HALCYON

PURSUING EXCELLENCE TOGETHER WE GROW

追求卓越 共同成长

CORPORATE REPORT **2022**

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ABOUT THE REPORT

Annual Report (print version) & Sustainability Report (e-version)

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The 2022 Annual Report covers the financial year 2022 (1 January to 31 December), encompasses the strategic and financial aspects of Halcyon Agri Corporation Limited's business, as well as detailing the developments and initiatives moving into 2023 and beyond.

Our Sustainability Report for the financial year 2022 has been prepared in accordance with the following reporting frameworks and commitments: Singapore Exchange Sustainability Reporting Guide, Recommendations of Task Force on Climate-related Financial Disclosures, GRI Standards, Communication on Progress on Ten Principles of UN Global Compact, and GPSNR Policy Framework for Sustainable Natural Rubber Production and Sourcing. This SR covers ESG topics and performance of our operations in Asia, Europe, America and Africa unless stated otherwise. There were no significant changes to our organisation and supply chain during the reporting period.

We also would like to invite you to stay updated with Halcyon Agri's latest developments by subscribing to our corporate news alerts via our website: www.halcyonagri.com. Your privacy is important to us and the details you provide will be used solely for provision of corporate news updates. You may unsubscribe at any time.

Please contact investor@halcyonagri.com for any questions or feedback.

VISION STATEMENT

Our vision is to be the leading global natural rubber franchise, leveraging our worldwide integrated platform in advocating for ESG practices across the supply chain, and effecting meaningful change in the industry.

OUR PILLAR OF 360° EXCELLENCE

These elements form the cornerstone of our continued business success, and empower us to deliver better value to stakeholders.

CHAIRMAN'S MESSAGE

Dear Stakeholders,

I am pleased to present the annual report of Halcyon Agri Corporation Limited ("Halcyon Agri") for the financial year ended 31 December 2022 ("FY2022").

FY2022 Performance Overview

The year 2022 was mired by uncertainties: Russia-Ukraine conflict, recurring COVID-19 outbreaks globally as well as food and energy crises, just to name a few. As a result, the economic growth projected in the beginning of the year did not materialise, which affected the downstream demand in the natural rubber industry. The SICOM TSR20 prices have been volatile during the year, declining from a peak of US$1,850 per MT in February 2022, to a trough of US$1,150 per MT in October 2022, and such volatility does not work in the favour of the stakeholders across the natural rubber supply chain.

As the leading global natural rubber franchise, Halcyon Agri possesses unique vantage point to the supply-demand dynamics of the natural rubber market, through its global network. Amid the external environment, we focus on enhancing our core competencies and realise organic growth. The effectiveness of our business strategy execution has been reflected in the improvement in our results: sales volume increased 9.4% to 1,436,012 MT in FY2022, on the back of average selling price of US$1,875 per MT. This was the key driver behind the 9.5% increase year on year in revenue to US$2.7 billion. Our sales volume represented 10% of global natural rubber consumption. Gross profit increased by 4.8% year-on-year, and the Group achieved an operating profit and EBITDA of US$41.1 million and US$68.1 million respectively, both improved from FY2021. The Group registered a profit before tax of US$7.1 million, maintaining profitability despite the pressure from higher financing costs. Halcyon Agri has demonstrated tremendous resilience in navigating the economic uncertainty and market volatility, which instilled confidence in our stakeholders – including bankers, investors, management and our workforce. I would like to take this opportunity to express my appreciation towards the remarkable efforts made by our CEO, management team and all employees of the Group.

Strategic Investment by Hainan Rubber

On 3 February 2023, China Rubber Investment Group Company Limited, a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd ("HRG" or "Hainan Rubber") has completed the acquisition of the 36.00% stake in Halcyon Agri from Sinochem International (Overseas) Pte Ltd ("Sinochem") at US$0.315 per share, and has become the single largest shareholder of Halcyon Agri. Subsequently, HRG launched a Mandatory Conditional Cash Offer ("Offer") to acquire the remaining issued and paid-up ordinary shares of Halcyon Agri it does not already own. Sinochem has provided an irrevocable undertaking not to accept the Offer made by HRG.

HRG is majority-owned by Hainan Province Agribusiness Investment Holding Group Co., Ltd. and is a state-owned enterprise, similar to Sinochem. It is the only natural rubber player with full supply chain capability that is listed on Shanghai Stock Exchange, and the largest domestic natural rubber producer in China, owning 227,000 hectares of plantations, 38 direct subsidiaries and 25 major natural rubber operating bases. Its 39 factories produce 800,000 MT annually, and they distribute 1.7 million MT of natural rubber globally. This alliance between Sinochem and HRG is in line with the strategic direction of both companies, where each of them plays a significant role in creating a world-class organisation for natural rubber. We look forward to collaborate with HRG strategically for mutual benefits and provide exceptional value for our trusted partners and stakeholders. As a strategic investor in Halcyon Agri, Sinochem will continue to extend its steadfast support to the ongoing development of the Group.

2023 Outlook

As we move into 2023, the global economy remains shrouded in uncertainty due to a variety of external factors, including continuing geopolitical tensions, pandemic-related challenges, and spillover effects from tapering of stimulus policies in major economies. However, there are positive signs of progress that are driving economic recovery, such as fiscal stimulus policies, recovery of global supply chain, emergence of new economic models (such as digital economy), and increasing international cooperation. While the economic outlook for 2023 remains uncertain, these developments provide a reason for cautious optimism on the potential for sustained recovery and growth. As for the outlook for the natural rubber industry, International Rubber Study Group has projected a 2.1% increase in the global consumption of natural rubber, growing faster than 1.1% in the global production. All factors considered, Halcyon Agri remains cautiously optimistic towards the longer-term prospects of natural rubber.

In 2023, **"Pursuing Excellence, Together We Grow"** is the motto for the current edition of our annual report, and represents our relentless commitment towards all-round excellence to achieve mutual growth with our stakeholders. This is an extension of the 2022 theme of **"Integration and Enhancement"** mooted by HRG, and a continuation of the motto from our past two years: "Innovate, Sustain, Succeed" (FY2020) and "Towards Excellence and Sustained Growth" (FY2021). It is in line with our vision to be the leading global natural rubber franchise, powered by technology, innovation and ESG. Building on our momentum, we will augment our business strategy, prioritise innovation to seize market opportunities and grow our profits sustainably. Ultimately, we aim to create value for our shareholders, employees and the society.

On behalf of the Board, I would like to express my deepest gratitude to all shareholders, customers, bankers and business partners for your support to Halcyon Agri during the year. We look forward to continued collaboration and achieve ongoing success together.

Liu Hongsheng
Chairman of the Board

董事长致辞

各位股东、客户以及合作伙伴：

大家好。

欢迎您阅读合盛农业集团2022年度报告。

2022年依然是充满挑战、极不平凡的一年！

当期业绩表现

2022年，疫情反复延宕，俄乌冲突爆发，粮食和能源等多重危机叠加，世界格局加速演变，全球经济增长不及预期，复苏乏力。在此背景下，天然橡胶行业发展面临挑战。天然橡胶价（TSR20）于2022年由单吨1,850美元的最高点下跌到了单吨1,150美元的最低点，都持续在低位大幅波动，而这也给天然橡胶种植园、小农户、生产商、贸易商带来困扰。

作为世界领先的天然橡胶可持续供应链管理者和产业服务商，合盛农业发挥其种植园、加工厂、营销网点。在全球产胶区和消费地广泛布局的独特优势，聚焦天然橡胶主业和内涵式发展，遵循客户、运营、财务和企业"全面发展 追求卓越"的发展理念，有效执行业务战略，有效应对各种挑战，抓住了市场机遇。集团的财务和运营状况都取得了大幅改善：集团实现销售数量144万吨，占全球市场份额的10%，平均销售价格1,875美元每吨（ASP），得益于销量和平均售价的增长，集团2022财年的收入增长至27亿美元。在毛利增长的驱动下，2022财年营业利润为4,110万美元，相比2021财年的3,610万美元增长13.9%。2022财年集团税息折旧及摊销前利润（以下简称"EBITDA"）同步增长至6,810万美元。即使面对了美储加息带来的融资成本压力，集团继续保持盈利，实现了710万美元的税前利润。合盛农业集团面对严峻的外部环境挑战，展现了很强的韧性，银行界、投资者、管理层和广大员工对集团的信心日益增强。借此机会，我谨代表本届董事会衷心感谢合盛农业集团首席执行官及其管理团队和全体员工的辛勤付出和努力工作。

海南橡胶战略入股

2023年2月3日，中国海南天然橡胶产业集团股份有限公司（"海南橡胶"）的直属全资子公司中国橡胶投资集团有限公司（"中国橡胶"）完成从中化国际（新加坡）有限公司（"中化国际"）收购合盛农业36.00%股权（574,204,299普通股，每股0.315美元），成为合盛农业的第一大股东，并发起了强制性现金要约，以每股0.413新元的现金收购剩余的合盛农业所有已发行和缴足普通股。中化国际已承诺不会接受海南橡胶的献议。

海南橡胶由海南农垦集团控股，是中国A股市场唯一的天然橡胶全产业链上市公司，也是中国最大的天然橡胶种植、加工企业，拥有341万亩胶园、38家二级子公司、25家橡胶基地分公司、39家橡胶加工厂、橡胶年加工量近80万吨、橡胶年贸易量约170万吨。海南橡胶与中化国际在合盛农业的战略联姻符合双方的战略发展方向，双方的"强强联合"通过优势互补、相互促进，突出了全球化思维、全产业链思维，有利于提升天然橡胶资源的配置效率，有助于培育具有核心竞争力和世界影响力的"新海胶"。2023年是海南橡胶的"融合提升年"，也把合盛农业纳入了重点融合工作的对象，为建设世界一流企业开好局、起好步。对于海南橡胶成为合盛农业的战略大股东，我们感到十分高兴。我们期待未来与海南橡胶合作共赢，携手共进，为我们值得信赖的合作伙伴、利益相关者提供卓越价值。中化国际也将一如既往的支持合盛农业的战略方向。

展望2023

2023年全球经济发展仍将面临诸多不确定性因素，地缘政治冲突、疫情的不确定性、美国等主要经济体经济刺激政策激进退出的溢出效应等一系列外部冲击因素依旧难以在短期内消除。与此同时，全球主要经济体促进增长的宏观政策、全球产业链的恢复、数字经济等新经济模式的发展、全球国际合作的推进等，正在为世界经济复苏酝酿着动力。根据IRSG等预测，全球2023年天然橡胶消费量预计较2022增加2.1%，增加幅度大于产量约1.1%，由此我们对天然橡胶持谨慎乐观的看法。

2023年合盛农业集团全体员工将以"融合提升"为指引，继续聚焦内涵式发展，发扬"追求卓越"的企业文化，实现"共同成长"，为把合盛农业建设成为以科技、创新和环境、社会及管理驱动的世界一流的天然橡胶全产业链公司而奋斗。这是过去两年年报所定下的主题："创新、可持续、成功"（2020）以及"追求卓越，持续增长"（2021）的延续。我们将不遗余力地延续积极发展势头，秉持"客户导向"、"卓越运营"的理念，不断进行技术创新、商业模式创新、产品创新、管理创新，继续把握市场机会拓展业务，创造可持续的利润，为股东、员工和社会创造价值。

衷心感谢所有股东、客户、银行以及合作伙伴在2022年对合盛农业集团的关心和支持，希望各位在2023年继续与合盛农业集团一路同行，共创佳绩，共享成果。

刘红生
董事长

HALCYON AGRI AT A GLANCE

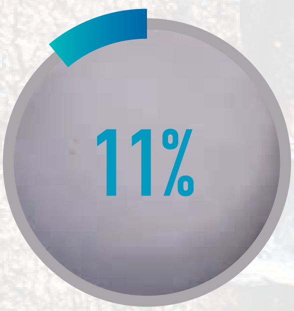
15,000+
Dedicated And Respected Employees

1.4 million mT
Production Capacity

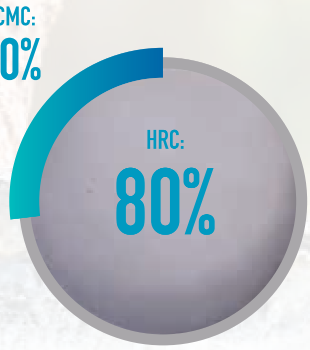
39,500 ha
Planted Areas

100+
Headquartered in Singapore, we are a fully integrated natural rubber franchise with significant presence along every phase of the supply chain, including plantations, factories, warehouses, tank terminals, laboratories, and a worldwide distribution network.

1.4 million mT
Sales Volume



Sales to tyre customers as a % of total natural rubber consumption of tyre and tyre products



Sales volume contribution by segment

Group sales volume as a % of global natural rubber consumption

OUR GLOBAL FRANCHISE

Halcyon Agri Corporation Limited (SGX: 5VJ) is a leading integrated natural rubber supply chain franchise. Headquartered in Singapore with over 15,000 employees in more than 100 locations, the Group leverages its extensive network of plantations, factories, warehouses, terminals, laboratories and sales offices around the world to distribute a wide range of natural rubber products to our customers.

Halcyon Agri has created two best-in-class operations, based on the strictest sustainability principles.

HALCYON RUBBER COMPANY (HRC GROUP)

Halcyon Rubber Company

PLANTATION

Ivory Coast
1 plantation

Planted area
1,100 ha

PROCESSING

Production capacity
1,339,000 mT

Indonesia
19 factories

Malaysia
2 factories

China
7 factories

Thailand
5 factories

Ivory Coast
2 factories

DISTRIBUTION

China

Singapore

Pre-eminent supplier of natural rubber to the global tyre fraternity, HRC Group owns and operates 35 factories with wide-ranging approvals from the tyre majors. The factories are located across the key rubber origins, including Indonesia, Malaysia, China, Thailand and Ivory Coast, and they have attained international standards of environmental performance under ISO 14001 and/or compliant with HeveaPro, an industry-leading manufacturing standard for sustainable natural rubber.

Being in a mid-stream business, the key profitability driver for the factories is the processing margins, which is the selling price of the finished product, deducted against the procurement costs from smallholder farmers, and associated conversion costs and overheads.

HRC Group also owns a rubber plantation in Ivory Coast with 1,100 ha planted area, which supplies raw material into our factory.

HALCYON AGRI AT A GLANCE

CORRIE MACCOLL (CMC GROUP)

Corrie MacColl

PLANTATION

Cameroon
2 plantations

Planted area
31,400 ha

Malaysia
1 plantation

Planted area
7,000 ha

PROCESSING

Production capacity
90,000 mT

Cameroon
2 factories

DISTRIBUTION

China
Germany
Malaysia
Netherlands
Thailand
Turkey
United Kingdom
United States
Vietnam

A leading provider of specialist polymers for industrial and non-tyre applications, CMC Group operates a wide storefront covering in-house plantation rubber and concentrated latex, as well as third-party sourced natural and synthetic rubber, in both dry and liquid forms. CMC comprises of two units: **CMC Plantations (CMCP) and CMC International (CMCI).** Each business unit has different characteristics and profit drivers.

CMC Plantations (CMCP)

With over 31,400 ha planted in Cameroon and 7,000 ha planted in Malaysia, CMCP is the owner of one of the largest commercially owned and operated rubber plantations. Currently about half of CMCP's planted areas are immature. The plantation business is a long-term investment as each planted rubber tree takes an average of five to seven years before yielding the first drop of latex, and will go on to be productive for the next 30 years. As the plantation overheads are mostly fixed in nature, the time passage will lead to the ramping up of plantation yields and improvement in the absorption of fixed costs.

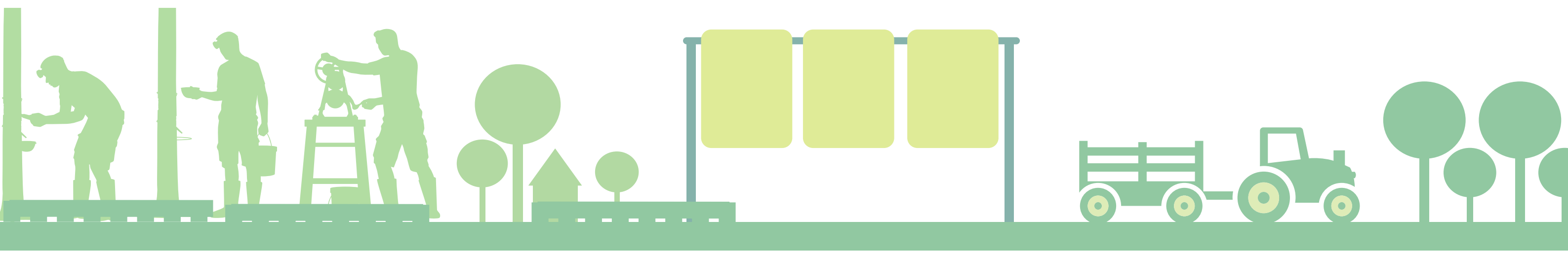
Moving forward, as the immature areas come on stream and the yields of the younger trees increase, the plantation output is expected to at least double in the next five years, and reach 55,000 mT of output by 2030. The unit costs will reduce with a larger volume base, unit profits will increase. There is further upside profit potential when factoring in the cyclical recovery in rubber prices.

