

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 15 JUNE 2021

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 Tuesday, 15 June 2021 at 10.00 a.m..

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

Question	Response
<p>1. <i>The global chip shortage has been affecting the production of automotive company worldwide, please explain the impact of Halcyon business in term of sales volume (mT) & revenue FY 2021.</i></p>	<p>Global tyre demand is dominated by replacement market with an estimated market share of over 70%. Accordingly, the global chip shortage is not expected to have a material impact on the business of Halcyon Rubber Company (“HRC Group”), the Group’s pre-eminent supplier of natural rubber to the global tyre fraternity.</p> <p>HRC Group reported sales volume of 222,589 mT for the first quarter ended 31 March 2021 (“Q1 2021”), up 13.59% from the corresponding period in 2020¹ (“Q1 2020”).</p>
<p>2. <i>Do you expect the sales volume (mT), revenue as well as gross profit of FY2021 will be better than FY2019 for the Whole Group?</i></p>	<p>The SICOM TSR20 1st position ended at US\$1,628 per mT as at 11 June 2021, an improvement of 12.2% from 31 December 2019.</p> <p>Rubber prices rallied during Q1 2021, and despite recent corrections, remained well above the pre-pandemic peak in February 2020, reflecting the robustness and pent-up demand post-lockdowns.</p> <p>Global economic recovery remains strong, as shown by recent gross domestic product (GDP) growth numbers from the US and China, two of the world’s largest economies. Similar sentiment was echoed by the International Monetary Fund (IMF), which increased its global growth projections for 2021 and 2022 to 6% and 4.4% (previously 5.5% and 4.2%) respectively.</p> <p>Based on the recent economic data, the Company is cautiously optimistic that such developments will provide further tailwinds for natural rubber demand and prices in near-to-middle term. These would have a positive impact on the Group’s sales volume, revenue and gross profit.</p>
<p>3. <i>In FY2020, CMC Group incurred Operating Loss of US\$26.4 m & EBITDA of US\$17.0 m, what will be the situation in FY2021?</i></p>	<p>CMC Group provides integrated supply chain services to the global non-tyre and specialty tyre market segments with both third-party sourced rubber and its own in-house, fully traceable rubber and latex products from the Group’s plantations. It comprises two (2) business units, each with different characteristics and profit drivers, as summarised below:</p>

¹ [https://links.sgx.com/FileOpen/HAC Interim Update Q1 2021.ashx?App=Announcement&FileID=666656](https://links.sgx.com/FileOpen/HAC%20Interim%20Update%20Q1%202021.ashx?App=Announcement&FileID=666656)

Question	Response
	<p><u>CMC Plantations (“CMCP”)</u></p> <p>Plantation business is a long-term investment as each planted rubber tree takes an average of five (5) to seven (7) years before yielding the first drop of latex, and will go on to be productive for the next 30 years. With over 31,000 ha planted in Cameroon and 7,000 ha planted in Malaysia, CMCP’s average tree profile remains largely immature, currently standing at 12.2 years. With the passage of time, plantation yields would increase and this will improve the absorption of the mainly fixed plantation overheads.</p> <p>CMCP’s lower yield in FY2020 was attributed to the suspension of tapping activities due to the COVID-19 lockdown restrictions.</p> <p>Moving forward and barring any unforeseen circumstances, the immature areas would come on stream and the yields of the younger trees would increase. This would double CMCP’s output in the next five (5) years, and its output would reach 55,000 mT by 2030. With this larger volume, unit profit will increase in tandem with the reducing unit costs. There is also a further upside potential when rubber prices recover cyclically.</p> <p><u>CMC International (“CMCI”)</u></p> <p>CMCI is the distribution arm for CMCP’s output, and also a stockist and merchandiser that buys and sells third-party rubber products with a margin. These distribution margins are used to support the development and maintenance costs of the Group’s plantations.</p> <p>CMCI’s non-tyre and specialty tyre customers have been prudent in their purchasing during the uncertain macro environment and volatile rubber market conditions in FY2020. This has affected its overall revenue.</p> <p>CMCI has been able to capitalise on its global network and strong presence in Europe and the US, to offer just in time deliveries within Europe and the US, cushioning the impact of global shortage in shipping containers experienced by its customers. This has also allowed CMCI to take advantage of the acute domestic rubber shortage in the Europe/US region. In addition, it has also strengthened its regional foothold which would serve its customers better.</p> <p>CMC Group’s gross profit has more than doubled to US\$14.7 million in Q1 2021 from US\$5.0 million in Q1 2020.</p> <p>Looking ahead, the Company is cautiously optimistic that this recovery momentum during Q1 2021 will continue for the remainder of the year.</p>
<p>4. <i>Development of Vytex deproteinised Latex. What is the potential in term of sale volume (mT) & revenue contribution to CMC</i></p>	<p>CMC Group is collaborating with Vystar Corporation (“Vystar”) to transform CMCP’s Cameroon plantation output into ultra-pure latex with stronger molecular bond that offers enhanced strength, durability and flexibility in the end products².</p> <p>However, the Group’s plantation output for FY2019 and FY2020 were 19,597 mT and 15,015 mT respectively. This represents</p>

² <https://www.corrie-maccoll.com/partnering-with-vystar-on-the-development-and-distribution-of-vytex-latex/>

Question	Response
<i>Group? & when do you expect to supply in commercial volume of this special Latex?</i>	approximately 4% of CMC Group's sales volume and 1% of the Group's total sales volume. Considering CMCP's yields in the near future, the partnership with Vystar is not expected to contribute additional volume to the Group significantly.

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

By Order of the Board

Liew Guat Yi
Company Secretary
14 June 2021