



HALCYON AGRI CORPORATION LIMITED

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

Board of Directors:

Liu Hongsheng (Non-Executive Chairman)
Li Xuetao (Executive Director, Chief Executive Officer)
Qin Jinke (Non-Executive Director)
Lam Chun Kai (Lead Independent Director)
Liew Choon Wei (Independent Director)
Eddie Chan Yean Hoe (Independent Director)
Huang Xuhua (Independent Director)
Latha Eapen K Mathew (Independent Director)
Liu Yongsheng (Non-Executive Director)

Registered Office:

180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922

10 April 2023

To: The Shareholders of Halcyon Agri Corporation Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 We refer to:

- (a) the Notice of Annual General Meeting (“**AGM**”) dated 10 April 2023 (the “**AGM Notice**”), convening the AGM of Halcyon Agri Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to be held by electronic means on Wednesday, 26 April 2023 at 3.00 p.m. (the “**2023 AGM**”); and
- (b) Resolution 7 under the “Special Business” section of the AGM Notice, being an ordinary resolution relating to the proposed renewal of the Share Buyback Mandate (as defined in paragraph 2.1 below), as proposed in the AGM Notice.

1.2 The purpose of this Letter is to provide shareholders of the Company (the “**Shareholders**”) with information relating to Resolution 7 which will be tabled at the AGM for Shareholders’ approval.

1.3 The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Letter (“**Letter**”).

1.4 Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

At the AGM of the Company held on 27 April 2022 (the “**2022 AGM**”), Shareholders had approved the renewal of the mandate (the “**Share Buyback Mandate**”) to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “**Shares**”).

The rationale for, the authority and limitations on, and the financial effects of, the Share Buyback Mandate were set out in the Letter to Shareholders dated 8 April 2022.

The Share Buyback Mandate was expressed to take effect on the date of the passing of the resolution to renew the Share Buyback Mandate at the 2022 AGM, and will expire on the date of the forthcoming 2023 AGM. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Buyback Mandate at the 2023 AGM.

2.2 Rationale

The rationale for the Company to undertake a purchase or acquisition of its Shares (“Share Buyback”) and to renew the Share Buyback Mandate is as follows:

- (a) Share Buyback Mandate provides the Company with greater flexibility in managing its capital, share capital structure and maximising returns to its Shareholders. Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced;
- (b) Share Buyback is an expedient, effective and cost efficient way to facilitate the return of surplus cash and/or fund which are in excess of the Group’s financial needs, to the Shareholders;
- (c) Share Buyback may help to stabilise the demand for the Shares, mitigate short-term share price volatility, offset the effects of short-term speculation and bolster Shareholders’ confidence; and
- (d) the Share Buyback Mandate provides the Directors the flexibility to undertake Share Buyback at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The Share Buyback will only be undertaken if it can benefit the Company and Shareholders. While the Share Buyback Mandate would authorise a Share Buyback up to a 10% limit during the period described in paragraph 3.2 below, it should be noted that Share Buyback may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the listing status of the Shares on the SGX-ST, the liquidity and capital adequacy positions of the Group as a whole.

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3. AUTHORITY AND LIMITS OF THE SHARE BUYBACK MANDATE

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Buyback Mandate, if renewed at the 2023 AGM, are substantially the same as previously approved by the Shareholders, and are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares (excluding any Shares which are held as treasury shares and subsidiary holdings) representing not more than 10% of the issued Shares as at the date of the 2023 AGM at which the renewal of the Share Buyback Mandate is approved.

For illustrative purposes, on the basis of 1,595,011,941 Shares in issue as at 20 March 2023 (the “**Latest Practicable Date**”) with no treasury shares and no subsidiary holdings, and assuming that prior to the 2023 AGM:

- (a) no further Shares are issued;
- (b) the Company does not reduce its share capital; and
- (c) no Shares are held as subsidiary holdings,

not more than 159,501,194 Shares (representing 10% of the issued and paid-up shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

3.2 Duration of Authority

If the proposed renewal of the Share Buyback Mandate is approved by the Shareholders in the 2023 AGM, purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of 2023 AGM, up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting.