CMC International (CMCI)

Being a fulfilment platform, CMCI operates commercial and distribution platforms with global third-party procurement capability. CMCI is also the sole distribution arm for our plantation outputs, which allows us to capture the whole supply chain margin from the tree all the way to the customers' door. The distribution margins are used to support the development and maintenance costs of our plantations.

Innovation Initiatives

On top of the above three major business segments, Halcyon Agri also invests in the innovation and digital transformation of the natural rubber supply chain, the most prominent initiative being Agridence Rubber (formerly HeveaConnect). Agridence Rubber is a digital marketplace for sustainably produced natural rubber, and is at the forefront of the digitalisation of the natural rubber industry. Digital transformation allows for data transparency, which will strengthen the integrity of products and enhances trust along the supply chain. Please refer to the page on 'Innovation Review' that elaborates our innovation activities in 2022.



In 2023, *"Pursuing Excellence, Together We Grow"* is the motto for the current edition of annual report, and represents our relentless commitment towards all-round excellence, achieving mutual growth with our stakeholders.

CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Stakeholders,

The year 2022 was marked by persistent headwinds, including the Russia-Ukraine conflict, recurring COVID-19 outbreaks globally, rapid interest rate hikes, and logistics disruptions, which had a negative impact on downstream demand. However, I am proud to say that our team effectively navigated these challenges and made progress in various aspects of our business.

Our financial performance was robust, with a profit before tax of US$7.1 million, and revenue of US$2.7 billion, driven by an increase in both sales volume and average selling prices. Operating profit increased by 13.9% from US$36.1 million in FY2021 to US$41.1 million in FY2022, on the back of gross profit increase, reflective of our focus in strengthening customer relationship, managing working capital and reducing overall leverage. EBITDA expanded in tandem to US$68.1 million in FY2022. Our steady performance and resilience position us well for future development.

FY2022 Highlights

Being a leading global natural rubber supply chain manager, our global team has stepped up efforts to formulate the best possible solutions for our customers, and used our valuable resources and relationships to achieve tangible results that created value for the Group's stakeholders.

Customer Excellence

We tapped on our global supply chain connectivity and unique insights into the supply and demand dynamics of natural rubber, to provide high quality products and value-added services to our customers, further strengthening our position as a preferred natural rubber supplier. Our global reach and vertical capabilities allowed us to fulfil our customers' demands efficiently and cost-effectively, even during times of logistics challenges. Throughout the year, our management team frequently engaged our key customers to better understand their needs and offer value-added solutions. Our dialogues focused on the areas of enhancing product quality, expanding product offerings, understanding as well as sharing latest developments, and exploring mutual collaboration opportunities in the areas of ESG and sustainability, amongst others. These engagements allowed us to gain valuable insights and generated new perspectives on how we can add value to our customers, as their trusted partner.

Operational Excellence

As of 2022, Halcyon Agri produced and/or distributed 10% of natural rubber consumed globally.

We focused on improving our company's competitiveness by maximising our operational efficiency through technology and innovation. At the same time, our global teams continue to look into our processes to find ways to make them better and more efficient.

In response to macro changes, our implementation of business strategy in 2022 displayed improvement within our key business units of processing, distribution and plantations – **Halcyon Rubber Company** (HRC), **Corrie MacColl International** (CMCI) and **Corrie MacColl Plantations** (CMCP). In our HRC segment, we prioritised our resources allocation in different regions, to maximise profits through optimising factory utilisation, and improving cost absorption across the segment. In our CMCI segment, we differentiated ourselves through our ability to source from diverse origins including HRC's and CMCP's, to fulfil the requirements of the industrial and consumer product manufacturers at key destinations such as Europe and the United States. Meanwhile in the CMCP segment, cost control remains the key agenda. We have commenced tapping 2,689 hectares of newly matured trees in Cameroon in 2022, alongside the ramping up of existing matured trees and continuous efforts to boost yields, which had seen a considerable increase in production volumes during the year.

During this year, in another major push to digitalise the natural rubber supply chain, we have fulfilled our commitment to promote Agridence Rubber (formerly HeveaConnect) as an independent digital rubber trading platform for the natural rubber industry. With the help of diversified shareholder base, Agridence Rubber has onboarded the world's top tyre makers, leading natural rubber producers and natural rubber traders, and to date has handled in excess of 750,000 mT of sustainable natural rubber contracts on the platform.

Financial Excellence

In a high interest rate environment, liquidity and working capital management became especially important, alongside our commitment to deliver value to our stakeholders. Our focus for capital management in 2022 was on preserving liquidity and minimising borrowings to decrease financing expenses. The results were evident: cash conversion days reduced from 86 days in 2021 to 81 days in 2022. Deleveraging was also one of our key priorities in 2022, for which the non-core assets disposals had realised favourable gains throughout the year. With robust support from institutional stakeholders and banking institutions, we increased our facility headroom and rebalanced our financing tenor. Key highlights included securing the Sustainability-Linked Loan of up to US$300 million from an Asian banking syndicate for our working capital purposes, as well as a new 5-year term loan from an African banking syndicate. Our stronger capital footing had allowed us to capitalise on market opportunities, and this would not be possible without the strong support from our major shareholder, Sinochem. We believe that with the addition of our new strategic shareholder – Hainan Rubber in 2023, the foundation of our financial stability will be further augmented, complementing our positive relationship with banks.

Corporate Excellence

Halcyon Agri prides itself on its track record in sustainability, and we continue to lead the way in the sustainable development of the natural rubber industry. In 2022, we have become the first natural rubber player to obtain multiple Sustainability-Linked Loans, a testament to the banks' recognition of the Group's efforts in ESG. We also maintained our Top 3 position amongst the rubber industry players in the SPOTT assessment by Zoological Society of London, despite the significant increase in the entities being assessed. In addition, we have partnered with the United States Agency for International Development (USAID) in 'Green Invest Asia' project to upgrade our responsible sourcing policies and practices.

In our pursuit of 360° excellence, Halcyon Agri will strive to maintain our position among the top five most transparent companies for the next three consecutive SPOTT assessments and work towards achieving EcoVadis Platinum status by 2025. We are also committed to realise the United Nations Sustainable Development Goals (UNSDG) and United Nations Global Compact (UNGC) principles on human rights, labour, environment and anti-corruption.

"Our Pillar of 360° Excellence continues to form the cornerstone of the Group's continued business success, and empower us to deliver better value to all stakeholders. We aim to achieve sustainable and profitable organic growth through technology, innovation and ESG."

While we strive to deliver sustainable profits, we also aim to establish ourselves as a leading corporate citizen – to generate sustainable returns to our shareholders, reward our dedicated employees fairly and meaningfully, and ensure that small communities prosper in this global competitive environment.

Outlook for FY2023

We can see a bright future ahead of us in 2023. Despite the challenges faced in 2022, the global demand and supply trends are on an upward trajectory, providing a solid foundation for this year. As we look towards the future, there are many exciting positive developments ahead of us. One of the key factors is the reopening of China's economy, which is poised to bring a significant boost to the global economy. Additionally, Southeast Asia is seeing a remarkable boom, especially in countries like Indonesia, Thailand and India, which are expected to contribute significantly to the global economic growth.

Although there may be short-term challenges for the natural rubber industry, we are confident that the industry will continue to grow in the long term. With the overall encouraging view for 2023, we remain cautiously optimistic, and are committed to building and growing our strength and resilience.

Welcome New Strategic Shareholder, Hainan Rubber

In early 2023, the transaction of 36% stake (574,204,299 ordinary shares at US$0.315 per share) involving Halcyon Agri between China Hainan Rubber Industry Group Co., Ltd ("Hainan Rubber") and Sinochem International (Overseas) Pte Ltd ("Sinochem") had been completed. The resulting Mandatory Conditional Cash Offer ("MGO") is still ongoing as I pen this review, with Hainan Rubber owning more than 60% issued shares of Halcyon Agri as of 22 March 2023.

We are pleased to welcome our new majority shareholder, Hainan Rubber, which is also one of the world's leading natural rubber enterprises, listed on the Shanghai Stock Exchange. This strategic collaboration will bring potential synergistic opportunities in developing technical expertise, pursuing excellence and growth, as well as delivering exceptional value to our trusted partners. Simultaneously, Halcyon Agri will carry on with our business operations as usual.

I on behalf of Halcyon Agri would like to thank our key shareholder, Sinochem International Corporation for their strong support over the past 7 years and we will continue to work closely with them as our strategic investor.

Concluding Thoughts

In closing, I would like to commend the efforts of our Halcyon Agri team for their unwavering dedication and commitment towards the Group. I also hereby extend my sincere appreciation to our Board of Directors, our financiers, our commercial partners and all other stakeholders for your steadfast support.

Our Pillar of 360° Excellence continues to form the cornerstone of the Group's continued business success, and empower us to deliver better value to all stakeholders. We aim to achieve sustainable and profitable organic growth through technology, innovation and ESG.

With your continued faith and trust in Halcyon Agri, I am excited to take on 2023!

David Li Xuetao
Executive Director and Group CEO

Signing ceremony of strategic collaboration agreement between Sinochem International and Hainan Rubber in Haikou, Hainan on 13 February 2023.

Visit by the senior management team of Hainan State Farms and Hainan Rubber to Halcyon Agri's headquarters in Singapore on 15 March 2023.

BOARD OF DIRECTORS

Liu Hongsheng
Non-Executive Chairman

Mr Liu Hongsheng brings decades of experience in business and human resources to his roles as Halcyon Agri's Non-Executive Chairman. He joined the Board in 2017, serves as the Chairman of the Strategy and Investment Committee and sits on the Remuneration Committee. He is currently President of Syngenta Group China. His previous posts include:

- Director and Chief Executive Officer of Sinochem International Corporation (SIC).
- Vice President at SIC
- Senior Vice President at SIC Chemicals Segment
- General Manager at SIC Logistics Business Division
- Deputy Head of Human Resources at China's Ministry of Foreign Trade and Economic Cooperation
- First Secretary of the Economic and Commercial Counsellor's Office at the Chinese Embassy in Thailand

Mr Liu holds a bachelor's degree in Philosophy from Peking University and an executive master's degree in Business Administration from Shanghai Maritime University.

Simon Lam Chun Kai
Lead Independent Director

Mr Simon Lam Chun Kai is the Lead Independent Director appointed to the Board in 2019 and serves as the Chairman of the Nominating Committee. He also sits on the Audit Committee, Remuneration Committee as well as the Strategy and Investment Committee. He brings many years of corporate experience, particularly in the petroleum and petrochemicals industries, and has served as:

- Chairman of Shell Companies in Singapore
- Chief Executive Officer at CNOOC and Shell Petrochemicals Company Limited
- Venture Director of Shell Eastern Petrochemical Complex
- Chief Executive Officer at Jurong Aromatics Corp, Singapore

He has previously sat on the boards of a number of government and industry bodies, including:

- Maritime and Port Authority of Singapore
- Science Centre Singapore
- International Chamber of Commerce
- Energy Market Authority of Singapore
- Hertel Group, the Netherlands
- Royal Vopak, the Netherlands
- Sinochem International Corporation Ltd

Mr Lam received his tertiary education at Adelaide University, South Australia, and is a Chartered Member of IChemE, United Kingdom.

Liew Choon Wei
Independent Director

Mr Liew Choon Wei is an Independent Director and Chairman of the Audit Committee. He was appointed to the Board in 2014 and also sits on the Remuneration and Nominating Committees. He joined Ernst & Young LLP in Singapore in 1979 and was Audit Partner for its largest real estate, commodities, banking, media, hospitality and retail clients before retiring in 2013.

His current roles include:

- Independent Director at Frasers Hospitality Asset Management Pte Ltd (manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte Ltd (trustee-manager of Frasers Hospitality Business Trust), member of the Audit Committee, Remuneration Committee and Nominating Committee
- Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of F J Benjamin Holdings Ltd
- Independent Director at The Hour Glass Limited and Chairman of its Audit Committee
- Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants

Qin Jinke
Non-Executive Director

Mr Qin Jinke joined the Board in 2018 and is a Non-Executive Director. He has been with Sinochem International Corporation for more than 20 years and is now its Chief Financial Officer. He joined Sinochem in 2001 and has held senior positions in its auditing, finance and accounting departments, including:

- Deputy Chief Financial Officer
- General Manager of the Finance Department
- Vice General Manager of the Finance Department
- General Manager of the Accounting and Tax Office
- Chief Financial Officer at Metallurgy and Energy Division Assistant General Manager of the Auditing Department

Mr Qin holds a bachelor's degree in Accounting from Central University of Finance and Economics, and an executive master's degree from China Europe International Business School.

Li Xuetao
Executive Director,
Chief Executive Officer

Mr Li Xuetao is Halcyon Agri's Chief Executive Officer and joined the Board as Executive Director in June 2020. As Chief Executive Officer, Mr Li is in charge of formulating and executing the business strategy of the Group, and of overseeing its day-to-day management. He has more than 20 years' experience in tyre, synthetic rubber and natural rubber business, and has held various senior positions in Sinochem International Corporation (SIC) and Sinochem Group (SG), including:

- Director of Strategic Synergy Department of Chemical SBU of SG
- Deputy Director of Strategy Development Department of Chemical SBU of SG and SIC
- Vice President of SIC and CEO of Trading and Distribution Business Division
- Vice President of SIC and CEO of Rubber Business Division

Mr Li holds a Bachelor of Economics from University of International Business and Economics, Beijing and a Master of Change Management from BI Norwegian School of Management – Fudan University.

Liu Yongsheng
Non-Executive Director

Mr Liu Yongsheng was appointed to the Board in 2022. He has been with Sinochem International Corporation for more than 10 years and is now its Deputy General Manager of the Finance Department. He joined Sinochem in 2010 and has held various senior positions including:

- Director of Capital & Treasury (Sinochem International)
- Deputy Finance Controller of Rubber BU (Sinochem International)
- Chief Finance Officer of Sud Cameroun Hevea SA.
- Finance Controller of Teck Bee Hang Co., Ltd.

Mr Liu holds a Bachelor of Administration, Shanghai University of Finance & Economics, and an Master of Business Administration, Shanghai Jiao Tong University.

BOARD OF DIRECTORS

Eddie Chan Yean Hoe
Independent Director

Mr Eddie Chan Yean Hoe is an Independent Director appointed to the Board in 2020 and serves as the Chairman of the Remuneration Committee. He also sits on the Audit Committee, Nominating Committee as well as the Strategy and Investment Committee. He was an Executive Director and a Partner of Ernst & Young Malaysia with many years of experience in auditing, corporate restructuring, taxation and accounting, across several industries including rubber and oil palm plantations.

He also held several senior finance roles in a multinational oil and gas company until his retirement. He had served as a Director of Daiman Development Berhad, prior to his appointment to the Board.

Mr Eddie Chan is a Certified Public Accountant. He is a member of the Malaysian Institute of Certified Public Accountants and a chartered member of the Malaysian Institute of Accountants.

Huang Xuhua
Independent Director

Mr Huang Xuhua is an Independent Director appointed to the Board in 2021. He has over 30 years of experience in corporate and commercial laws, and specialises in mergers and acquisitions, joint ventures, cross-border investments and private equity transactions.

Mr Huang is Senior Advisor, China Practice of Allen & Gledhill, a leading law firm in Singapore. He has been based in Beijing, New York, Hong Kong and Singapore in the course of his legal career, and was a partner of one of the world's largest international law firms for 14 years.

He received his Bachelor of Laws from Renmin University of China in Beijing and his Master of Laws from Columbia University School of Law in New York.

Latha Eapen K Mathew
Independent Director

Ms Latha Eapen K Mathew is an Independent Director appointed to the Board in 2022 and also sits on the Audit Committee. She was a Partner of Ernst & Young with over 35 years of experience in taxation, and specialises in Singapore and international corporate tax.

She had also served as a Board Member of Singapore Chartered Tax Professionals, and non-profit initiatives including Treasurer and Board Member of Make A Wish Singapore.

Ms Eapen is a Certified Taxation Accountant. She is a member of Singapore Chartered Tax Professionals, Institute of Singapore Chartered Accountants and CPA Australia. She sits on the Audit Committee of Methodist Welfare Services, and a member of SNEC Medifund Committee. She received Bachelor of Accountancy from the University of Singapore.

SENIOR MANAGEMENT

Jeremy Loh
Chief Financial Officer

Mr Jeremy Loh is the Chief Financial Officer at Halcyon Agri and is responsible for the Group's financial affairs, including corporate finance, treasury and capital management.

He joined Halcyon Agri in 2016 as the Deputy Chief Financial Officer and brings with him almost 20 years of financial reporting, control and risk expertise to the Group. His work experiences include senior roles at international banks and auditing firms in Singapore, Thailand and Malaysia.

Mr Loh holds a bachelor's degree in Accounting from Monash University Australia.

Andrew Trevatt
Chief Commercial Officer
Corrie MacColl Group (CMC Group)

Mr Andrew Trevatt is a co-founder of Halcyon Agri and has overseen the daily commercial affairs of the Group since 2010. He has more than 30 years of experience in the natural rubber industry, having worked in various rubber and commodity related companies in the United Kingdom, The Netherlands, the United States of America and Singapore.

Mr Trevatt has now taken on the role of Chief Commercial Officer for the CMC Group and is responsible for implementing and managing its overall commercial and sales strategies.

