyer, Sinochem and the Offeror have undertaken that they will not sell, transfer or otherwise dispose of their direct or effective interest in any of the HAC Shares held by them, for a period of six (6) months commencing from the date of listing of the new HAC Shares on the SGX-ST, which will be issued pursuant to the GMG VGO and the NR Assets Acquisition.

5.5.2 Pursuant to the RM Vendor SPA, Mr Robert Meyer has also undertaken to the Offeror:

- (a) to procure that Angsana shall not sell, transfer, dispose of, or encumber any of the remaining HAC Shares legally held by Angsana on completion of the GMG VGO (the "**Remaining Shares**"); and
- (b) not to sell, transfer, dispose of, or encumber his interests held in Keystone and Angsana,

for a period of 36 months from the completion of the Offer, or earlier if Mr Meyer's service agreement with the Company in relation to his employment is terminated without cause by the Company (the "**RM Moratorium Shares**").

Mr Robert Meyer has also undertaken to the Offeror to procure that Angsana will, if the number of RM Moratorium Shares is less than 55,000,000 HAC Shares on completion of the GMG VGO, within three (3) months thereof (or a further three (3) months if elected by the Offeror) acquire additional HAC Shares, such that its (and if applicable, Mr Meyer's) shareholding in the Company will aggregate 55,000,000 HAC Shares.

To secure these obligations, Angsana will be required to charge its Remaining Shares in favour of the Offeror.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

5.5.3 Pursuant to the PD Vendor SPA, Mr Pascal Demierre has undertaken to the Offeror not to sell, transfer, dispose of, or encumber any of the remaining HAC Shares legally and beneficially held by him on completion of the GMG VGO, for a period of 36 months from the completion of the Offer, or earlier if Mr Demierre's service agreement with the Company in relation to his employment is terminated without cause by the Company (the "**PD Moratorium Shares**").

Mr Pascal Demierre has also undertaken to the Offeror that he will, if the number of PD Moratorium Shares is less than 10,500,000 HAC Shares on completion of the GMG VGO, within three (3) months thereof (or a further three (3) months if elected by the Offeror) acquire additional HAC Shares, such that his shareholding in the Company will aggregate 10,500,000 HAC Shares.

6. FINANCIAL INFORMATION OF THE HAC GROUP

6.1 Consolidated income statements

The audited consolidated income statements of the HAC Group for FY2013, FY2014, FY2015 and the unaudited consolidated income statement for Q1 2016 are summarised in the table below. The summary is extracted from, and should be read together with, the annual reports and the consolidated financial statements of the HAC Group for the relevant financial periods and the related notes thereto. The copies of these annual reports and financial statements are available for inspection at the Company's registered office at 250 North Bridge Road, #12-01 Raffles City Tower, Singapore 179101 during normal business hours for the period during which the Offer remains open for acceptance and are available on the website of the SGX-ST at www.sgx.com.

<i>Figures in US\$'000</i>	FY2013	FY2014	FY2015	Q1 2016
Revenue	204,970	479,247	994,712	183,243
Cost of sales	(184,722)	(454,344)	(932,536)	(171,275)
Gross profit	20,248	24,903	62,176	11,968
Distribution costs	(1,389)	(3,439)	(14,000)	(3,143)
Administrative expenses	(6,735)	(22,281)	(20,696)	(9,999)
Net other income/(costs)	6	567	8,275	739
Operating profit	12,130	(250)	35,755	(435)
Finance income	207	950	635	232
Finance cost	(1,650)	(10,514)	(24,126)	(6,675)
Profit before income tax	10,687	(9,814)	12,264	(6,878)
Income tax expense	(1,576)	(3,051)	(5,915)	384
Net profit after tax	9,111	(12,865)	6,349	(6,494)
Profit attributable to:				
Owners of the enlarged group	9,093	(9,429)	8,467	(6,632)
Non-controlling interest	18	(3,436)	(2,118)	138

APPENDIX B – ADDITIONAL GENERAL INFORMATION

6.2 Consolidated balance sheets

The audited consolidated balance sheet of the HAC Group as at 31 December 2015 and the unaudited consolidated statement of financial position as at 31 March 2016 are summarised in the table below. The summary is extracted from, and should be read together with, the annual report and the consolidated financial statements of the HAC Group for the relevant financial periods and the related notes thereto. The copies of these annual report and financial statements are available for inspection at the Company's registered office at 250 North Bridge Road, #12-01 Raffles City Tower Singapore 179101 during normal business hours for the period during which the Offer remains open for acceptance and are available on the website of the SGX-ST at www.sgx.com.