3.3 Manner of Purchases or Acquisitions of Shares

3.3.1 Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchase(s) (the “**Market Purchases**”), transacted on the SGX-ST or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) (the “**Off-Market Purchases**”), otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act 1967 (the “**Companies Act**”).

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3.3.2 Off-Market Purchases

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the listing manual of the SGX-ST (the “**Listing Manual**”) and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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3.4 Purchase Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors.

However, the maximum purchase price to be paid for the Shares (excluding related expenses of the purchase or acquisition) as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares (the “**Maximum Market Purchase Price**”); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares (the “**Maximum Off-Market Purchase Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and the day on which the purchases are made; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Off-Market Purchase Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.5 Purchased Shares deemed cancelled unless held as treasury shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation), unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interest of the Company at that time, taking into consideration, inter alia, the prevailing circumstances and requirements of the Company.

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3.6 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.6.1 Maximum Holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares held as treasury shares in excess of such limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by the Accounting and Corporate Regulatory Authority of Singapore.

3.6.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

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3.7 Source of Funds

The Company may purchase or acquire its own Shares out of capital as well as from its profits, in accordance with the Constitution of the Company and applicable laws so long as the Company is solvent. It may use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Buyback Mandate.

The Companies Act provides that a company is solvent if at the date of the payment of the consideration for any share buy-back, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) If
 - (aa) it is intended to commence winding up within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (bb) it is not intended to commence winding-up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) The value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after any proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources and/or external borrowings to finance the Share Buyback pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially affected. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

4. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the Company's net tangible assets ("NTA") per Share and earnings per Share ("EPS"), as the resultant effect would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares, and whether the Shares purchased or acquired are cancelled or held as treasury shares.

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4.1 Key Assumptions

The financial effects set out in paragraph 4.2 below have been prepared based on the latest unaudited financial statements of the Company for the most recently completed financial year, being financial year ended 31 December 2022 (“**FY2022**”), and on the following key assumptions:

4.1.1 Purchase or Acquisition out of Capital and/or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

4.1.2 Number of Shares Purchased or Acquired

On the basis of 1,595,011,941 Shares in issue as at the Latest Practicable Date and on the assumptions set out in paragraph 4.1, the purchase by the Company of up to the maximum limit of 10% of its issued Shares, result in the purchase or acquisition of 159,501,194 Shares (the “**Maximum Buyback Shares**”).

4.1.3 Aggregate Consideration Paid for Maximum Buyback Shares

Assuming that the Company purchases or acquires or makes an offer to purchase the Maximum Buyback Shares, the maximum amount of funds (excluding related expenses of the purchase or acquisition) required for the purchase or acquisition of the 159,501,194 Shares,

- (a) in the case of Market Purchases by the Company under the Maximum Market Purchase Price of S\$0.427 (being 105% of the Average Closing Price preceding the Latest Practicable Date) is S\$68,107,000; and
- (b) in the case of Off-Market Purchases by the Company under the Maximum Off-Market Purchase Price of S\$0.488 (being 120% of the Average Closing Price preceding the Latest Practicable Date) is S\$77,837,000.

4.2 Illustrative Financial Effects

The financial effects of the purchases or acquisitions of Shares as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group. In particular, it is important to note that the financial analysis set out below are based on the unaudited consolidated financial statements for FY2022 and are not necessarily representative of future financial performance of the Group.

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On the basis of the key assumptions set in the paragraph 4.1 above and assuming the following:

- (a) the purchase or acquisition of Shares is financed solely by internal sources of funds;
- (b) the Share Buyback Mandate had been effective on 1 January 2023; and
- (c) the Company had purchased or acquired Maximum Buyback Shares (representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) at the Latest Practicable Date.