Ng Eng Kiat
Managing Director
Halcyon Rubber Company (HRC Group)

Mr Ng Eng Kiat joined Halcyon Agri in 2013 as Chief Financial Officer. In addition to his CFO's role, he also oversaw the Group's operations in China and Indonesia between 2017 and 2018. He was appointed Group Chief Operating Officer in mid-2018 where he was responsible for the overall Group's operations.

In late 2019, Mr Ng assumed the role of Managing Director for HRC Group and is responsible for the merchandising and risk management functions of the business unit, as well as oversight of the factory operations under the HRC Group. Mr Ng also sits on the board of directors of Agridence Pte. Ltd., an associate company of Halcyon Agri, which is at the forefront of digitalising the natural rubber supply chain to create a data-enriched, technology-powered ecosystem.

Mr Ng graduated from the Multimedia University in Malaysia in 2002 with a bachelor's degree (Honours) in Accounting. He is also a member of the Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.

Being a leading global natural rubber supply chain manager, Halcyon Agri's global team relentlessly step up efforts to formulate the best possible solutions for our customers through our valuable resources and effective relationships.

HERITAGE OF HALCYON AGRI

> 200 years

Halcyon Agri has a rich heritage with over 200 years of industry track record.

> 70 years

Our experienced shareholders, Hainan Rubber and Sinochem each has over 70 years of expertise.

2016

Sinochem acquired 54.99% stake in Halcyon Agri as part of threeway merger between GMG Global Ltd and Sinochem's Natural Rubber assets, subsequently increased to 65.20% in 2022.

2021

Aligned SNRSCP with GPSNR policy framework.

2023

Hainan Rubber acquired 36.00% stake in Halcyon Agri and became our single largest shareholder.

2015

Halcyon Agri upgraded to the Mainboard of Singapore Exchange.

2013

Halcyon Agri completed IPO and listed on the Catalist Board of SGX.

2010

Halcyon Agri Corporation Limited established.

2004

1st China factory, Hainan Sinochem Natural Rubber Co., Ltd established. Acquired by Halcyon in 2016.

2005

1st Malaysia factory, Hevea KB Sdn Bhd established. Acquired by Halcyon in 2014.

2007

Sinochem acquired 1st overseas factory, Euroma Rubber Industries Sdn Bhd. Acquired by Halcyon in 2016.

1967

1st Singapore trading company, New Continent Enterprises Pte Ltd established. Acquired by Halcyon in 2014.

1954

1st Thailand factory, Teck Bee Hang Co., Ltd was founded. Acquired by Halcyon in 2014.

1953

Signing of Rubber Rice Pact with Sri Lanka; Sinochem pioneers rubber imports into China.

1780

1st European trading company, Corrie MacColl was founded. Acquired by Halcyon in 2018.

1934

1st Indonesian factory, PT. Rubber Hock Lie established. Acquired by Halcyon in 2014.

1951

China Import & Export Corporation, the predecessor of Sinochem established.

INTRODUCTION TO HAINAN RUBBER

NEW STRATEGIC SHAREHOLDER

Established on 31 March 2005, China Hainan Rubber Industry Group Co., Ltd ("Hainan Rubber") is the only natural rubber company with full supply chain capability that is listed on the Shanghai Stock Exchange.

海南橡胶
为国利民 胶融天下

After acquiring Halcyon Agri, Hainan Rubber now has a stronger presence in the whole supply chain spectrum:

Plantations – planted areas of 267,000 hectares (2% globally);

Processing – 72 factories with processing capacity of 2.6 million mT per annum and actual production volume of 1.8 million mT;

Distribution – leading natural rubber distributor with distribution volume of 3.1 million mT, covering 22% of global natural rubber consumption;

Downstream – manufacturer of latex products (such as mattresses, pillows) and rubberwood products that are FSC certified.

In a new era full of challenges and opportunities, Hainan Rubber has high ambition. As one of the world's leading rubber enterprise that is technology-driven and ESG-oriented, it strives to create a brighter future for the industry with excellent operational efficiency through the integration of value chain and global network, creating better value for investors and customers. It aims to build itself into a world-class natural rubber whole-industry-chain technology group with core competitiveness and global influence.

新时代，新海胶，新气象，新作为！


海南橡胶
HAINAN RUBBER

FINANCIAL HIGHLIGHTS

The Group's FY2022 financial performance is summed up as resilient. We maintained our growth momentum in sales volume and registered a profit before tax amid the uncertain market environment in 2022 caused by the ongoing Russia-Ukraine conflict, COVID-19 situation globally, and rapid interest rate hikes, all of which affected the downstream demand.

- **Growth in scale and market share capture.** Notwithstanding the challenging macro environment with weakening demand, the Group went against the current and achieved 9.4% growth in our sales volume. We effectively leveraged our global scale to capture market opportunities, partner with customers' needs during this period, and further increased customer loyalty.

- **Maintained profitability; US$7.1 million profit before tax.** Despite the price movement during the year, the Group has been able to leverage its diverse raw material sourcing network to lock in processing margins. Our market competitiveness and cost competitiveness were behind the increase in the Group's EBITDA to US$68.1 million. Despite a US$13.2 million increase in finance costs, the Group has been able to maintain its profit before tax position in FY2022 due to relentless efforts in deleveraging and working capital management.

- **Deleverage; unlocking value of non-core assets.** Our ongoing deleveraging plan has also yielded positive results. The successful disposal of certain non-core assets raised US$15.3 million in FY2022. The Group continues to focus on opportunistic disposal of the portfolio of non-core assets to unlock its value, and realise cash to reduce our group-wide gearing.

- **Enhanced working capital and liquidity management.** Facing the pressure of rapid interest rate hikes, the Group has responded by tightening its working capital management and capital allocation. The results speak for itself: cash conversion days reduced from 86 days in FY2021 to 81 days in FY2022, and operating cash flow turned from US$33.6 million outflow in FY2021 to US$61.4 million inflow in 2022. We have also successfully locked in fixed rate loans in our subsidiaries at a competitive rate.

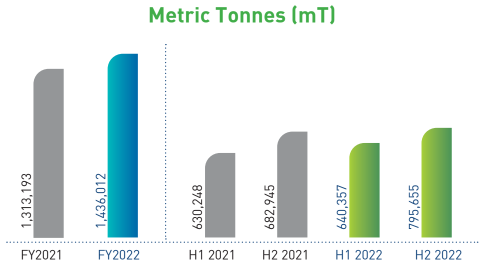
- **Effective banking relationships.** In 2022, we engaged closer than ever with our financing partners in deepening our relationships, and leveraged our track record in ESG to capture up to sustainability-themed financing. Our key milestones in 2022: up to US$300 million Sustainability-Linked Loan ("SLL") by a banking syndicate to fund our working capital needs. In December, the Group also concluded a long-term loan of CFA 45.0 billion (c. US$73.2 million) with accordion option to upsize the facility to CFA 92.5 billion (c. US$150.4 million). This balances out our financing tenor and funds the maintenance capital expenditure of immature areas and replanting programme of our 7,000 hectares of old trees.

- **New substantial shareholder.** In February 2023, China Hainan Rubber Industry Group Co., Ltd ("Hainan Rubber")completed a successful transaction of 36.00% stake (574,204,299 ordinary shares of Halcyon Agri: US$0.315 per share) with Sinochem International (Overseas) Pte Ltd. Ahead of the completion, we have obtained the requisite waivers for the facilities with change of control clause.

		2022	2021
Sales volume	mT	1,436,012	1,313,193
Revenue	US$m	2,692.8	2,459.8
Gross profit	US$m	170.8	162.9
EBITDA	US$m	68.1	64.2
Operating profit[1]	US$m	45.5	32.6
Profit before tax	US$m	7.1	16.3
Efficiency of funds usage			
Total assets	US$m	2,017.2	2,062.9
Total equity	US$m	660.0	724.2
Return on assets[2]	%	3.3%	3.1%
Return on equity[3]	%	10.2%	8.9%
Return on capital employed[4]	%	6.0%	5.3%
Leverage			
Term debts	US$m	454.2	485.1
Term debt to equity ratio[5]	time	0.69	0.67
Total liabilities to assets ratio	time	0.67	0.65

Notes:
1. Operating profits after excluding fair value gains and non-recurring expenses as well as extraordinary and exceptional items
2. Return on assets: EBITDA divided by total assets
3. Return on equity: EBITDA divided by total equity
4. Return on capital employed: EBITDA divided by (term debts plus total equity)
5. Term debt to equity gearing: Term debts divided by total equity

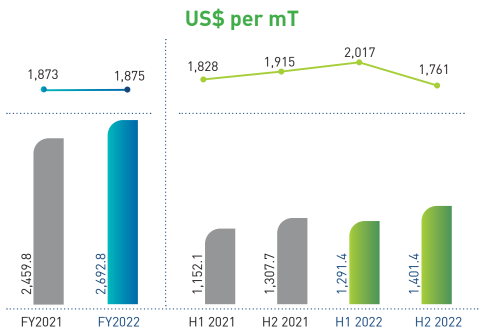
SALES VOLUME



Sales volume improved to 1,436,012 mT in FY2022 from FY2021, as the Group captured opportunities along the downstream demand recovery, across both tyre and non-tyre sectors. Dissecting the figures into half-yearly basis, the Group registered consistent growth in sales volume since H2 2021.

Our sales volume represent 10% of global natural rubber consumption.

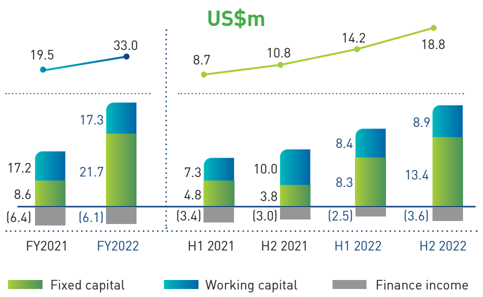
REVENUE AND AVERAGE SELLING PRICE



Revenue increased by 9.5% from US$2,459.8 million to US$2,692.8 million in FY2022, buoyed by higher sales volume. The Group has been able to maintain its average selling price at US$1,875 per mT in FY2022, despite the decline in SICOM TSR20 prices throughout the year, and this reflects our market positioning as the premium integrated supply chain manager in natural rubber.

We continuously review and calibrate our sales mix to balance between realisation of margins, and ensure our factory utilisation is optimised.

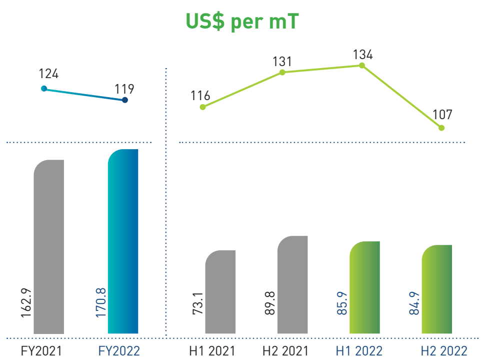
NET FINANCING COSTS



Working capital financing costs comprise entirely the interest expenses incurred for the funding of the Group's working capital turnover. Meanwhile, fixed capital financing costs represent the net costs from structural financing facilities that include term debt interests as well as financing income.

Net financing costs increased from US$19.5 million in FY2021 to US$33.0 million in FY2022, spurred by a series of interest rate hikes. The Group responded to the higher interest rates by accelerating its deleveraging activities, and exercising a tighter operating liquidity control.

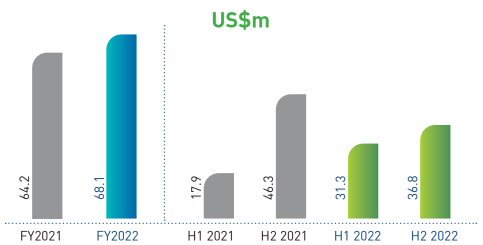
GROSS PROFIT



Driven by volume, the Group registered overall gross profit improvement to US$170.8 million in FY2022 from US$162.9 million in FY2021.

The Group's unique insights into the supply and demand dynamics have allowed us to take swift actions to address the situation surrounding raw material availability as well as the downstream demand.

EBITDA



In tandem with the increase in gross profit and the impact of cost controls, the Group's EBITDA rose to US$68.1 million in FY2022 from US$64.2 million in FY2021.

FINANCIAL HIGHLIGHTS

PERFORMANCE BY SEGMENT

US$ Million unless otherwise stated	CMCP		CMCI		HRC Group		Corporate		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sales volume (In '000 mT)	28.0	21.9	331.8	311.2	1,154.8	1,057.5	–	–	1,436.0	1,313.2
Revenue	50.6	39.7	799.8	711.2	1,975.1	1,836.9	–	–	2,692.8	2,459.8
Third party revenue	*2.3*	*2.3*	*799.8*	*711.2*	*1,890.7*	*1,746.3*	–	–	*2,692.8*	*2,459.8*
Inter-segment revenue ^	*48.3*	*37.4*	–	–	*84.4*	*90.6*	–	–	–	–
Gross profit	5.8	3.8	85.2	65.2	80.2	94.1	–	–	170.8	162.9
Operating profit/(loss)*	(13.6)	(10.4)	45.9	27.0	27.7	24.6	(14.5)	(8.6)	45.5	32.6
EBITDA *	0.9	3.6	48.7	30.9	32.0	44.3	(13.4)	(14.6)	68.1	64.2

^ Intersegment revenues are eliminated at group level.
* Adjusted for management fees, non-recurring expenses and fair value gain.

CMC Plantations (CMCP)

About half of CMCP's plantations are currently in gestation phase and continued investments are required to nurture the plantations to reach maturity. CMCP yields increased from 17,860 mT in FY2021 to 20,751 mT in FY2022 as new areas became mature for tapping, alongside the yield improvements in the mature trees due to growth.

FY2022 operating losses increased from FY2021, mainly driven by price movement, as well as due to higher expenses from the opening of new areas for tapping. We continue to optimise our costs to keep pace with the market price movement.

CMC International (CMCI)

CMCI continued to capitalise on the steady demand in Europe and United States. Our market leadership and global connectivity enabled us to serve our customers closely, providing them value-added product services.

CMCI recorded increase in both sales volume and gross profit, driven by the surge in demand for domestically stocked natural rubber and latex. As a result, operating profit surged to US$45.9 million in FY2022, from US$27.0 million in FY2021.

HRC Group

Segmental operating profits, adjusted for the management fees, have improved as compared to prior year, due to stringent cost control measures at origins to combat the effects of compression in processing margins. HRC responded by scaling up its distribution of third-party volumes at a decent margin. The deleveraging efforts of the Group are mainly driven by HRC, through selling of its non-core assets and properties to raise fresh funds for operational usage.

Corporate

The segment covers the key administrative and support functions of Group. Operating losses increased from US$8.6 million in FY2021 to US$14.5 million in FY2022, mainly due to the absence of US$7.6 million gains generated during FY2021 from the deconsolidation of HeveaConnect (now Agridence Rubber) following the investment by SGX. The Group continues to seek cost efficiency amid a challenging operating environment.

FINANCIAL POSITION

The table below summarises the management's assessment of the Group's capital structure:

US$ million	Balance at	
	Dec-22	Dec-21
Net working capital assets[1]	557.1	627.2
Cash and cash equivalents	118.7	33.4
Loan receivables	64.3	63.5
Total net working capital employed	**740.1**	**724.1**
Working capital loans	679.1	601.8
% Efficiency of Working Capital Funding	**91.8%**	**83.1%**
Operational long-term assets[2]	1,022.7	1,055.7
Non-core assets[3]	40.7	42.2
	1,063.4	**1,097.9**
Other borrowings	464.4	496.0
% Fixed Asset Gearing	**43.7%**	**45.2%**
Total equity (excluding perpetual securities)	**467.4**	**531.6**
Perpetual securities	192.6	192.6
Total equity (including perpetual securities)	**660.0**	**724.2**
Term debt to equity gearing[4]	0.69 times	0.67 times
Net asset value (NAV) per share[5]	US$0.29	US$0.33
Cash conversion days	81 days	86 days
Accounts receivable days	*21 days*	*24 days*
Accounts payable days	*5 days*	*9 days*
Inventory days	*66 days*	*71 days*

Notes:

1. Net working capital assets for the Group are defined as the sum of operational trade and other receivables, net derivative assets, inventories, assets held for sale, net off against trade and other payables.
2. Operational long term assets of the Group are defined as intangible assets, PPE, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.
3. Non-core assets mainly made up of investment properties.
4. Gearing = Term debts divide total equity.
5. NAV per share = Total equity (excluding perpetual securities) divide total shares outstanding (1,595,011,941 shares).

The Group's net assets have reduced from US$724.2 million in December 2021 to US$660.0 million in December 2022, mainly driven by translation effects from the Group's foreign operations, due to the strengthening of United States Dollars against Euro and Asian currencies.

The Group continues to maintain a stable funding base, where financing tenors are matched, cash balances are unencumbered and fixed assets are sustainably financed.

Working capital funding efficiency increased to 91.8%, mainly driven by balancing of working capital funding during the year, in line with the increase in volumes to meet the higher demand in 2022.

Fixed asset gearing decreased from 45.2% in December 2021 to 43.7% in December 2022, mainly attributed to the increase in assets base due to continuous investment in immature upkeep across our plantation platform.

