

HALCYON AGRI CORPORATION LIMITED

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

RESPONSES TO QUESTIONS RAISED FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 26 JUNE 2020

The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to thank all shareholders who have submitted their questions ahead of the Company’s Annual General Meeting (“**AGM**”) to be held by electronic means on Friday, 26 June 2020 at 11.00 a.m..

The questions received and responses to such questions are set out below:

Question	Response
1. <i>What is your forecast of selling volume (mT) of Natural Rubber for the Tyre Industry for 2020?</i>	The pre-Covid estimates from the International Rubber Study Group earmarked global natural rubber consumption for 2020 to be approximately 14 million mT, of which 70%-75% will be consumed by the tyre and automotive industries. While post-Covid estimates have yet to be published, it is anticipated that consumption volumes will be affected, mainly due to a reduction in driven miles, set-off by the increase in the delivery miles.
2. <i>What is the rubber price in June as compared to the price of US\$1038/mT at the end of March 2020?</i>	The SICOM TSR20 1 st position ended at US\$1,140 per mT as at 24 June 2020, an improvement of 10% from the low seen in March.
3. <i>What is the impact to Halcyon if the natural rubber price remains at the lower level eg. US\$1038/mT?</i>	<p>Depressed rubber prices will have a more widespread effect on natural rubber supply. Years of sustained low prices have resulted in the smallholder-dominated natural rubber crop being over-tapped, undermaintained and in some cases, abandoned. This has left vast key rubber producing countries vulnerable to disease, such as Indonesia, Thailand and Malaysia which collectively accounts for 93% of the global rubber supply. Diseases such as leaf blight (<i>Fusicoccum and Pestalotiopsis</i>) and white root (<i>Rigidoporus Microporus</i>) reduce the yield of affected trees by half.</p> <p>As a supply chain manager of natural rubber, Halcyon Agri continues to focus on capturing processing margins through active sales and procurement management, as well as cost containment. While the earnings of the Group’s plantation operations will be most sensitive to price changes, the effect is limited currently as the Group’s plantation is largely immature.</p>
4. <i>Do you expect the rubber price (for Tyre Industry) to recover to US\$1450/mT level towards the end of this year?</i>	<p>Rubber prices rallied between late December 2019 and the Lunar New Year period, before it collapsed due to concerns over the Covid-19 outbreak. However, it is a matter of time before the market realises that there is an acute shortage of natural rubber, and that the supply issues are structural: trees cannot grow faster, nor can the ageing process be slowed or reversed.</p> <p>Demand will recover as the world moves forward with its mobility evolution, and this will inevitably lead to a cyclical recovery of the natural rubber industry.</p>

Question	Response
<p>5. <i>What measures will management take if the natural rubber price for the Tyre Industry remains at low levels until the end of this year? Will it possible to sell more quantities of latex for the glove industry to compensate for the lower volume sales of Natural Rubber to the tyre industry?</i></p>	<p>As mentioned previously, the Group will continue to focus on capturing of processing and distribution margins through active sales and procurement management, as well as cost containment across our processing and plantation platform.</p> <p>Additionally, our latex and specialist polymer business unit, Corrie MacColl, has also benefited from the increase in demand of latex in the medical industry due to the outbreak.</p>
<p>6. <i>What is your view of Rubber prices (for Tyre) and demand (in mT) for the next year?</i></p>	<p>Demand will recover as the world moves forward with its mobility evolution, and this will inevitably lead to a cyclical recovery of the natural rubber industry.</p>
<p>7. <i>In Cameroon, Hevea Cameroun S.A. has total planted area of circa 21,600 hectares, what is the yield of Natural Rubber from this plantation per year in Year 2021 and for the next five years?</i></p>	<p>Corrie MacColl's plantation in Cameroon has recorded an output of 17,500 mT in 2019, as more than half of the planted areas remains immature.</p> <p>The Group has completed its planting programme and is committed to zero deforestation. The progressive maturity of the global plantations (which comprises the plantations located in Cameroon and Malaysia) will see the expected latex yield to reach 50,000 mT in 2025, almost triple the yield in 2019.</p>

For additional information on the Group's operations and performance, please visit our corporate website at <https://www.halcyonagri.com/>.

By Order of the Board

Pascal Demierre
Executive Director
25 June 2020