The financial effects of the purchase or acquisition of 159,501,194 Shares by the Company pursuant to the Share Buyback Mandate on the unaudited financial statements of the Group and the Company for FY2022 are set out below:

	Market Purchases				Off-Market Purchases			
	Company		Group		Company		Group	
	Before Share Buyback US\$'000	After Share Buyback US\$'000	Before Share Buyback US\$'000	After Share Buyback US\$'000	Before Share Buyback US\$'000	After Share Buyback US\$'000	Before Share Buyback US\$'000	After Share Buyback US\$'000
As At 31 December 2022								
Total equity	798,148	747,322	660,032	609,206	798,148	740,061	660,032	601,945
NTA ⁽¹⁾	797,982	747,156	360,909	310,083	797,982	739,895	360,909	302,822
Current assets	505,834	455,008	876,926	826,100	505,834	447,747	876,926	818,839
Current liabilities	500,994	500,994	856,511	856,511	500,994	500,994	856,511	856,511
Working capital ⁽²⁾	(335,831)	(335,831)	(30,703)	(81,529)	(335,831)	(335,831)	(30,703)	(88,790)
Net debt ⁽³⁾	733,096	733,096	1,014,683	1,065,509	733,096	733,096	1,014,683	1,072,770
No. of issued Shares ('000) ⁽⁴⁾	1,595,012	1,435,510	1,595,012	1,435,510	1,595,012	1,435,510	1,595,012	1,435,510
Financial indicators								
NTA per Share ⁽⁵⁾⁽⁸⁾ (S\$)	0.67	0.70	0.30	0.29	0.67	0.69	0.30	0.28
Gearing ⁽⁶⁾ (times)	0.9	1.0	1.5	1.7	0.9	1.0	1.5	1.8
Current ratio (times)	1.0	0.9	1.0	1.0	1.0	0.9	1.0	1.0
Basic EPS ⁽⁷⁾⁽⁸⁾ (S\$ cents)			(2.15)	(0.15)			(2.15)	(0.15)

Notes:

- (1) NTA refers to net assets less intangible assets.
- (2) Working capital equals to cash and bank balances plus inventories and trade receivables, minus working capital loans (current) and trade payables.
- (3) Net debt equals to total loan payables less cash and bank balances.
- (4) Based on the total number of 1,595,011,941 issued Shares as at 31 December 2022.
- (5) NTA per Share equals to NTA divided by the number of issued Shares (excluding treasury shares and subsidiary shareholding) outstanding as at 31 December 2022.
- (6) Gearing equals to net debt divided by total shareholders' equity.

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- (7) Basic EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares (excluding treasury shares) during FY2022.
- (8) Translated into S\$ and S\$ cents equivalent at the Group's exchange rate of US\$1.00 : S\$1.34 as at 20 March 2023.
- (9) The disclosed financial effects remain the same irrespective of whether:
 - (a) the purchase of Shares is effected out of capital or profits; or
 - (b) the purchased Shares are held in treasury or are cancelled.

It should also be noted that although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Directors will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

Shareholders should note that the financial effects set out above, based on the aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical FY2022 numbers, and is not necessarily representative of future financial performance of the Group.

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

5. OBLIGATIONS UNDER LISTING MANUAL

5.1 Dealing in Shares

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares at any time after a price sensitive development has occurred or has been the subject of a decision, until the price sensitive information has been publicly announced.

In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full-year results, and the period of two (2) weeks before the announcement of the first quarter and third quarter results (if required to announce quarterly financial statements).

5.2 Free float

Rule 723(1) of the Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed, is at all times held by public shareholders.

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Based on the Register of Substantial Shareholders and Register of Directors' Shareholdings as at the Latest Practicable Date, approximately 15.41% of the issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases pursuant to the Share Buyback Mandate, without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

Before deciding to effect a purchase of Shares, the Directors will also consider whether, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

The Directors will use their best effort to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

5.3 Reporting requirements

Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

5.4 Share Buybacks in the Previous 12 Months

The Company had not entered into transactions to purchase or acquire any Shares during the 12 months immediately preceding the Latest Practicable Date.

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6. OBLIGATIONS UNDER THE TAKE-OVER CODE

Appendix 2 to the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

6.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him/her increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code if such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

6.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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6.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate, unless so required under the Companies Act.