FINANCIAL HIGHLIGHTS

CASH FLOWS

US$ million	Dec-22	Dec-21
Operating cash flow before working capital changes	56.5	40.8
Changes in working capital	19.2	(73.6)
Tax paid	(7.0)	(1.6)
Net cash flow from operating activities	**69.6**	**(33.6)**
Net cash flow from investing activities	**5.4**	**(18.7)**
Net cash flow from financing activities	**12.2**	**41.8**
Net changes in cash and cash equivalents	**87.2**	**(10.5)**

Operating cash flows

The Group has significantly improved its operating cash flow position; from US$33.6 million outflow in FY2021 to US$69.6 million inflow in 2022. This is a testament to the Group's working capital management strategy and cash-generating capabilities from core operations, also reflected in the reduction of working capital turnover days.

Investing cash flows

Net cash generated from investing activities of US$5.4 million; generated by the proceeds from non-core assets disposal that set off the capital expenditures during FY2022. For context, the fresh funds were recycled into working capital usage.

Financing cash flows

Net cash generated from financing activities was US$12.2 million, mainly funds generated from the drawdown of the new term loans to balance the financing tenor of the whole Group, as explained above. It should be noted that net working capital is self-liquidating in nature, and the proceeds from liquidation of working capital will be used to repay the short-term loans after around 81 days of cash conversion cycle.

CAPITAL STRUCTURE MANAGEMENT

Treasury management

Treasury management is carried out by the business units, and coordinated by group treasury, in accordance with established policies and guidelines. Policies and guidelines have been regularly updated to take into account the changes in the operating environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans.

We closely monitor relevant emerging regulations, which may potentially impact the way that we obtain our finances or introduce any operating constraints. We are kept updated of the latest development in debt markets and to arrange new financing as opportunities arise. Our consistent approach has helped us in building a strong working relationship with the bankers.

Cash and cash equivalents, as well as undrawn committed facilities, are available for drawdown at short notice.

Financing profile

The Group has access to different sources of financing. We decide on the financing approach that is best suited for our prevailing business needs, bearing in mind the risk of concentration. Hence, we have a diversified source of financing and borrow on both secured and unsecured basis.

As of 31 December 2022, the Group had total bank borrowings of US$1,133.4 million, comprising:

Working capital loans of US$679.1 million (59%): These are mainly related to the financing of working capital turn, in which the cash conversion cycle typically takes a lead time of c.90 days. The Group has managed its loan consumption through reduction of cash conversion days to 81 days in 2022.

Term loans of US$454.3 million (41%): These loans typically bear a repayment tenor of more than one year, and drawn to finance our investments in factory assets and plantations.

Capital management

In managing our capital structure, we aim to find the right balance between shareholders' funds, debt or perpetual securities and external borrowings in order to maximise shareholder returns.

In achieving the optimal capital structure, we may either renew and refinance existing borrowings, obtain new borrowings, or deleverage by way of equity issuance, capital raise at subsidiaries level, as well as opportunistic disposal of non-core assets.

Having access to flexible and cost-effective financing allows us to quickly respond to opportunities. In our view, the Group has adequate sources of financing to meet our business requirement in the foreseeable future. We also use a combination of short-term and long-term debts in financing our operations, depending on the cash flow profile of the prevailing investments. Most of our drawdowns are in US dollars, being the underlying currency of natural rubber trades.


Halcyon Agri prides itself on its track record in sustainability, and we continue to lead the way in the sustainable development of the natural rubber industry, powered by technology and innovation.

INNOVATION REVIEW

Innovation excellence is a core competency that Halcyon Agri is developing within its organisation. As a leading natural rubber global franchise, the Group leverages the innovative mindset of its global team to improve the results in its operations and ESG.

Innovation excellence accelerates our vision of 360° Excellence. In 2022, we continue to reap the benefits from our maturing innovation excellence. Classified into the categories of Social, Eco and Technology Innovation, we witnessed the impact of innovation efforts that reached far beyond our business operations and the local community where we operate.

Some of the positive impacts achieved through innovation excellence are:

- Unconventional partnership between our Cameroonian plantation, local authority, NGO and local community in preserving the way of life and cultural site of local community. Through this initiative, we have also achieved conservation of biodiversity within the local community.
- Automation of processes in our natural rubber factories in Thailand and Malaysia, where the improvement not only yielded higher efficiency but more consistent quality, safer and ergonomic work method altogether.

As part of Halcyon Agri's reward and recognition programs, we continue to celebrate the efforts of our global team in sustaining the culture of excellence through innovative approaches. In 2022, 15 projects from five countries received the recognition from Halcyon Agri management for meeting various principles of innovation excellence. The Group will continue to ensure involvement of all its employees in developing innovation excellence. In line with our vision in advocating ESG practices across the supply chain, and effecting meaningful changes in the industry, we will also ensure the benefits of innovation spread within the community where we operate.

Category	Themes	# of Projects	Featured Projects
Social	Employee Engagement Supplier Engagement Community Engagement	9	Sud Cameroun Hévéa collaborated with Ministry of Arts and Culture and local indigenous community, facilitated by the NGO PROFOREST, to identify and map sacred and cultural sites within and around its concession area. This campaign leads to preservation of cultural value and practice of the indigenous community and help to strengthen the relationship between Sudcam and the local community.
Eco	Environmental Protection Workplace Health and Safety	3	The China Jinghong factory successfully sourced and utilized renewable biomass to significantly reduce its coal consumption, resulting in improved air emissions, particularly in SO2, NO2, and PM. This transition to cleaner fuel is also in line with our group's overall sustainability roadmap.
Tech	System Improvement Productivity Improvement	3	The Thailand Narathiwat factory automated the dryer trolley transfer process, resulting in increased productivity. At the same time, the factory redesigned the work process to make it more ergonomic for the workers. The project not only mitigated the impact of a tight labor supply in Thailand but also improved the overall health and safety of the workplace.
Total		**15**	

Technology Innovation – Automated Trolley Top-up System

RISK MANAGEMENT

The Board as a whole is responsible for the governance of risk and overall internal controls framework. Through its Audit Committee, the Board devotes significant attention to maintain an effective system of risk management and internal controls, safeguard the Group's investments and that of our Shareholders, and ensure that risks are managed in the Group's best interests. Risks are proactively managed and embedded in the Group's planning and decision-making process as well as day-to-day operations.

Our Risk Register is reviewed regularly to ensure risk mitigation measures are symmetric with market environment and the Group's operations. The Audit Committee is apprised of any material changes as soon as they are identified or through the quarterly updates of the macro-environmental developments by the management that potentially has an impact to the following key risks of the Group.

RISK	CAUSE	IMPACT	MITIGATION MEASURES
PRICE RISK Fluctuations in the price of natural rubber and rubber products	• Weather, political and geopolitical changes, futures market activities and currency movements • Overstocking of inventories	• Price volatility directly impacts the Group's profitability/performance	• Utilise forward physical contracts and/or derivatives to manage the Group's open positions • Daily reports on market positioning and mark-to-market prices to facilitate the Group's decision making
CREDIT AND COUNTERPARTY RISK Customer defaults and counterparty's failure to meet contractual obligations	• Adverse market movements and volatile market price • Inadequate screening of the customer and counterparty • Inadequate monitoring of outstanding contracts and/or receivables	• Customer defaults resulting in loss of revenue • Breach of counterparty obligation resulting in additional costs	• Transact only with credit-worthy customers or counterparties • Periodic review of credit terms granted against collaterals obtained • Periodic review of limit granted against the utilisation of credit limits and transaction limits • Review the adequacy of credit insurance to protect against potential default • Monitor Mark-to-Market positions of all open contracts
LIQUIDITY RISK Insufficient liquidity to consistently meet obligations as well as to cater to changing business models	• Longer-than-expected working capital cycle • Bank reduces or cancels banking facilities • Mismatched asset acquisitions with tenure of funding obtained	• Insufficient working capital resulting in inability to meet obligations on time, disruptions to operations or even impacts ability of the Group to meet its business objectives	• Manage liquidity by matching between sources of funds and intended purpose • Maintain sufficient headroom on unutilised committed banking facilities at all times • Monitor and continually optimise working capital cycle
INTEREST RATE RISK Fluctuation in interest rate for loans and borrowings	• Macroeconomic outlook, currency movement, political and geopolitical disruptions	• Interest rate hikes could increase the Group's financing costs and negatively impact the Group's results as well as liquidity • Missing opportunities on securing financing at favourable interest rates	• Align cash availability with repayment terms of facilities • Actively monitor interest rate trends • Monitor and continually optimise working capital cycle • Cost of financing factored in the selling price
FOREIGN EXCHANGE RISK Fluctuation in forex rates	• Macroeconomic outlook, political and geopolitical changes	• Inadequate hedging and unfavourable movements in exchange rates resulting in forex losses	• Monitor exchange rate movements and unhedged foreign currency exposure on an ongoing basis • Employ hedging instruments to manage exposure

RISK MANAGEMENT

RISK	CAUSE	IMPACT	MITIGATION MEASURES
BIOLOGICAL ASSETS RISK Suboptimal performance of biological assets	• Unpredictable planting/replanting conditions (e.g. soil and weather conditions, plant diseases and pests) • Extreme weather conditions/animal intrusions causing damages to trees	• Inefficient asset utilisation and loss of profits as the Group would have to procure from third party sources to make up for the suboptimal yield of existing trees	• In-house team of experienced plantation team, supported by the services of qualified professionals as required for planting/replanting matters • Periodic review of open positions between Sales Contracts and inventory levels • Periodic review of actual versus budget yield from plantations
SOCIAL AND POLITICAL RISK Risk of changes in socio-economic and political climate	• Socio-economic and political development (e.g. issues of labour laws, human rights, environmental protection) that have serious impact on local population	• Improper management of such issues could negatively affect the Group's reputation • Disruptions to operation resulting in deviations from expected financial performance	• Leverage the expertise and knowledge of local management and consultants to actively monitor the social and political risks • Diversify operations from different countries • Sales contracts provide terms allowing substitution of similar products from other sources
LEGAL AND COMPLIANCE RISK The Group operates in many different geographic locations with diverse cultures and local customs	• Not being updated with changes of legal and regulatory requirements in respective geographical locations	• Failure to comply with local laws and regulations may result in the Group being involved in litigations pertaining to claims and disputes • Penalties/fines, disruptions to operations or even cessation of business from revocation of licenses • Negative impact of the Group's reputation	• Maintain active communication with internal and external legal advisors • Proactively engage in discussions with local governments, regulators and industry leaders • Policies and procedures aligned with local regulations are in place and communicated to all employees for compliance • Grievance procedure and whistleblowing policy in place to provide internal/external stakeholders avenue to report on compliance issues
TAX AND COMPLIANCE RISK Risk in determination of our tax entitlement and obligation	• Uncertainty regarding the application and interpretation of tax laws; not updated with changes in tax rules given the size and vast geographic scope of our operations	• Failure to comply with tax rules which result in additional taxes, interest and penalties payable	• Deploy proper resources, either with employees of relevant technical expertise and with adequate local knowledge or engagement of external advisors or both where necessary • In situations where there is inconsistent interpretation of tax laws, proactively engage with the relevant tax authorities to ensuring tax issues can be resolved as equitably in a timely and cost effective manner

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Liew Choon Wei *(Chairman)*
Lam Chun Kai
Eddie Chan Yean Hoe
Qin Jinke
Latha Eapen K Mathew

REMUNERATION COMMITTEE

Eddie Chan Yean Hoe *(Chairman)*
Liew Choon Wei
Liu Hongsheng
Lam Chun Kai

NOMINATING COMMITTEE

Lam Chun Kai *(Chairman)*
Liew Choon Wei
Qin Jinke
Eddie Chan Yean Hoe

STRATEGY AND INVESTMENT COMMITTEE

Liu Hongsheng *(Chairman)*
Lam Chun Kai
Li Xuetao
Eddie Chan Yean Hoe

COMPANY SECRETARY

Wong Teck Kow

REGISTERED OFFICE AND CORPORATE HEADQUARTERS

180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922
Tel: +65 6460 0200
Fax: +65 6460 0850

INVESTOR RELATIONS

180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922
Email: Investor@halcyonagri.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Tel: +65 6536 5355
Website: www.boardroomlimited.com

AUDITORS

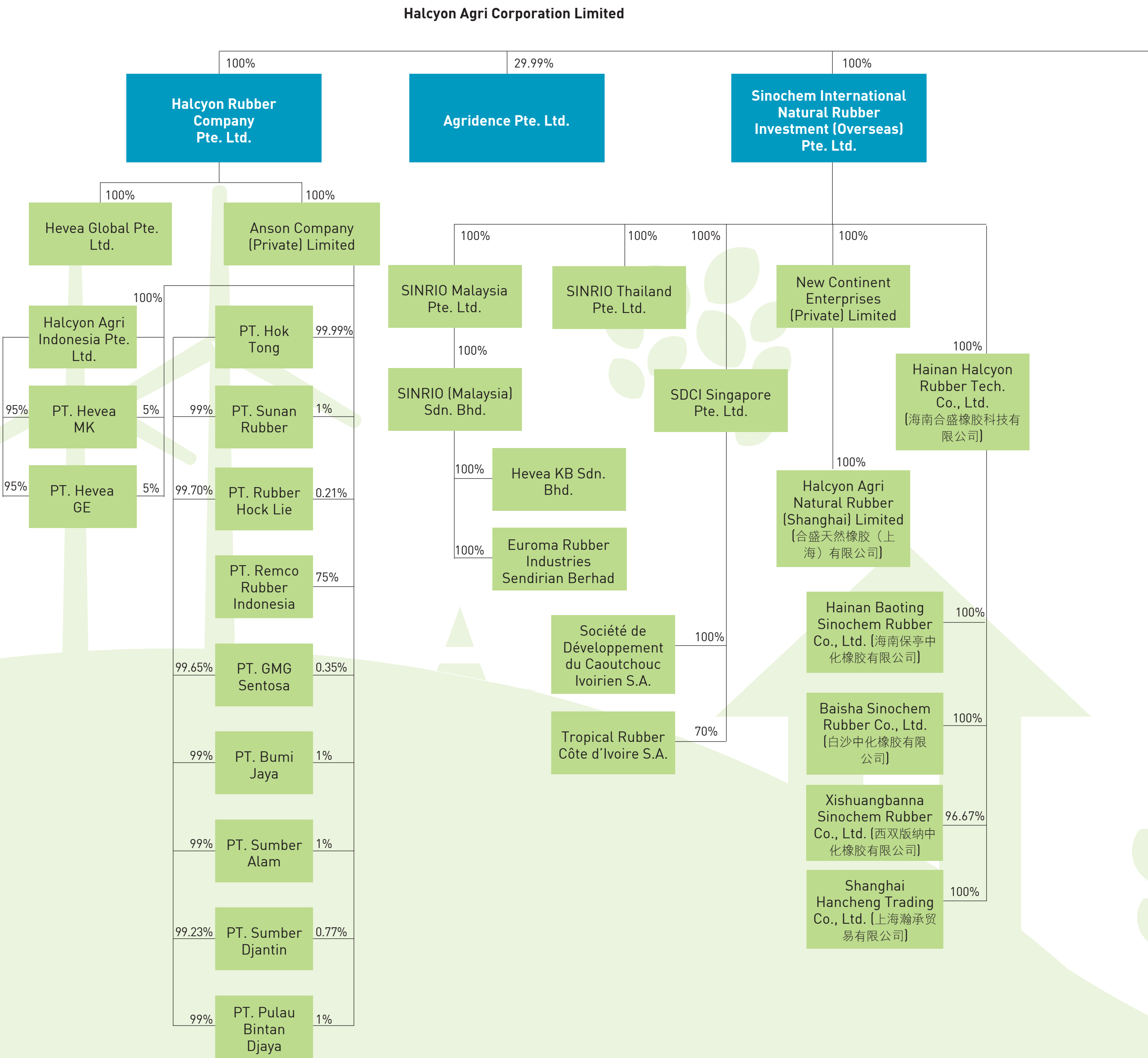
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Tel: +65 6535 7777
Audit Engagement Partner: Yee Woon Yim
(from financial year ended 31 December 2019)