<i>Figures in US\$'000</i>	FY2015	Q1 2016
Cash and bank balances	70,541	71,492
Trade receivables and prepayments	65,030	55,312
Other receivables	30,751	27,982
Derivative financial instruments	24,250	12,192
Inventories	102,875	119,589
Current assets	293,447	286,567
Intangible assets	200,534	200,516
Property, plant and equipment	99,489	101,970
Plantation related properties	35,491	39,546
Biological assets	6,360	5,399
Investment properties	21,420	21,913
Deferred tax assets	3,175	3,556
Other non-current assets	148	199
Non-current assets	366,617	373,099
Total assets	660,064	659,666
Derivative financial instruments	7,567	12,651
Trade payables	11,249	9,738
Other payables and advances	18,349	12,852
Loan payables	191,874	196,294
Provision for taxation	1,553	1,436
Finance lease	435	443
Current liabilities	231,027	233,414
Loan payables	270,150	265,536
Retirement benefit obligations	10,703	11,359
Deferred tax liabilities	20,486	20,971
Finance lease	1,046	933
Non-current liabilities	302,385	298,799
Total liabilities	533,412	532,213
Equity	126,652	127,453
Total liabilities and equity	660,064	659,666

APPENDIX B – ADDITIONAL GENERAL INFORMATION

7. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in publicly available information on the HAC Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the HAC Group since FY2015, being the date of the HAC Group's last published audited financial statements.

8. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the HAC Group which are disclosed in Note 2 to the audited consolidated financial statements of the HAC Group for FY2015 are reproduced in Appendix C to this Circular.

9. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, the HAC Group has adopted all applicable new and revised Financial Reporting Standards and Interpretations of Financial Reporting Standards which became effective for accounting periods beginning on or after 1 January 2016, including the amendments to FRS 16 and FRS 41 that resulted in the HAC Group's oil palm plantation (as bearer plants) being accounted for in accordance with *FRS 16 Property, Plant and Equipment*. However, there has been no change in the accounting policies of the HAC Group since the date of its audited consolidated financial statements for FY2015 which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed below, the Company has not entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period commencing three (3) years prior to the Pre-conditional Offer Announcement Date and ending on the Latest Practicable Date.

10.1 Conditional share sale and purchase agreement (the "CSPA")

On 6 November 2013, the Company entered into the CSPA with Forlenza Investments Limited, Jewel Castle Limited and Laveyne Limited for the acquisition by the Company of the entire issued and paid-up share capital of JFL Agro Pte. Ltd. ("JFL") for an aggregate purchase consideration of RM143,224,750 which was satisfied by a combination of cash consideration amounting to RM93,650,540 and issuance of 26,000,000 new shares in the Company at an issue price of S\$0.72 per share.

Laveyne Limited is a company beneficially owned by the then controlling shareholder of the Company, the late Dato' Lynette Le Mercier, which holds 24.5% of the total issued share capital of JFL. Accordingly, Laveyne Limited is an interested person for the purposes of Rule 24.6 read with Rule 23.12 of the Code.

The transaction pursuant to the CSPA was approved by Shareholders at an extraordinary general meeting of the Company held on 12 December 2013 and completion of the transaction took place on 29 January 2014.

More details on the CSPA can be found in the various announcements by the Company on www.sgx.com.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

10.2 Subscription and shareholders' agreement (the "SSA")

On 11 July 2014, the Company and its wholly-owned subsidiary, Halcyon Rubber Company Pte. Ltd. ("HRC") entered into the SSA with Angsana, pursuant to which:

- (a) the Company subscribed for 109,999,999 ordinary shares in HRC for a consideration of S\$109,999,999; and
- (b) Angsana subscribed for 75,000,000 preference shares in HRC for a consideration of S\$75,000,000.