Mr Liu Hongsheng, Mr Li Xuetao, Mr Qi Jinke and Mr Liu Yongsheng are Directors nominated by Sinochem International (Overseas) Pte. Ltd. ("SIO") and they are considered parties acting in concert under the Take-Over Code ("Concert Party Group").

For the purposes of illustration, on the basis of 1,595,011,941 Shares in issue as at the Latest practicable Date, assuming that no further Shares are issued by the Company on or prior to the AGM approving the renewal of the Share Buyback Mandate; the Company purchases the maximum number of 159,501,194 Shares under the Share Buyback Mandate, representing 10% of the total number of Shares in issue as at the date of the AGM; and such Shares are either cancelled or held as treasury shares:

- a. the total number of Shares in issue will be reduced from 1,595,011,941 to 1,435,510,747 Shares; and
- b. the percentage of the aggregate voting rights in the Company held by Sinochem International (Overseas) Pte. Ltd. will increase as follows:

	Number of Shares held	Percentage voting rights in the Company	
		Before Share Buyback	After Share Buyback
Sinochem International (Overseas) Pte. Ltd.	465,716,356	29.20	32.44

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Saved as disclosed, none of the other substantial shareholder or directors (together with persons acting in concert with it or them) will become obligated to make a mandatory take-over offer for the Company under the Share Buyback Mandate if the Company purchases up to the maximum ten per cent (10%) of the issued Shares under the Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council of Singapore (“Council”) and/or their professional advisers at the earliest opportunity.

6.4 Exemption

Pursuant to Section 3(a) of Appendix 2 entitled “Share Buy-Back Guidance Note” of the Takeover Code, the Concert Party Group would be exempted from the requirement to make an offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (i) this Letter to contain advice to the effect that by voting for the proposed renewal of the Share Buyback Mandate, Shareholders are waiving their right to a general offer at the required price from Concert Party Group as a result of the Company buying back its Shares, would increase their voting rights to 30.0% or more and the names of Concert Party Group, their voting rights at the time of the resolution and after the proposed Share Buyback, to be disclosed in this same Letter;
- (ii) the resolution to authorise the proposed renewal of the Share Buyback Mandate to be approved by a majority of those Shareholders, present and voting at the meeting on a poll, who could not become obliged to make an offer as a result of the proposed renewal of the Share Buyback Mandate;
- (iii) Concert Party Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed renewal of the Share Buyback Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the proposed renewal of the Share Buyback Mandate, each of the Directors of the Concert Party Group to submit to the Council a duly signed form as prescribed by the Council;
- (v) Concert Party Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buyback proposal is imminent and the earlier of:
 - the date on which the authority of the Share Buyback Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buyback, would cause their aggregate voting rights to increase to 30.0% or more.

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Shareholders should note that by voting for the Ordinary Resolution relating to the renewal of the Share Buyback mandate to be proposed at the AGM, they are waiving their rights to a general offer at the required price from Concert Party Group.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders as at (a) the Latest Practicable Date, and (b) for illustration purposes, after the Share Buyback pursuant to the Share Buyback Mandate, assuming (i) the Company purchases the maximum of 10% Shares and (ii) there is no change in the number of Shares (whether direct or deemed) held by the Directors and Substantial Shareholders, are set out below:

	As at the Latest Practicable Date						After the Share Buyback
	Direct Interest		Deemed Interest		Total Interest		Total Interest
	No. of Shares	%	No. of Shares	%	No. of Shares	%	%
Directors							
Liu Hongsheng	–	–	–	–	–	–	–
Liew Choon Wei	–	–	–	–	–	–	–
Qin Jinke	–	–	–	–	–	–	–
Lam Chun Kai	–	–	–	–	–	–	–
Li Xuetao	–	–	–	–	–	–	–
Eddie Chan Yean Hoe	–	–	–	–	–	–	–
Huang Xuhua	–	–	–	–	–	–	–
Latha Eapen K Mathew	–	–	–	–	–	–	–
Liu Yongsheng	–	–	–	–	–	–	–
Substantial Shareholders							
China Rubber Investment Group Company Limited*	574,204,299	36.00	–	–	574,204,299	36.00	40.00
China Hainan Rubber Industry Co., Ltd. ⁽¹⁾	–	–	574,204,299	36.00	574,204,299	36.00	40.00
Hainan Province Agribusiness Investment Holding Group Co., Ltd. ⁽¹⁾	–	–	574,204,299	36.00	574,204,299	36.00	40.00
Sinochem International (Overseas) Pte. Ltd.	465,716,356	29.20	–	–	465,716,356	29.20	32.44
Sinochem International Corporation Ltd. ⁽²⁾	–	–	465,716,356	29.20	465,716,356	29.20	32.44
Sinochem Holdings Corporation Ltd. ⁽²⁾	–	–	465,716,356	29.20	465,716,356	29.20	32.44
Mieke Bintati Gondobintoro	859,329	0.05	84,523,557 ⁽³⁾	5.30	85,382,886	5.35	5.95
Jeffrey Gondobintoro	639,642	0.04	84,523,557 ⁽³⁾	5.30	85,163,199	5.34	5.93