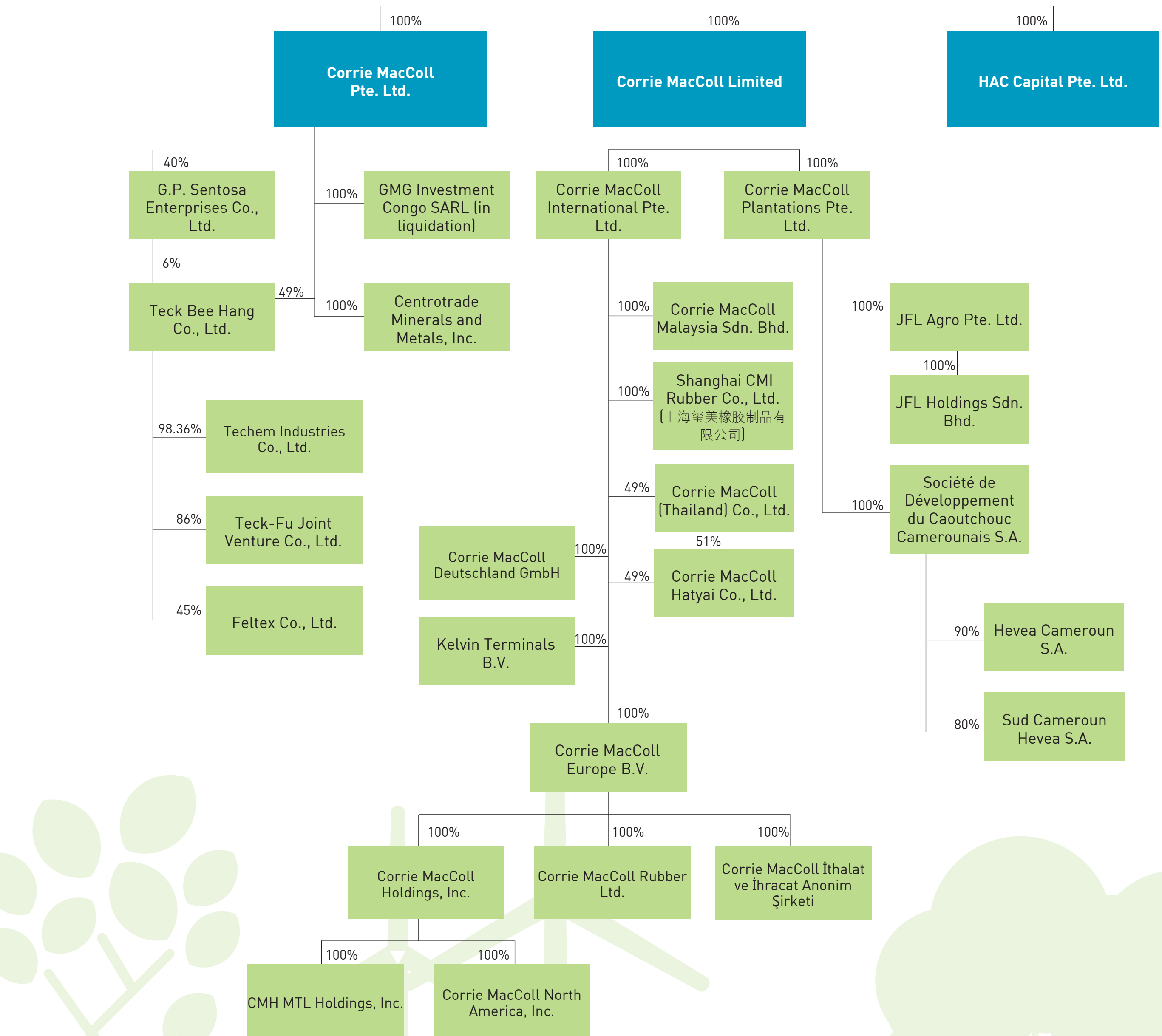
PRINCIPAL BANKERS

China Construction Bank Corporation
DBS Bank Ltd.
Bank of Communications Co., Ltd
PT Bank Central Asia
Shanghai Pudong Development Bank Co., Ltd.
ING Bank N.V.
Wells Fargo Bank
United Overseas Bank Limited
Afriland First Bank
China CITIC Bank International Limited

CORPORATE STRUCTURE

HALCYON





100%
Corrie MacColl Pte. Ltd.
100%
Corrie MacColl Limited
100%
HAC Capital Pte. Ltd.
40%
G.P. Sentosa Enterprises Co., Ltd.
100%
GMG Investment Congo SARL (in liquidation)
6%
49%
Teck Bee Hang Co., Ltd.
100%
Centrotrade Minerals and Metals, Inc.
98.36%
Techem Industries Co., Ltd.
86%
Teck-Fu Joint Venture Co., Ltd.
45%
Feltex Co., Ltd.
100%
Corrie MacColl International Pte. Ltd.
100%
Corrie MacColl Plantations Pte. Ltd.
100%
Corrie MacColl Malaysia Sdn. Bhd.
100%
Shanghai CMI Rubber Co., Ltd. (上海玺美橡胶制品有限公司)
49%
Corrie MacColl (Thailand) Co., Ltd.
51%
49%
Corrie MacColl Hatyai Co., Ltd.
100%
Corrie MacColl Deutschland GmbH
100%
Kelvin Terminals B.V.
100%
Corrie MacColl Europe B.V.
100%
Corrie MacColl Holdings, Inc.
100%
Corrie MacColl Rubber Ltd.
100%
Corrie MacColl İthalat ve İhracat Anonim Şirketi
100%
CMH MTL Holdings, Inc.
100%
Corrie MacColl North America, Inc.
100%
JFL Agro Pte. Ltd.
100%
JFL Holdings Sdn. Bhd.
100%
Société de Développement du Caoutchouc Camerounais S.A.
90%
Hevea Cameroun S.A.
80%
Sud Cameroun Hevea S.A.

CORPORATE GOVERNANCE REPORT

Halcyon Agri Corporation Limited (the "Company" or "HAC" and together with its subsidiaries, the "Group") firmly believes that high standards of corporate governance and sustainable business strategy are the core pillars that determine the Group's success in creating long-term value for its stakeholders.

The Group has achieved a high level of business resilience through its robust corporate governance framework which focuses on effective leadership and oversight; transparency and accountability; inclusive and sustainable development; as well as continuous risk management, mitigation and control.

The Board of Directors (the "Board") will continue to steer and further strengthen resilience to possible future shocks by focusing on driving sustainable business growth, business model innovation and embrace the key tenets of good governance.

The Company's ongoing efforts to implement best practices in corporate governance in all aspects of the Group's operations throughout the financial year ended 31 December 2022 ("FY2022") are highlighted in this report and the Board Committee reports (the "Committee Reports"), as well as the sustainability report embedded in and forming part of the Company's annual report for FY2022 (the "Annual Report"). All the following Committee Reports form part of this report:

- Nominating Committee ("NC") Report
- Remunerating Committee ("RC") Report
- Audit Committee ("AC") Report

Compliance with the Code of Corporate Governance

The Company has applied the principles of the Code of Corporate Governance 2018 (the "Code") to its corporate governance structure and practices as described in this report. The Board is pleased to report that the Group has adhered to all material principles and provisions of the Code, and wherever applicable, together with other applicable laws, rules and regulations, including the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The disclosure of our corporate governance framework and practices in this report has been approved by the Board.

BOARD STRUCTURE

Board Composition and Diversity Highlights

Board Member	Liu Hongsheng	Liew Choon Wei	Qin Jinke	Lam Chun Kai	Li Xuetao	Eddie Chan Yean Hoe	Huang Xuhua	Latha Eapen K Mathew	Liu Yongsheng	Total/ Average/ Proportion
Tenure and Independence										
Date of Appointment	16 January 2017	1 October 2014	1 January 2018	23 April 2019	26 June 2020	28 July 2020	18 June 2021	12 August 2022	14 December 2022	
Last re-elected date (if applicable)	27 April 2022	15 June 2021	27 April 2022	15 June 2021	15 June 2021	15 June 2021	27 April 2022	–	–	
Tenure as of 30 April 2023[1]	6 years 3 months	8 years 6 months	5 years 3 months	4 years	2 years 10 months	2 years 9 months	1 year 10 months	8 months	4 months	**3 years 6 months**
Independence	X[2]	✓	X[2]	✓	X[2]	✓	✓	✓	X[2]	**55.6%**
Executive	X	X	X	X	✓	X	X	X	X	**11.1%**
Board Committees Membership										
Audit Committee		✓ Chairman	✓	✓		✓		✓		**5**
Nominating Committee		✓	✓	✓ Chairman		✓				**4**
Remuneration Committee	✓	✓		✓		✓ Chairman				**4**
Strategy and Investment Committee ("StratCom")	✓ Chairman			✓	✓	✓				**4**

Board Member	Liu Hongsheng	Liew Choon Wei	Qin Jinke	Lam Chun Kai	Li Xuetao	Eddie Chan Yean Hoe	Huang Xuhua	Latha Eapen K Mathew	Liu Yongsheng	Total/ Average/ Proportion
Expertise and Experience										
Accounting/ Financial		✓	✓			✓		✓	✓	
International Business Exposure	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Leadership/Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Legal/Risk Management		✓		✓	✓	✓	✓	✓	✓	
Mergers & Acquisitions	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Rubber/ Commodities Business	✓	✓			✓	✓	✓	✓	✓	
Sustainability		✓	✓	✓	✓		✓			
Present and past three (3) years Directorships in Other listed companies (if any)	*Note 3*	*Note 4*	*Note 3*							
Demographics										
Age	56	68	52	75	52	67	58	67	40	**59.4 years**
Gender Identity	Male	Male	Male	Male	Male	Male	Male	Female	Male	**88.9% Male**
Asian	✓	✓	✓	✓	✓	✓	✓	✓	✓	**100%**
Singapore Resident		✓		✓	✓		✓	✓		**55.6%**

Note:

(1) For the purpose of Rule 210(5)(d)(iv) of the Listing Manual, the length of a director's tenure is from the date of his appointment until the date by which the Company's 2023 AGM is required by law to be held.
(2) Affiliated with substantial shareholder.
(3) Executive Director of Sinochem International Corporation.
(4) Independent Director of:
 (i) F J Benjamin Holdings Ltd
 (ii) The Hour Glass Limited
 (iii) Frasers Hospitality Asset Management Pte Ltd, the manager of Frasers Hospitality Real Estate Investment Trust
 (iv) Frasers Hospitality Trust Management Pte Ltd, the trustee-manager of Frasers Hospitality Business Trust

The profile of each Director (including academic and professional qualifications) is presented in this Annual Report under the section "Board of Directors".

Independent, Effective Board Oversight

- Separation of the roles of Chairman and Chief Executive Officer ("CEO").
- Chairman and CEO are not related to each other i.e. there is no familial relationship existing between them.
- Independent Directors make up a majority of the Board under the leadership of a Lead Independent Director.
- Regular board refreshment with Independent Directors' average tenure of 3.5 years.
- Non-executive Directors make up 89% of the Board.
- Chairmen and members of all mandatory board committees, being AC, NC and RC, are non-executive Directors.
- Gender diverse board with a female Director making up 11% of the Board.
- Diversity of skills, knowledge and broad range of experience – the Board comprises members with political or geopolitical savvy, an experienced lawyer who is qualified in a number of jurisdictions, retired audit firm partners as well as Directors who have years of experience in formulating corporate strategy and have in-depth knowledge of the rubber business.
- Annual performance evaluation on the Board, Board Committees and individual Directors.
- None of the Directors hold more than six (6) directorships (without other executive roles) or four (4) directorships (with other executive roles) in listed companies.
- No alternate directors appointed.
- Each Director has been submitted for re-nomination and re-appointment at least once during the past three (3) years.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

The Company is committed to upholding the highest ethical and corporate governance standards. It conducts business with integrity, fairness and transparency and will not tolerate any acts, attempted acts, or assistance with any form of bribery or corruption whether direct or indirect.

The Board continues to focus on value creation, innovation, sustainability and ethical business practices, and has embedded them in setting the strategic directions of the Company. It has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. With these good corporate governance practices, the Company has been able to react swiftly to manage and control the transitionary risks that are evolving at pace under the uncertain business environment brought upon by the COVID-19 pandemic.

Duties of the Board. The principal functions of the Board are to:

(a) establish corporate values and ethical standards of conduct for the Group;

(b) oversee the business performance and affairs of the Group and provide entrepreneurial leadership;

(c) set strategic direction for the Group, maintain the policy and decision-making framework in which the strategy is implemented;

(d) establish and maintain a sound risk management framework and adequate internal controls, setting risk appetite to achieve an appropriate balance between risk and the Group's performance;

(e) supervise, monitor and review the function and performance of the Group's management and ensure that necessary resources are in place for the Company to meet its strategic objectives;

(f) review and approve annual budgets, financial plans, major acquisitions and divestment plans, funding and investment proposals;

(g) ensure transparency and accountability to key stakeholder groups including compliance with relevant laws and regulations as well as the financial reporting standards;

(h) ascertain and ensure that the environmental, social and governance ("ESG") factors that are most material to the Company's long-term goals and viability are integrated into its overall business strategy;

(i) review sustainability risks and ensure that the management of the material ESG factors is incorporated into the Company's enterprise risk management process;

(j) review and approve the appointment of Directors and Key Management Personnel ("KMP"); and

(k) instil an ethical corporate culture and promote sustainable development.

Conflict of Interest. Directors have a duty to act in the best interests of the Company and are required to take all reasonable steps to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Company. The Policy on Director's Conflicts of Interest complements the Company's corporate governance practices, and serves to guide the Directors in recognising and handling conflict situations. This policy requires any member of the Board or Board Committees who has an interest in a matter to recuse himself from discussions and abstain from participating in the approval process involving the issue of conflict. The Directors are also obliged to make timely disclosure of their interests to avoid any possible conflicts of interest.

Board Access to Information. The Board has unrestricted access to the Company's records and information. Directors are furnished with complete, adequate and timely information, and they are promptly alerted of changes to the Group's business and financial condition, to assist the Board to make a balanced and informed assessment to decide on matters as and when they arise. The CEO and the senior management of the Group (collectively, the "Management") have been maintaining close coordination and open dialogue with the Board on the business risks and the workplace health and safety issues, to ensure that the Directors are fully cognisant of the decisions and actions of the Management.

Documents and adequate information relating to meeting agenda items, including background and explanatory notes, financial statements, budgets, forecasts and progress reports of the Group's business operations and internal audit reports are circulated at least one week prior to each Board and/or Board Committee meeting through the board portal, to allow sufficient time for Directors to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Senior management personnel who are able to provide additional insights into the matters at hand, if required, would be invited to attend the meetings to present the papers and address queries from the Directors.

Analysis report covering the Group's operational performance, financial results, market environment, treasury activities, corporate and business development as well as other relevant information are presented to the Board regularly. Such regular updates and timely reports allow the Board to monitor the Group's performance as well as Management's performance relating to the goals and objectives set by the Board. All information requested by the Directors was provided in a timely manner.

Directors have direct and independent access to Management and may, at any time, request for further explanation, briefings or informal discussions on any aspect regarding the Group that is required for the discharge of Directors' duties and responsibilities. The Directors also have separate and independent access to the Company Secretary at all times. The Company Secretary advises the Board on corporate and administrative matters, facilitates a Director's orientation and professional development, and ensures timely and good information flow within the Board and Board Committees, and between Management and the Independent Directors. The Company Secretary and/or his colleague attends all Board and Board Committee meetings to ensure that Board procedures are followed and that the applicable rules and regulations are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

In furtherance of their duties, the Directors, individually or collectively, may also seek independent professional advice concerning any aspect of the Group's operations or undertakings, at the Company's expense.

Delegation of Authority. The Board embraces the principle of empowerment, and believes that governance and management are more effective and efficient when they are separated. The day-to-day management, operation and administration of the Group, including the implementation of the ESG strategy, are led by the Management team who are accountable to the Board for their performance in pursuing the long-term success of the Group. The Management collaborates closely with the non-executive Directors and provide insights on the Group's operations.

While the Board Committees and Management are tasked with certain responsibilities, all major decision-making remains the ultimate responsibility of the Board. A written Policy on Board Delegation of Authority (the "Delegation Policy"), which sets out the framework and mechanisms by which the Board delegates specific standing powers and limits of authority, had been adopted. The Delegation Policy aims to balance the need to empower and devolve decision-making to appropriate levels for operational efficiency and to ensure that proper systems of control are in place. It provides clear directions to Management on matters that are reserved for the Board's decision and approval, which includes the following:

(a) overall Group business and budget strategies;

(b) capital expenditures, investments or divestments exceeding certain material thresholds;

(c) all capital-related matters including capital issuance and redemption;

(d) significant policies governing the operations of the Company;

(e) corporate strategic development and restructuring;

(f) material interested person transactions which fall within the meaning of the Listing Manual; and

(g) risk management strategies.

All material transactions are reserved for the Board's decision, without any individual or group of individuals exercising considerable concentration of power or influence, or being allowed to dominate the Board's decision making.

Board Meetings. The Board meets on a quarterly basis and additional meetings would be held as warranted. Four (4) meetings were scheduled and held in FY2022 to review, discuss and receive updates from Management on the Group's financial performance, annual budget, sustainability issues, corporate strategy, business plans, corporate actions, capital plans, risk management policies, appointment and re-appointment of Directors, executive remuneration, significant operational matters and corporate actions that took place during the year.

The Board believes that meetings between Independent Directors who have no relationship (whether familial, business, financial, employment, or otherwise) with the Company encourage and promote greater openness and facilitate provision of well-balanced viewpoints to the Board. The Lead Independent Director may summon a meeting without the presence of the non-independent directors and Management whenever he deemed fit. Any recommendations or suggestions arising from such meeting will be communicated to the Board or to the Management as appropriate.

The Chairman oversees the setting of Board meeting agendas, and the Directors are encouraged to propose any topic that is deemed appropriate to be discussed. Draft meeting agendas are circulated to the chairman of the Board and Board Committees in advance for comments, to make sure that all material topics are attended to.

To ensure meetings are held with maximum Directors' participation, all Board meetings are planned and scheduled in advance after consultation with Directors. In addition, Directors who are not able to be physically present in the Board meetings may participate in the Board and Board Committee meetings by telephone or video conference, as permitted by the Company's Constitution (the "Constitution"). The Constitution also provides that the Board may make decisions and grant approval by way of written resolutions. A list of written resolutions approved by the Board and Board Committees is compiled and circulated during Board and Board Committee meetings.