The SSA was entered into for the purpose of and as part of the funding requirements for the acquisition of Anson Company (Private) Limited.

Angsana is a company wholly owned by Keystone, a substantial shareholder of the Company, and wholly-owned by Mr Robert Meyer, the Executive Chairman and Chief Executive Officer of the Company. Accordingly, Angsana is an interested person for the purposes of Rule 24.6 read with Rule 23.12 of the Code.

The transaction pursuant to the SSA was approved by Shareholders at an extraordinary general meeting of the Company held on 4 August 2014 and completion of the transaction took place on 7 August 2014.

More details on the SSA can be found in the various announcements by the Company on www.sgx.com.

11. MATERIAL LITIGATION

As at the Latest Practicable Date, the Company is not engaged in any material litigation as plaintiff or defendant which might materially and adversely affect the financial position of the Company as a whole. The Directors are not aware of any proceedings pending or threatened against the Company or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Company taken as a whole.

12. GENERAL

12.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

12.2 Consents

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 250 North Bridge Road, #12-01 Raffles City Tower, Singapore 179101 for the period which the Offer remains open for acceptance:

- (a) the Implementation Agreement;
- (b) the Share Sale Agreement;

APPENDIX B – ADDITIONAL GENERAL INFORMATION

- (c) the letters of undertaking from the Undertaking Shareholders;
- (d) the Constitution of the Company;
- (e) the IFA Letter as set out in Appendix A to this Circular;
- (f) the letter of consent from the IFA, referred to in Section 12.2 of this Appendix; and
- (g) the annual reports of the Company for FY 2013, FY2014 and FY2015 and the financial statements for Q1 2016.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US\$") and all values in the tables are rounded to the nearest thousand ("US\$'000") unless otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i>	1 January 2016
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(d) Amendments to FRS 34 <i>Interim Financial Disclosure</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 7: <i>Disclosure initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 110 and FRS 28 <i>Sale of Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 115, FRS 16 and FRS 41, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 16 and FRS 41 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Amendments to FRS 16 and FRS 41 Agriculture - Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, FRS 16 will apply. After initial recognition, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 41 measured at fair value less costs to sell. For government grants related to bearer plants, FRS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply.

Entities shall apply these amendments retrospectively or may elect to measure an item of bearer plants at its fair value at the beginning of the earliest period presented in the financial statements for the reporting period in which the entity first applies Agriculture: Bearer Plants (Amendments to FRS 16 and FRS 41) and use that fair value as its deemed cost at that date. The Group is currently assessing the impact of Amendments to FRS 16 and FRS 41.

2.4 *Basis of consolidation and business combinations*

(A) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(B) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency

The financial statements are presented in United States Dollar ("USD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling as at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.8 *Property, plant and equipment (cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements and renovation	-	10 years
Office equipment	-	2 years
Computers and software	-	1 to 5 years
Leasehold buildings	-	20 years
Plant and machinery	-	10 years
Vehicles	-	4 to 10 years
Leasehold land	-	20 to 97 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 *Investment properties*

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets

(a) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

(b) *Other intangible assets (cont'd)*

(i) Process know-how

The useful life of the process know-how was estimated to be indefinite because based on the current demand for rubber, management believes there is no foreseeable limit to the period over which the process know-how are expected to generate net cash inflows for the Group.

(ii) Customer relationship

Customer relationship acquired was initially recognised at cost and was subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 10 years.

2.11 Biological assets

Biological assets, which primarily comprise oil palm and rubber plantations, are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of plantations at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of plantations at each reporting date are included in profit or loss for the period in which they arise.

Cultivation of seedlings is stated at cost. The accumulated cost will be reclassified to immature plantations at the time of planting.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Gain/loss on commodity contracts

Commodity contracts to buy and sell natural rubber commodities can be subject to net settlement if market conditions are favourable. Such commodity contracts and derivative financial instruments are marked to market at market rates prevailing at the end of the reporting period. Unrealised gains or losses are taken to profit or loss. Market value is generally based on listed market prices. If listed market prices are not available, market value is determined based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and price quotations for similar commodities traded in different markets, including markets located in different geographical areas.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Inventories

Inventories except consumables are carried at the fair market value at the end of each reporting period. The resulting unrealised gain or loss is recognised in profit or loss. Consumables are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.18 Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Employee benefits

(a) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income of the net retirement benefit obligation; and
- Re-measurements of net retirement benefit obligation

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefit expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) Employee leave entitlement

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(c) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the balance sheet.