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Notes:

- (1) Each of China Hainan Rubber Industry Co., Ltd. and Hainan Province Agribusiness Investment Holding Group Co., Ltd. is deemed interested in the shares held by China Rubber Investment Group Company Limited (“CRIGC”), by virtue of its controlling interest in CRIGC.
 - (2) Each of Sinochem International Corporation Ltd. and Sinochem Holdings Corporation Ltd. is deemed interested in the shares held by Sinochem International (Overseas) Pte. Ltd. (“SIO”), by virtue of its controlling interest in SIO.
 - (3) Mieke Bintati Gondobintoro and Jeffrey Gondobintoro are deemed interested in the 11,601,183 Shares held by Panwell (Pte) Ltd and 72,922,374 Shares held by GMG Holding (H.K.) Limited.
 - (4) Based on the issued shares of 1,595,011,941 Shares as at the Latest Practicable Date.
- * China International Capital Corporation (Singapore) Pte. Limited (“CICC”) announced on behalf of CRIGC on 17 March 2023 that as at 6.00 p.m. on 17 March 2023, the total number of Shares owned, controlled, acquired or agreed to be acquired China Hainan Rubber Industry Co., Ltd. amount to an aggregate of 797,556,112 Shares, representing approximately 50.003% of the total number of issued Shares.

On 22 March 2023, CICC announced on behalf of CRIGC that total number of shares held by non-public shareholders up to 6.00 p.m. (Singapore time) on 22 March 2023 amount to an aggregate of 1,460,326,368 shares, representing approximately 91.556% of the total number of issued shares of the Company. As such, approximately 8.444% of the issued ordinary shares of the Company is held by the public as at 22 March 2023.

8. ABSTENTION FROM VOTING

In accordance with the Share Buyback Guidance Note set out in Appendix 2, the following persons:

- (i) Sinochem International (Overseas) Pte. Ltd.;
- (ii) Liu Hongsheng;
- (iii) Li Xuetao;
- (iv) Qin Jinke; and
- (v) Liu Yongsheng

will abstain from voting on the renewal of the Share Buyback Mandate, and will not accept any appointment as proxies or otherwise for voting at the AGM on the said resolution, unless they have been given specific instructions in the proxy form on the casting of such votes.

9. DIRECTORS' RECOMMENDATION

The Directors, (save for Mr Liu Hongsheng, Mr Li Xuetao, Mr Qin Jinke and Mr Liu Yongsheng who are considered parties acting in concert and have abstained from making any recommendation in respect of the proposed renewal of Share Buyback Mandate) are of the opinion that the renewal of the Share Buyback Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Resolution in respect of the proposed renewal of the Share Buyback Mandate at the 2023 AGM.

LETTER TO SHAREHOLDERS

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter 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 Letter in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 180 Clemenceau Avenue, #05-02 Haw Par Centre, Singapore 239922 for a period commencing from the date of this Letter up to and including the date of the 2023 AGM:

- (a) Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2022 (the "**FY2022 Annual Report**").

This Letter and the FY2022 Annual Report may also be accessed at <https://www.halcyonagri.com/investors-media/agm-egm-announcements/>.

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

Eddie Chan Yean Hoe
Independent Director

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