CORPORATE GOVERNANCE REPORT

The record of Directors' attendance at the Board and Board Committee meetings for FY2022 is set out below:

	MEETING ATTENDANCE Number of scheduled meetings held between 1 January to 31 December 2022)						
	AGM	Board	AC	NC	RC	StratCom	ID
DIRECTOR	**1**	**4**	**4**	**1**	**1**	**1**	**1**
Liu Hongsheng	1	4	–	–	1	1	–
Liew Choon Wei	1	4	4	1	1	–	1
Qin Jinke	1	4	4	1	–	–	–
Lam Chun Kai	1	4	4	1	–	1	1
Li Xuetao	1	4	4(1)	–	–	1	–
Eddie Chan Yean Hoe	1	4	4	–	–	–	1
Huang Xuhua	1	4	–	–	–	–	1
Alan Nisbet (Retired on 27 April 2022)	1	1	1	1	1	1	–
Liu Jiannan (Resigned on 7 November 2022)	1	3	–	–	–	–	–
Latha Eapen K Mathew (Appointed on 12 August 2022)	–	1	1(1)	–	–	–	–
Liu Yongsheng (Appointed on 14 December 2022)	–	–	–	–	–	–	–
Attendance Rate *(Exclude attendance by invitation)*	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**80%**

Note:
(1) Including attendance by invitation

BOARD GOVERNANCE FRAMEWORK AND LEADERSHIP STRUCTURE

The Company's corporate governance framework is designed to ensure that the Board has the authority and practices in place to review and evaluate the Group's business operations and to make decisions independent of Management. In making determinations about the corporate leadership, the Board considers many factors, including the specific needs of the business and the best interests of the Company's stakeholders. The current leadership structure comprises of a Chairman, a CEO, a Lead Independent Director and Board committees led primarily by Independent Directors. The Board believes that this structure provides an effective balance between strong leadership, appropriate safeguards and oversight by Independent Directors.

Board Committees. The Board oversees the Company's corporate governance practices, in part, through the work carried out by its four (4) Board Committees, namely, the AC, NC, RC and StratCom (collectively, the "Board Committees"). Delegating certain functions and authority of the Board to the Board Committees enhances the governance framework, enables the Board to discharge its oversight function more effectively, and allows the Board to capitalise on and benefit from the expertise of the Independent Directors.

Each Board Committee functions within clearly defined terms of reference ("TOR") which have been approved by the Board. The TOR, committee structure and membership of each committee are reviewed by the Board from time to time.

Except for the chairman of StratCom who is not an independent director, all other Board Committees are chaired by an Independent Director, to encourage independent oversight and enable the Board to discharge its obligations more effectively.

The primary responsibilities of each of the Board Committees together with their current membership are set forth below, with the detailed functions and involvement of the key Board Committees described in the respective Committee Reports.

Board Committee	Composition	Key Areas of Oversight Delegated to it by the Board (Not exhaustive)
Audit Committee ("AC")	**Five (5) members:** ■ Liew Choon Wei (Chairman) ■ Lam Chun Kai ■ Qin Jinke ■ Eddie Chan Yean Hoe ■ Latha Eapen K Mathew Four (4) out of five (5) members are Independent Directors All members are Non-executive Directors	■ Financial reporting ■ Internal and external audit processes ■ Interested person transactions ■ Internal controls and risk management systems ■ Whistleblowing arrangements
Nominating Committee ("NC")	**Four (4) members:** ■ Lam Chun Kai (Chairman) ■ Liew Choon Wei ■ Qin Jinke ■ Eddie Chan Yean Hoe Three (3) out of four (4) members are Independent Directors All members are Non-executive Directors	■ Board structure and composition ■ Succession plans for Directors, in particular the appointment and/or replacement of the Chairman, Directors, the CEO and KMP ■ Performance of the Board ■ Board and Director independence ■ Board orientation, training and development
Remuneration Committee ("RC")	**Four (4) members:** ■ Eddie Chan Yean Hoe (Chairman) ■ Liew Choon Wei ■ Liu Hongsheng ■ Lam Chun Kai Three (3) out of four (4) members are Independent Directors	■ Remuneration policies and framework ■ All members are Non-executive Directors ■ Remuneration for the Board and KMP ■ Specific remuneration packages for Executive Director and KMP
Strategy and Investment Committee ("StratCom")	**Four (4) members:** ■ Liu Hongsheng (Chairman) ■ Lam Chun Kai ■ Li Xuetao ■ Eddie Chan Yean Hoe Three (3) out of four (4) members are Non-executive Directors	■ Strategy development and strategic direction ■ Major investment or divestment plans ■ Capital and assets management

Board Leadership Structure. There is a clear division of responsibilities between the leadership of the Board and the executive responsible for managing the Company's business. The roles of Chairman and the post of CEO are held by separate persons, to ensure an appropriate check and balance, increased accountability, and greater capacity of the Board for independent decision-making where no one individual has unfettered powers of decision-making. The two (2) key roles have fundamentally disparate responsibilities and functions, but complement each other in the overall objective of creating value for Shareholders, and play vital roles in providing the Group with strong leadership and vision. Additionally, the Board has also appointed a Lead Independent Director to strengthen director independence and ensure that there is an independent counter-balance in light that the Chairman is not independent.

The roles, duties and responsibilities of the Chairman, CEO, Lead Independent Director and Directors of different classes (executive, non-executive and Independent Director) are detailed under a Memorandum on Director's Duties and Responsibilities which has been distributed to each Director upon his appointment, and accessible in the board portal.

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Key duties and responsibilities of the Chairman, the Lead Independent Director and the CEO are as follows:

Chairman Mr Liu Hongsheng	**Lead Independent Director** Mr Lam Chun Kai	**CEO** Mr Li Xuetao
■ leads and ensures the effectiveness of all general meetings and Board meetings	■ convenes and chairs the meetings of the Independent Directors without the involvement of the Management	■ supports the formulation of the Group's strategic direction
■ fosters constructive relationships among Directors	■ provides independent Board leadership in situations where the Chairman is conflicted	■ executes strategies agreed by the Board
■ promotes culture of openness and debate of the Board, steering productive and comprehensive discussions between members of the Board and Management on strategic, business and other issues pertinent to the Group	■ plays an additional facilitative role within the Board and provides a channel to non-executive directors for confidential discussion on any concerns and to resolve conflicts of interest as and when necessary	■ makes decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved for the Board
■ ensures effective communication with Shareholders and other stakeholders	■ acts as a counter-balance in the decision-making process	■ oversees the day-to-day management, leads and implements all major initiatives of the Group
■ takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the support of the Board, Management and Company Secretary	■ receives and addresses Shareholders' concerns, which can be transmitted to him directly through the online enquiry form under the Company's website	

BOARD COMPOSITION AND PERFORMANCE EVALUATION

The Company's Board is effective, comprises professionals with a broad range of experience and industry expertise, who discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The NC assists the Board in fulfilling its corporate governance responsibility with respect to board effectiveness. The NC determines and evaluates the size, structure, composition, requisite skills, performance of the Board and Board Committees, as well as the appointment, independence, development and competencies of the Directors. The NC makes and reviews recommendations to the Board on all nominations for appointments and re-appointments to the Board as well as the appointment of KMP. The NC functions within clearly written TOR approved by the Board and its principal activities are set out in the Nominating Committee Report.

Board Appointment and Membership. The Board regularly and continually reviews its structure, size and composition to identify the balance of skills, knowledge and experience required for the Board to discharge its responsibilities effectively. The Board has a formal and transparent process for the appointment and re-appointment of Directors. The search, nomination and evaluation process is delegated to the NC.

In line with the provisions under the updated Diversity Policy (as defined below) and to document the Company's formal processes for the appointment and re-appointment of Directors, the Board has formulated and adopted a Director Nomination Policy (the "Nomination Policy") which sets out a non-exhaustive list of criteria with due regard for the benefits of diversity as set out in the Diversity Policy, for the NC to assess suitability of a proposed appointment and re-appointment of Directors. The Nomination Policy aims to enhance Board diversity, while maintaining an appropriate balance between continuity of experience and Board refreshment.

To ensure that the Company has the opportunity to benefit from all available talent, the evaluation of a potential new Director is based on meritocracy and made in accordance with the Nomination Policy. The Nomination Policy provides that potential board candidate(s) will be considered against objective criteria, having due regard for the Diversity Objectives, the ability of prospective candidates to contribute to discussions, deliberations and activities of the Board as well as the balance of Independent Directors on the Board. The NC also has a formal and written guide to conduct due diligence checks to assess suitability of a candidate for appointment as a Director of the Company.

In its review of proposals for the appointment or re-appointment of each Director as well as KMP, the NC will also take into consideration the composition and progressive renewal of the Board, as well as each Director's competencies, principal commitment, contribution and performance (including attendance to meetings, preparedness, participation and candour), including, if applicable, his or her performance as an Independent Director. Such appointment or re-appointment which has been recommended by the NC will be deliberated by the Board, and the appointment is reserved for the Board's decision. The Constitution also spells out the procedures for the appointment of new Directors, along with the re-election and removal of Directors.

Board Composition. The Company's Board has nine (9) members in FY2022, with a majority being independent from management and business relationships with the Company. The Board presently consists of a non-executive non-independent Chairman, one (1) executive Director, five (5) Independent Directors and two (2) non-executive non-independent Directors.

Rotation and Re-election of Directors. At each AGM, Directors constituting not less than one-third of the Board are required to retire from office by rotation, and a Director shall submit himself for re-nomination and re-election at regular intervals of at least once every three (3) years. These requirements are clearly stated in the Company's Constitution and each member of the Board has submitted himself for re-nomination and re-appointment at least once, during the past three (3) years.

At the recommendation of the NC and with the approval of the Board, resolutions for the re-election of Ms Latha Eapen K Mathew and Mr Liu Yongsheng as Directors of the Company will be tabled at the 2023 AGM for Shareholders' approval. They will, upon re-election as Directors, hold the same office in the Board and Board Committees immediately held before their re-election. Each of the Directors who is subject to re-election at the forthcoming AGM has abstained from making any recommendation and/or participating in any deliberation in respect of the assessment of his/her own re-election as a Director.

For information required under Rule 720(6) and Appendix 7.4.1 of the Listing Manual in respect of the Directors seeking re-election at the AGM, please refer to pages 55 to 58 of this Annual Report.

Board Diversity. The Company views diversity at the Board level as an essential element to build an open, inclusive and collaborative boardroom culture to support its strategic objectives and sustainable development. The Policy on Board Diversity (the "Diversity Policy") adopted by the Company since 2019 endorses the principle that a diverse Board should include and make good use of differences between the Directors in terms of professional experience, skills, knowledge, length of service, discipline, cultural and educational background, gender, age, ethnicity and other relevant factors including distinctions between directors such as cognitive and personal strengths (the "Diversity Objectives"). Different social constructs and diversity in thoughts allow the Board to consider issues more holistically and creatively during periods of uncertainty, which is important given the various emerging trends and business disruptions that may come up from time to time.

The Board recognises that gender as one of the key elements of diversity can widen the depth and breadth of its collective skills and perspectives, and it has appointed a female Director during the year.

The Company remains committed to promote gender diversity in the Board and to further improve the quality of its disclosures through policy development, representation, and transparency. Aligned with the regulator's efforts to work towards increasing the representation of females on boards, the Board has reviewed and updated its Diversity Policy to explicitly address gender diversity and place emphasis on core diversity characteristic/targets to ensure that the Board's Diversity Objectives are met. The target, timeline and progress towards achieving the Diversity Objectives are summarised below:

Core Diversity Characteristic	Target	Progress
(a) Demographic diversity including gender, age, ethnic/cultural group	■ At least 10% female representation on the Board by 2022, and reach the ambitious target of 20% by 2025	The Company has appointed a female Director and has achieved its 2022 target.
	■ Average age of the Board should be less than the prevailing retirement age in Singapore, preferably represented by at least three (3) different age groups (defined by decades)	Presently, the retirement age in Singapore is 63. The average age of the Board members is 59.4 years, with four (4) decades represented on Board
(b) Professional experience, talents, skills and knowledge	■ Diverse range of academic qualifications or professional experience backgrounds, with at least two (2) Board members having accounting or related financial management expertise or experience	The Board comprises members with political or geopolitical savvy, an experienced lawyer who is qualified in a number of jurisdictions, three (3) retired audit firm partners, as well as Directors who have years of experience in formulating corporate strategy and have in-depth knowledge of the rubber business
(c) Board refreshment	■ Average tenure for Independent Directors as a group shall be less than 7 years	Average tenure for Independent Directors as a group is 3.5 years

Board Independence. Having considered the scope and nature of the Group's operations, the composition of the Board as well as its governance framework, the Board concluded that it is well-constituted with the right structure. The current Board composition, consisting of nine (9) members, with a majority of Independent Directors and 89% of non-executive directors, has a high level of independence. This enables the Board to function effectively at optimum levels during the year and exercise objective judgement on corporate affairs independently.

Board Orientation, Training and Development. The Board has adopted a set of best practice for Directors' training and development which is documented under the Policy on Induction, Training and Development for Directors (the "Training Policy"). The NC oversees and makes recommendations to the Board for training and professional development programs available to Directors, as well as induction for newly appointed Directors.

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The Training Policy serves (i) to assist the new Director who is appointed to the Board for the first time to gain an understanding of his or her roles, duties, obligations and responsibilities as a Director of the Company, as well as the framework within which the Group operates; and (ii) to encourage all Directors to regularly review his or her training and professional development needs, to ensure that the Directors have appropriate competencies to effectively fulfill their responsibilities to the Company, Shareholders and other stakeholders. A formal letter of appointment setting out the roles of a Director and the time commitment required, as well as information about the Group, its operations, business, practices and governance systems, is issued to each newly appointed Director to ensure that the Director is aware of his or her duties and obligations.

The induction programme is tailored for each new Director (depending on his or her requirements, skills, qualifications and experience). As a mandatory requirement, a new Director who has no prior experience as a director of a listed company would attend a pre-requisite course for first-time appointees on boards of listed company, to familiarise himself or herself with the roles and responsibilities of a director of a public listed company. Ms Latha Eapen K Mathew and Mr Liu Yongsheng, being the new directors appointed in FY2022, have partially completed the core Listed Entity Director (LED) Programme organised by the Singapore Institute of Directors ("SID") with the support of the SGX-ST.

The Board welcomes the recent amendments to the Listing Manual which enhance, among others, the sustainability reporting for financial years beginning on or after 1 January 2022, and believes that these changes improve the quality of disclosures. All Directors have completed the training on sustainability matters i.e. the Environmental, Social and Governance Essentials programme.

To ensure that each Director fulfils the needed and desired competencies of the Board, and keep abreast of changes to the regulatory environment, Directors are encouraged to attend courses which are relevant to the Directors in discharging their roles and responsibilities, at the Company's expense. The list of available seminars and courses is circulated to Directors through the board portal. Reading materials in connection with professional developments and applicable regulatory updates or amendments to relevant laws, rules and regulations are also disseminated to Directors through the board portal. Comprehensive and useful information covering the duties and obligations of a Director, TOR of Board Committees, the Group's business activities, strategic directions, policies and key areas of operations of the Group, are also provided in the resource centre under the board portal, and is accessible by all Directors. All Directors would be offered the opportunity to visit the Group's major operational sites and meet with any of the senior executives of the Group.

The Management regularly updates the Board and provides insights on business and strategic developments at meetings. The Group's external auditor, Ernst & Young LLP ("EY"), regularly briefs the AC members on changes to and new developments of accounting and reporting standards and/or regulatory environment.

Board Succession. The NC is also tasked to recommend and review succession plans for the Company's Directors and senior management, in particular for the Chairman, the CEO and the KMP, taking into account the challenges and opportunities facing the Group and the skills and experience needed in the future. The Company integrates executive development programs into CEO and KMP succession planning, and builds talent internally through training, so that the best internal candidates are identified early and flagged at the Board level. Where necessary or appropriate, the NC may tap on its networks and/or engage external professional executive recruitment agencies to assist with identifying and shortlisting candidates. The NC can also approach relevant institutions, such as the Singapore Institute of Directors, professional organisations or business federations, to source for suitable candidates.

Commitment to the Board. To ensure that each Director is able to devote sufficient time and attention to carrying out his/her role in accordance with his/her duties, the Board has determined that the maximum number of listed company board representations each Director of the Company is allowed to hold is as follows:

(a) directorships without other executive roles – Six (6)

(b) directorships with other executive roles – Four (4)

Directors of the Company are required to notify the Board of any new appointment of directorships to listed companies or other principal commitments, for the Board or NC to consider and to evaluate whether such Director is able to commit the time to adequately carried out his/her duties as a Director of the Company.

Board Performance Evaluation. The Board has a duty to ensure that its members possess the essential background, experience and knowledge in the business, and contribute an independent and objective perspective to enable sound, balanced and well-considered board decisions. The annual evaluation of the Board and of each Board Committee, as well as the contribution of the Chairman and each Director to the effectiveness of the Board, is led by the NC with the support of the Company Secretary.