2.23 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 *Hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.24 Hedge accounting (cont'd)

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2015 and 2014.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in profit or loss.
- Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.
- If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.25 Contingencies (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their business units. Management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below.

ISSUE OF SHARES

3. Subject to the Statutes and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:
 - (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and
 - (b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of the Company in General Meeting.

VARIATION OF RIGHTS

6. Whenever the share capital of the Company is divided into different classes variation of rights of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may so be repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll that every such holder shall on a poll have one vote for every share of the class held by him. Provided always that where the necessary majority for such special resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a special resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
7. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

ALTERATION OF SHARE CAPITAL

8. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).
- (B) Notwithstanding Article 8(A), the Company may by ordinary resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:
- (a) (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force,
- provided that
- (1) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;
- (2) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and
- (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the ordinary resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).
- (C) Except so far as otherwise provided by the conditions of issue or by these New shares Articles, all new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

9. The Company may by ordinary resolution:
- (a) consolidate and divide all or any of its shares;
 - (b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
 - (c) subject to the provisions of the Statutes, convert any class of shares into any other class of shares
10. (A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.
- (B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.
13. Subject to the provisions of these Articles and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

14. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 Market Days of the closing date (or such other period as may be approved by any Stock Exchange upon which shares in the Company may be listed) of any application. The Directors may, at any time after the allotment of any share but before any person had been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name if a Depositor in the Depository Register, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class.
17. (A) The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased shareholder.

(B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefore and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
18. Every person whose name is entered as a member of the Register of Members shall be entitled to receive, within 10 Market Days (or such other period as may be approved by any Stock Exchange upon which shares in the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgment of a registrable transfer, one certificate for all his shares of any one class or several certificated in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificated for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 or each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed.
19. (A) Any two or more certificated representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

- (C) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.
20. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Stock Exchange upon which shares in the Company may be listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

21. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
22. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
23. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent, per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
24. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
25. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
26. The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent, per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

27. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

28. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.
29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
30. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
31. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent, per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.
32. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.
33. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
34. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.
35. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

36. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which shares in the Company may be listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
37. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than 30 days in any Year, Provided always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which shares in the Company may be listed, stating the period and purpose or purposes for which the closure is made.
38. (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye- laws and rules, governing, any Stock Exchange upon which the shares in the Company may be listed) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;
 - (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
 - (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (d) instrument of transfer is in respect of only one class of shares.
39. If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.
40. All instruments of transfer which are registered may be retained by the Company.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

41. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.
42. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

43. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (B) In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
44. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

45. Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share pursuant to Article 43(A) or (B) or Article 44 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

46. The Company may from time to time by ordinary resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
48. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

PROCEEDINGS AT GENERAL MEETING

55. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.
56. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided that
- (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and
 - (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.
57. If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

58. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
61. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the chairman of the meeting; or
 - (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or
 - (c) a member present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) a member present in person or by proxy and holding not less than 10 per cent, of the total number of paid-up shares of the Company (excluding treasury shares),

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

62. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
63. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
64. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

VOTES OF MEMBERS

65. A holder of a share shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the company have been paid. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 5, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.
66. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.
67. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decisions shall be final and conclusive.
70. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
71. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting, Provided that if the member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
 - (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (D) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual, shall be signed by the appointor or his attorney; and
 - (b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.
73. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
74. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

76. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

exercise if it were an individual member of the Company and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIVIDENDS

121. The Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such period as they think fit.
123. Subject to any rights or restrictions attached to any shares or of shares and except as otherwise permitted under the Act:
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
 - (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.
- For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.
124. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such

APPENDIX D – RELEVANT ARTICLES IN THE CONSTITUTION OF THE COMPANY

dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

129. The Company may upon the recommendation of the Directors by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
130. Any dividend or other moneys payable in case on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
131. Notwithstanding the provisions of Article 130 and the provisions of Article 133, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
133. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.