The NC decides how the Board's performance may be evaluated to assess the effectiveness of the Board. The performance of the Board and each of the Board Committees is assessed by the NC on its overall effectiveness in accomplishing its goals and discharging its responsibilities based upon the following criteria:

(a) Board size and composition;

(b) Board governance processes;

(c) Board information and accountability;

(d) Board's performance in relation to discharging its principal functions;

(e) where practical, financial references which include return on capital employed, return on equity, debt to equity ratio, dividend payout ratio, economic value added, earnings per share, and total shareholder return (i.e. dividend plus share price increase over the year); and

(f) Board Committee performance, qualification and effectiveness in discharging their responsibilities set out in their respective TOR.

The evaluation of Chairman aims to assess his leadership, commitment as well as his relationship with Board members, whereas the individual Directors are evaluated based on his/her dedication and understanding of the role, preparedness and participation in the meetings, as well as quality of inputs to matters deliberated by the Board.

The assessment provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. Directors are invited to provide their views and suggestions for any specific areas where improvements may be made to improve Board effectiveness. Every Director is also requested to complete an assessment of each Director's contributions, including himself, to the effectiveness of the Board, on an anonymous basis.

Following the review for FY2022, the NC and the Board are satisfied that the Chairman as well as each Director have contributed to the overall effectiveness of the Board and have demonstrated commitment to their roles on the Board, and that the Board and Board Committees operate effectively and have met their respective performance objectives. Notwithstanding that certain Directors have multiple board representations, these multiple directorships are not in conflict with the interests of the Company, and are within the maximum number of listed company board representations each Director of the Company is allowed to hold. No external facilitator was used in the evaluation process.

Taking into account the performance evaluation results, scope and nature of the Group's operations as well as its strategic direction, the Company and the Board are satisfied that the Board and Board Committees are of the right size for effective decision-making, have the appropriate balance and mix of skills, expertise, knowledge, experience and collectively possess the necessary core competencies in diverse areas that are relevant to the Company's strategy, governance and business. The collective skillset and global business experience of the Board have supported the Company to emerge from the COVID-19 crisis and push forward into a new era of economic recovery and opportunity for the benefit of all stakeholders.

STRATEGY AND INVESTMENT COMMITTEE

The Company has a rigorous and continuing strategic planning process to identify and assess the opportunities and challenges that the Group might face and to develop a planned course of action for the Group to generate sustainable long-term value for Shareholders.

The StratCom consists of four (4) members and is chaired by the Board's Chairman, Mr Liu. StratCom's governing processes, duties and responsibilities have been documented under a written TOR approved by the Board. StratCom supports the Board in the following areas:

(a) defining and monitoring the Company's strategic direction;

(b) reviewing and evaluating significant capital deployment and asset management; and

(c) working with the Management to oversee and review significant strategic decisions as well as major investment or divestment plans.

One (1) StratCom meeting was held in FY2022 to review the Group's prospects and long-term development strategic planning.

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REMUNERATION MATTERS

The Company has formal and transparent procedures for fixing the remuneration packages of individual Directors and KMP. Its remuneration policy seeks to ensure that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group.

Reviewing and making recommendations to the Board on the framework of remuneration for the Board and KMP as well as the specific packages for each Director and the KMP, are the key functions of the RC. Information about the Remuneration Committee, including its work in FY2022, is set out in the Remuneration Committee Report.

Remuneration Framework. The Company's remuneration and incentive framework, policies and practices are appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and KMP to successfully manage the Company for the long term. The RC may from time to time, and where necessary or required, seek advice from external consultants in framing its remuneration policy and determining the level and mix of remuneration for Directors and KMP.

Remuneration framework as well as the specific remuneration packages which are tailored to the specific role and circumstances of each Director and KMP, including the CEO, are reviewed and discussed in the RC meeting.

The Company currently does not impose contractual provisions to reclaim incentive components of remuneration paid in prior years in the service agreements or employment agreements of the KMP. Notwithstanding this, the Company is not precluded from exercising the right to reclaim such incentives in exceptional circumstances including for example, misstatement of financial results or of misconduct resulting in financial loss to the Group.

The remuneration of Directors and KMP as well as RC's consideration on the remuneration package of each Director and KMP in respect of FY2022 have been agreed and approved by the Board, and are explicitly disclosed on a named basis, in the RC Report.

Overview on FY2022 Remuneration Programme. The Group's remuneration policies are appropriate, effective, meet the commercial requirements to remain competitive, are sensitive to the time horizon of risk and allow flexibility in response to prevailing circumstances, and align with the long-term interests of the Group. Currently, there are no employee share schemes provided by the Company or the Group, and the Company does not have any long-term incentive plans. None of the Directors and KMP have received any termination, retirement and post-employment benefits. All Directors and the KMP are remunerated on an earned basis. There is no employee in the Group who is a substantial shareholder of the Company or an immediate family member of a Director, CEO or substantial shareholders.

The Board, having assessed the Company's resiliency, preparedness, and continued management of material ESG issues and risks both during and after the crisis, is of the view that the Management's responses and actions taken in managing and improving the financial and operational resilience, as well as mitigating the impact of the crisis on employees, the communities and business continuity are commendable. It recognises that the Group's business was not spared from the impact of economic downturn, and that the Management's relentless efforts have succeeded in maximising opportunities and minimising the downside of pandemic-related disruptions.

In light of the above, the Board believes that the Company's remuneration decision for FY2022 aligns with the long-term interests of Shareholders and other stakeholders, as well as the risk management policy of the Company. The Company did not engage any remuneration consultants or professional firms in FY2022.

ACCOUNTABILITY AND AUDIT

The Board is accountable and answerable to the Shareholders for all aspects of the Company. It endeavours to ensure that Shareholders are furnished with timely information, full disclosure of material information and aims to present a balanced and understandable assessment of the Company's performance, position and prospects to the Shareholders. It is imperative that the Shareholders are kept informed of the Group's operating environment, performance as well as management of sustainability issues. Its function relating to overseeing both internal and external audits is delegated to the AC. The main responsibility and objective of the AC are to assist the Board in fulfilling its financial and other oversight responsibilities by serving as an independent and objective party to oversee, monitor and appraise the integrity of the Company's financial reporting process, the internal controls and risk management systems as well as the audits processes. Significant findings in the course of its reviews are reported to the Board.

The principal responsibility and activities of the AC are set out in the Audit Committee Report.

Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensuring that an effective system of risk management and overall internal controls framework are in place. It determines the nature and extent of the significant risks which is appropriate for the Company in achieving its strategic objectives and creating value for the Shareholders. The Board oversees the design, implementation and monitoring of the risk management framework and policies, as well as the system of internal controls. It has significantly heightened vigilance on how the control environment is adapted to the new operating environment, including the information technology ("IT") controls related to telecommuting, workplace safety, alternate capacities and procedures for continued auditing work, and placed close scrutiny on high-risk areas.

The Board reviews the effectiveness of internal controls and ensures that Management puts in place action plans to mitigate the risks identified, and undertake remedial actions to rectify any control lapses. It devotes significant attention to maintaining an effective system of risk management and internal controls, to safeguard the investment of the Company and its Shareholders, and to ensure that the risks are managed in the best interests of the Group. The principal risks facing the Company and the mitigation measures are described under the Risk Management section of this Annual Report.

In assessing the effectiveness of the Group's internal controls, the Board focuses on identifying control gaps in the business process, areas for improvement and areas where controls can be strengthened. This process assists in ensuring that primary key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations. The Company's internal audits supplement the Group's evaluation on all matters concerning internal controls, including the assessment of any issues identified in the course of internal audits as well as the administration and implementation of the Group's internal policies and procedures.

The Company has a dedicated team which is responsible for developing, monitoring and maintaining risk management controls and reporting any key issues to Management. A risk management committee ("RMC"), comprising the CEO, Managing Director – HRC Group, Chief Commercial Officer – Corrie MacColl Group and CFO, is responsible to assess and determine the nature and extent of the financial risks and positions that the Company is allowed to take. The RMC assesses and evaluates the Group's commercial strategy and positions on a weekly basis. The Group Risk Management Policy, which imposes appropriate measures and limits to control commercial risk exposures, is reviewed regularly to ensure that it is symmetric with the market environment and the Group's operations.

The internal controls practice of each of the Group's functions are subject to annual review or periodically when circumstances warrant such review. The Management constantly reviews the control environment including the legal and regulatory developments as well as the Company's risk-mitigation policies and protocols, adjusts such protocols as necessary to conform to evolving regulatory circumstances, enhances the standard operating procedures and ensures that the business is fully compliant with the applicable regulations and the Group's policies.

Financial Reporting. The Company's financial results are prepared and presented in compliance with statutory requirements including applicable accounting standards and the Listing Manual. The Company announces its half-yearly and full year unaudited financial statements through SGXNet within the timeline stipulated under the Listing Manual, and also provides voluntary interim business performance updates on financial and other operational metrics to the Shareholders periodically. It continues to comply with its continuing disclosure obligations to keep the Shareholders updated when appropriate, should there be any material developments (financial or otherwise) relating to the Company or the Group.

Management continues to adopt a prudent and disciplined approach in its capital management strategy to monitor its cash flow and to ensure sufficient liquidity headroom. Management reports the Company's cash flow, status of upcoming maturities of outstanding indebtedness as well as compliance with financial covenants to the AC regularly.

External Audits. The scope and results of auditing by the Company's external auditor, EY, its cost effectiveness, as well as independence and objectivity are reviewed by the AC annually. The AC and the Board are satisfied that the aggregate amount of audit fees paid and/or payable to EY in connection with the audit as well as non-audit services for FY2022 is appropriate. Having considered the relevant provisions under the applicable regulations, the cooperation extended by the Management and the fact that the non-audit services were provided by a separate team from EY, AC is of the view that the independence or objectivity of EY is not impaired. For details of fees paid and/or payable to EY in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements. The appointment of the external auditor of the Group complies with Rules 712 and 715 of the Listing Manual.

Internal audits. The primary functions of the internal audit function are to:

(a) formulate 3-year internal audit plan to identify specific areas or process that will be audited to ensure that the Company's risks are properly identified, assessed, and managed, and that the internal controls in place are effective and efficient;

(b) assess the relevant risks related to the Group's business operations and evaluate if an adequate system of internal controls is in place to protect the funds and assets of the Group;

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(c) assess if the operations and business processes under review are conducted efficiently and effectively and to ensure control procedures are complied with; and

(d) identify and recommend improvement to internal control procedures, where required.

The Board believes that outsourcing the internal audit function to a professional firm is beneficial as the professional service provider has a broad range of expertise, resources, and technological specialisation to undertake the internal audit of the Group, especially in view of the global presence of the Group's business.

Internal audits are performed according to the audit plan and scope agreed between CLA Global TS Holdings Pte. Ltd. (CLA) and the AC. CLA reviews, then evaluates and tests the effectiveness of the internal controls on material business processes including financial, operational, compliance, IT controls and the management of ESG-related risks that are in place in each of the Group's key operating units.

Governance of Risk. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including ESG-related risks) to achieve the Group's strategic objectives, maintaining sound and effective risk management and internal control systems (including those for ESG-related risks) and reviewing their effectiveness to safeguard Shareholders' investment and the Group's assets. The AC is tasked to assist the Board to oversee the internal controls and risk management systems. This includes identifying weaknesses, assessing risks and recommending areas for improvement and additional risk mitigations, where necessary. The Management reviews the conditions of the industry and any factors or events that may affect the Group's operations, ensures that new risks and impacts from the crisis are appropriately detected and remediated, and presents its observation of the potential risks and mitigation actions to the AC during quarterly meetings. Any material changes to the key risks areas are also reported to the AC as soon as they are identified. The AC reports annually to the Board, its view on the effectiveness and adequacy of the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems.

Anti-Corruption and Anti-bribery

The Company is committed to conduct its business with integrity, fairness and transparency, actively preventing all forms of corruption. It takes a zero-tolerance stance on bribery and corruption in any form, direct or indirect and has procedures in place to comply with applicable anti-bribery laws and regulations.

Under the Company's Anti-Corruption and Bribery Policy which is reviewed by the AC periodically, the Directors, Management and employees of the Group must not, directly or indirectly, accept, offer, promise, agree to pay, authorise payment of, pay, give, accept or solicit anything of a significant value to or from any third party with the intention to secure or reward an improper benefit or improper performance of a function or activity. They should also avoid any conduct that creates even the appearance of improper activity or conduct.

The Company's whistleblower mechanism supplements its fraud and corruption control system to prevent, detect and respond to incidents of fraud, bribery and corruption. There have been no cases or allegations of bribery or corruption filed against the Company and/or its employees during FY2022.

Whistleblowing Framework. The Group embraces the best practices on whistleblowing and has put in place and published on the Company's website, its Whistleblowing Policy as well as a channel to raise concerns about any suspected improprieties since 2013. The Whistleblowing Policy sets out the procedures and provides a formal, confidential channel to enable whistleblower(s) (including employees and third-parties) to raise concerns about any misconduct or wrongdoing relating to the Company and its officers, without fear of harassment, and with an assurance that their reports will be taken seriously and investigated.

All whistleblowing matters come under the purview of the AC. Reports can be lodged through post, the online form provided under the Company's website or via email at ac@halcyonagri.com and all whistleblowing reports will be channelled to the AC directly. All concerns raised will be independently assessed (parties who are related to the subject of the complaint must recuse themselves) to ensure that they are fairly and properly considered. The AC is responsible for oversight and monitoring of whistleblowing, and ensuring that an independent investigation of the reported concern is conducted, appropriate follow up actions are taken and the issues raised are properly resolved by the Management or such parties as appropriate.

The Company is committed to take all reasonable steps to protect the confidentiality and identity of the whistleblower, and will not tolerate any harassment, retaliation, unfair treatment or victimisation of anyone reporting a genuine concern in good faith.

Interested Person Transactions ("IPT"). The AC reviews IPTs (if any) at its quarterly meetings, to ensure that established procedures for monitoring the IPTs have been complied with. The AC is satisfied that the guidelines and review procedures established to review IPTs have been complied with in FY2022. Further information relating to the IPTs during FY2022 is provided under the section "Interested Person Transactions".

Summary of the Board and AC's Observations for FY2022. The Board is of the view that the AC comprises members with the requisite qualifications and sufficient financial management expertise to discharge the AC's functions competently. It has received assurances from the CEO and CFO that for FY2022:

(a) the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal controls systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group.

With the assurances from the CEO together with the CFO, and following its assessment on the following:

(a) the reports of the internal auditor;

(b) the crisis management capability as well as the internal controls established and maintained by the Group;

(c) remedial actions taken by the Management according to the internal auditor's recommendations; and

(d) the reports from EY,

the Board, with the concurrence of the AC, is of the opinion that the Group's present risk management and internal controls systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group. That said, the Board notes that the risk management and internal controls provide reasonable, but not absolute, assurance against material misstatements of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board also notes that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

SHAREHOLDER RIGHTS AND ENGAGEMENT

The Company's corporate governance practices promote fair and equitable treatment of all Shareholders. Shareholders, as the owners of the Company, are entitled to attend and vote at general meetings, to a share of the Company's profits and all other rights pursuant to the Companies Act 1967 (the "Companies Act") as well as the provisions of the Company's Constitution.

Shareholder Rights and Conduct of Shareholder Meetings

The Company's general meetings provide an opportune forum for Shareholders to meet the Board and senior management and to interact with them. It is the Company's principal forum for dialogue with Shareholders. In light of safe distancing measures amid the COVID-19 outbreak, the 2022 AGM was held via electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2021.

Shareholders were invited to attend the 2022 AGM via live audio-visual webcast. In order to understand the views of Shareholders, to gather inputs and address their concerns, Shareholders were encouraged to submit questions in advance of the general meeting. All substantial and relevant questions were addressed prior to the AGM through publication on the Singapore Exchange's website and on the Company's website.

General meetings are attended by all Directors whenever possible, and would normally be chaired by the Chairman of the Board. Chairman of the Board Committees are also available at the meetings to answer any questions relating to the operations of the Board Committees. The Company's external auditor is also present to address Shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report. Wherever practicable, updates on the Company's performance are presented to the Shareholders in the general meetings, and such presentation materials are made available on the SGX-ST and the Company's website prior to the meetings, for the benefit of the Shareholders.

The Company notifies the Shareholders on the meeting schedule and the agenda of meeting at least 14 or 21 days (as the case may be) prior to the date appointed for the general meeting. The notice of general meeting issued to all Shareholders is advertised in newspapers (where applicable) and disseminated through SGXNet, as well as published on the Company's website.

Rules (including the appointment of proxy(ies) and voting procedures) that govern the attendance for general meetings are clearly set out in the notice of the general meeting as well as the proxy form. Pursuant to the Constitution, every Shareholder is entitled to attend and vote at the general meetings of the Company and is allowed to appoint not more than two (2) proxies to vote on his/her behalf at the general meetings during his/her absence. Specified intermediaries such as the CPF Board, banks and capital market services license holders which provide custodial services are allowed to appoint multiple proxies.

Sufficient and necessary information required for Shareholders to make informed decisions is provided or accompanied by the notice convening each general meeting. At general meetings, each issue is proposed as a separate resolution. The Company continued to adopt and comply with voting process stipulated under the *Guidance on the Conduct of General meetings amid Evolving COVID-19 Situation* for the unconventional AGM held in year 2022. Shareholders (whether individual or corporate) who wish to vote on the resolutions tabled at the AGM have to appoint the chairman of the AGM as their proxy to attend, speak and vote on their behalf. The voting outcomes, including the number of votes cast for and against, were validated by the polling agent prior to the 2022 AGM, and results of the poll are displayed on-screen during the virtual meeting. The poll results were announced to the public through SGXNet in accordance with the format prescribed under the Listing Manual.

CORPORATE GOVERNANCE REPORT

The proceedings of the 2022 AGM were properly recorded, and the minutes were published on SGXNet and on the Company's website within one (1) month after the meeting.

Dividend Policy

The Company's dividend policy is based on a payout ratio of up to 20% of its core PATMI[1], barring unforeseen circumstances. Dividend payments are also affected by various factors such as level of earnings, the Company's development prospects, its financial position and funding needs, the overall macroeconomic situation and market conditions as well as other legal or contractual restrictions that may be applicable from time to time.

The Company's dividend policy ensures that its capital allocation is being decided in a way that delivers long-term, sustainable returns. In considering the level of dividend payments, the Board will consider all of the above factors and strive to ensure that capital allocation is being decided in a way that delivers long-term, sustainable returns.

For FY2022, the Board does not recommend payment of dividend as the Company deems it appropriate to converse funds for the Group's business activities and working capital requirement.

Engagement with Shareholders

The Company recognises that effective communication with investors assists in the creation and maintenance of an informed market, and enhances corporate governance by encouraging a culture of transparency in relation to its corporate activities. The Company endeavours to give Shareholders a balanced and understandable assessment of its performance and prospects, and would inform Shareholders immediately of any major or material developments or events that have an impact on the Group or may influence their investment decisions. To facilitate Shareholders' rights and to ensure fair communication with the Shareholders, all information about the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares are promptly disseminated to Shareholders through the following platforms:

(a) SGXNet announcements and news release;

(b) annual report and notice of general meetings issued to all Shareholders;

(c) press releases on major developments of the Group;

(d) the Company's general meetings; and

(e) the corporate website (http://www.halcyonagri.com) maintained by the Company that allows all stakeholders to stay informed of material updates in a timely manner.

The Company has in place an Investor Relations Policy which allows for an exchange of views so as to actively engage and promote regular, effective and fair communication with Shareholders. The Company employs various platforms, including conducting briefings for analysts after the release of its financial results whenever practicable, and effectively engaging with the Shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Shareholders or the public may ask questions relating to the Company through the online submission form under the Company's website.

Materials relating to the Group including the financial results, press releases, annual reports and various other investor-related information are also available on the corporate website.

ENGAGEMENT WITH STAKEHOLDERS

Ethical and ecologically sustainable business practices are fundamental to the Company's strategy for long-term growth. Understanding stakeholder perspectives is critical to determining, assessing and managing key risks and issues. As such, the Company has arrangements in place to identify and engage with the material stakeholder groups, including employees and those working across the supply chain. It adopts an inclusive approach to balance the needs and interests of material stakeholders, as part of its overall responsibility to ensure the best interests of the Company are served. The Company is committed to operate as a responsible and sustainable business during these challenging times and continue to manage material ESG factors as a key focus to drive sustainable and resilient recovery.

Other information on the Group's corporate social responsibility initiatives and engagements with material stakeholder groups is set out under the Sustainability Report contained within this Annual Report.

[1] Core PATMI refers to profit attributable to owners of the Company, net of tax, excluding changes in fair value of biological assets as well as the extraordinary and exceptional items.

DEALING IN SECURITIES

The Company observes and complies with Rule 1207(19) of the Listing Manual on dealings in securities and issues notices to its Directors, officers and employees on the restrictions in dealing in the Company's securities during the period commencing one (1) month before the announcement of the Company's half-yearly and full year financial results, and ending on the date of the announcement of the relevant results. Notices prohibiting dealing in Company's securities will also be sent to the Group's Directors, officers and employees as and when circumstances are deemed appropriate, such as when a discussion relating to an acquisition is expected to take a long period of time before it achieves certainty.

Directors, officers and employees are reminded periodically not to trade in the Company's securities at any time while in possession of unpublished price sensitive information, and to refrain from dealing in the Company's securities on short-term considerations. They are also advised to be mindful of the laws on insider trading at all times even when dealing in securities not within the prohibited trading period.

INTERESTED PERSON TRANSACTIONS

The assessment of IPT is under the purview of the AC, to ensure that any transaction to be entered into with interested persons (as defined in the Listing Manual) will be assessed independently, and that the transaction is carried out on normal commercial terms and are not prejudicial to the interests of the Company or its minority Shareholders.

Any contract to be made with an interested person will not be proceeded with unless the pricing is determined in accordance with the Group's usual business practices and policies, consistent with the usual margin given or price received by the Group for the same or substantially similar type of transactions with unrelated parties, and that the terms are not more favourable to the interested person than those extended to or received from unrelated parties. Where it is impractical or not possible to compare against the terms of other transactions with unrelated third parties or in situations where the products or services may be purchased only from an interested person, such IPT must be reviewed and approved by the AC, and the AC member who is perceived to be related to the interested person is refrained from deliberating, reviewing and approving that particular transaction.

The Company does not have a general mandate from Shareholders for IPT. Consequently, there have been no IPT conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual. The details of the IPT transacted by the Group during FY2022 (excluding transactions less than $100,000) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPT during FY2022 (US$)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920
Sinochem International (Overseas) Pte. Ltd. ("SIO")	Substantial shareholder who owns 29.2% stake in the Company	857,000	Not applicable
	Total	**857,000**	–

The aggregate value of abovementioned IPTs represents approximately 0.24% of the Group's audited consolidated net tangible assets for the financial year ended 31 December 2022, and is not subject to Rules 905 and 906 of the Listing Manual. With reference to the assessment and evaluation conducted by a qualified independent financial advisor received by the AC in December 2020, the AC believes that these IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

MATERIAL CONTRACT

Other than the service agreement entered into with the CEO and the IPTs as disclosed in this Annual Report, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2021.

NOMINATING COMMITTEE REPORT

The Nominating Committee ("NC") is delegated with the authority by the Board to review the Board's composition and diversity, make recommendations to the Board on the appointment of Directors and members to the Board Committees, and assess Independent Director's independence and commitment. The NC is also responsible for succession planning for Directors and KMPs, leadership training and development, and oversight of matters relating to corporate governance.

The NC comprises four (4) members and is chaired by the Lead Independent Director, Mr Lam Chun Kai. It functions within clearly written terms of reference approved by the Board.

Summary of NC's principal activities during FY2022

- Reviewed the composition of the Board and Board Committees
- Recommended the appointment of new Directors as well as the appointment of a Director to the Board Committees
- Nominated Directors for re-election by Shareholders at the 2023 AGM
- Managed the board performance evaluation process and reviewed the results of the evaluations
- Reviewed the independence of the Independent Directors
- Reviewed the time commitment of Directors for performance of their responsibilities
- Reviewed succession planning of the Board and the senior executives
- Reviewed the training and continued professional development of the Directors
- Endorsed the FY2022 Corporate Governance Report

Changes in Directors during FY2022

The NC reviewed the structure, size, and diversity of the Board to ensure that its composition complies with the Code and reflects an appropriate mix of skills, experience, and diversity objectives that are relevant to the Company's strategy, governance, businesses, and contributes to the Board's effectiveness and efficiency.

Following the retirement of the previous Lead Independent Director, Mr Alan Rupert Nisbet on 27 April 2022, the NC has intentionally nominated a female candidate in order to achieve the Board's gender diversity target. In its evaluation of potential candidates for nomination, the NC has considered the specific needs of the Board. As the skill sets and competencies were the dominant factors for the selection of the new independent director, NC has recommended and the Board has approved the appointment of Ms Latha Eapen K Mathew ("Ms Eapen"), an experienced accountant specialising in Singapore and international corporate tax, as an Independent Director of the Company in August 2022.

In addition, Mr Liu Jiannan, a Director nominated by China-Africa Development Fund ("CADF"), had resigned as a Director of the Company following the disposal of the shares in the Company by CADF to Sinochem International (Overseas) Pte Ltd **("SIO")**. SIO had since nominated Mr Liu Yongsheng ("Mr Liu") and he has been appointed as a Director of the Company in December 2022.

In its nomination of Ms Eapen and Mr Liu for appointment to the Board, the NC has also considered the specific needs of the Board, as well as their ability to contribute to discussions, deliberations and activities of the Board.

Nomination for Re-election

Pursuant to the Company's Constitution, at least three (3) Board members shall retire by rotation and that the Directors appointed after the 2022 AGM to fill the casual vacancies, namely Ms Eapen and Mr Liu, shall hold office only until the forthcoming AGM ("2023 AGM").

The NC has identified that Mr Liew Choon Wei ("Mr Liew") and Mr Lam Chun Kai ("Mr Lam"), being the Directors who have been longest in office since their last election, together with Mr Liu Hongsheng ("Chairman Liu"), shall retire by rotation at the 2023 AGM. Mr Liew has served on the Board for a continuous period of more than eight years and will approach the nine (9) years limit in 2023. He has decided to retire at the conclusion of the 2023 AGM due to the nine (9) years limit and to support progressive renewal of the Board. Mr Lam has decided to retire at the conclusion of the 2023 AGM due to personal health reasons while Chairman Liu has decided to retire due to his other work commitments following his recent job posting within the Sinochem Group.

Given the expertise and past experience of Ms Eapen and Mr Liu, who have offered themselves for re-election at the 2023 AGM, NC considered that their appointments would ensure the Board's diversity and benefit the future development of the Company. Accordingly, the NC has nominated Ms Eapen and Mr Liu to the Board, for it to recommend to Shareholders for re-election at the 2023 AGM.

The nominations were made in accordance with the Nomination Policy and took into account the merits of the candidates including, among others, their experience, reputation for integrity, time commitment and the diversity aspects (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, and knowledge), with due regard for the benefits of diversity, as set out in the Diversity Policy.

Independence of Director

Non-executive Directors' independence is assessed upon appointment, annually, and as and when circumstances warrant reconsideration. The NC reviews and determines whether a Director is independent. During the year, each of the Independent Directors has submitted a declaration form confirming that he/she is to be considered independent under the requirements of Rule 210(5)(d) of the Listing Manual as well as the provisions set out in the Code. Taking into consideration the declarations submitted by the Independent Directors, as well as the length that the Director has served on the Board, the NC affirmed that each of the Independent Directors is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, and there has been no element that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group.

It was also noted that none of the Independent Directors or their family members was employed by, or received significant payment from or provided material services to the Group in FY2022 or in any of the past three (3) financial years.

There is a strong and independent element on the Board, with Independent Directors making up a majority of the Board under the leadership of a Lead Independent Director.

Board Performance Evaluation

Based on the assessment criteria determined by the NC[1], the formal evaluation questionnaires were tabulated and circulated to all Directors via the board portal, for Directors to rate and provide feedback on the performance of the Board, the Board Committees, the Chairman and each Director for FY2022. The findings of the Board evaluation (including feedback and comments received from the Directors) have been analysed and discussed during the NC meeting, in consultation with the Chairman of the Board, to identify areas for improvement and any training required to further enhance the effectiveness of the Board. The Board reviewed feedback from the NC collectively and will decide and agree on action plans, if required.

The FY2022 evaluation results indicated that the Board operates effectively, and the Board was satisfied with the operational effectiveness of the Board committees as well as the competencies of each Director.

[1] Evaluation criteria is described under the Corporate Governance Report.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("RC") is delegated with the authority by the Board to establish, review, and make recommendations to the Board on the Group's remuneration policy and practices. It ensures that the remuneration framework is in line with the Group's business strategy, objectives, values and long-term sustainability of the business.

The RC is chaired by an Independent Director, Mr Eddie Chan Yean Hoe and comprises Mr Liew Choon Wei, Mr Lam Chun Kai and Mr Liu Hongsheng. All members of the RC are non-executive directors and none of the RC members is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him.

The RC held one (1) meeting in FY2022. Members' attendance records are disclosed in the Corporate Governance Report contained in this Annual Report.

Summary of RC's principal activities during FY2022

- Reviewed the Directors' fees structure
- Reviewed and approved the performance scorecard for the CEO and KMP
- Reviewed and recommended to the Board, the remuneration of each Director
- Evaluated the performance of the CEO and KMP, and recommended their remuneration package to the Board
- Endorsed the FY2022 Corporate Governance Report

Developing Group Remuneration Framework

In assessing the Group's remuneration framework, the RC considers all aspects of remuneration (including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and severance packages) and aims to be fair and avoid rewarding poor performance. It also reviews the Company's obligations arising in the event of termination of the CEO's and KMP's contracts of service, to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous. It may from time to time, and where necessary or required, seek advice from external consultants in framing its remuneration policy and determining the level and mix of remuneration for Directors and KMP.

In respect of long-term incentive schemes (if any, including share schemes as may be implemented), the RC is responsible for considering whether Directors should be eligible for benefits under such long-term incentive schemes. Any recommendation of the RC will be submitted to the Board for consideration and approval. The Board is ultimately accountable for all remuneration decisions.

Where applicable, the RC will also review annually the remuneration of employees related to the Directors, the CEO and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees, if any. There were no employees related to the Directors, the CEO and substantial shareholders in FY2022.

Agreeing the Level and Mix of Remuneration

The key considerations of the RC in recommending the level and mix of remuneration are:

(a) to link rewards with value creation and offer appropriate remuneration and employment conditions to build, motivate and retain Directors, KMP and talent;

(b) to align the interests of Directors and KMP with the interests of Shareholders and other stakeholders; and

(c) risk policies of the Company, such that the remuneration is symmetric with risk outcome and sensitive to the time horizon of risk; and

(d) country-specific practices including the pay and employment conditions within the industry.

When it recommends the remuneration package to the Board, the RC takes into consideration the aforementioned factors, the strategic direction of the Group and industry practice, and benchmarks the remuneration package against relevant industry players to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.

Reviewing Non-executive Directors' Fees Structure

The remuneration for each non-executive Director, which comprise a basic fee and attendance fees (the "Directors' Fees"), are appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. Directors' Fees are reviewed annually by the RC to benchmark such fees against the amounts paid by other listed companies of similar size.

The Directors' Fee structure which was adopted since 2017 is as follows:

Basic Fee per annum (SGD)						Attendance Fee (SGD)
Position	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**	**Strategy and Investment Committee**	**Board and Board Committees**
Chairman	100,000	37,500	12,500	12,500	6,250	1,000 for each day of attending any Board or Board Committee meeting
Member	50,000	12,500	6,250	6,250	3,125	

The Company submits the quantum of Directors' Fees of each financial year, which is to be paid quarterly in arrears, to Shareholders for approval at its annual general meeting. Shareholders' approval will be sought at the 2023 AGM in respect of the proposed payment of Directors' fees of up to S$750,000 (payable quarterly in arrears) for FY2023.

Remuneration of Directors

Name	Position Held	Directors' Fee / Fixed Salary (S$)	Variable Bonus / Other Compensation (S$)	Total (S$)
Liu Hongsheng	Non-Executive Chairman, Chairman of StratCom, and member of RC	117,500.00	0	117,500.00
Liew Choon Wei	Independent Director, Chairman of AC, member of RC and NC	98,973.22	0	98,973.22
Qin Jinke	Non-executive Non-independent Director, Member of AC and NC	73,750.00	0	73,750.00
Lam Chun Kai	Lead Independent Director, Chairman of NC, member of AC, RC and StratCom	87,366.07	0	87,366.07
Eddie Chan Yean Hoe	Independent Director, Chairman of RC, member of AC, RC and StratCom	82,343.75	0	82,343.75
Huang Xuhua	Independent Director	54,000.00	0	54,000.00
Latha Eapen K Mathew *(Appointed on 12 August 2022)*	Independent Director, Member of AC	20,904.89	0	20,904.89
Liu Yongsheng *(Appointed on 14 December 2022)*	Non-executive Non-independent Director	2,445.65	0	2,445.65
Alan Nisbet *(Retired on 27 April 2022)*	Lead Independent Director, Chairman of AC, member of RC, NC and StratCom	35,430.63	0	35,430.63
Liu Jiannan *(Resigned on 7 November 2022)*	Non-executive Non-independent Director	45,663.04	0	45,663.04
	Total Directors' Fees for Non-executive Directors	**618,377.25**	**0**	**618,377.25**
Li Xuetao	Executive Director, CEO and member of StratCom	600,000.00	400,000.00	1,000,000.00
	Total Remuneration of All Directors	**1,218,377.25**	**400,000.00**	**1,618,377.25**

Notes:
(1) Non-executive Directors are not paid salary, allowance and bonus.
(2) Executive Director is not paid director's fee.

REMUNERATION COMMITTEE REPORT

The aggregate remuneration of S$618,377.25 paid to the non-executive Directors (the "Directors' Fees") for FY2022 is within the threshold limit of S$750,000 approved by Shareholders on 27 April 2022.

Remuneration of the executive Director (who is also the CEO) comprising basic salary as well as a variable bonus which has been reviewed by the RC and approved by the Board, and is paid in accordance with his service agreement with the Company.

Remuneration of KMP

Due to its management structure, the Company has only three (3) KMP (who are not Directors or the CEO) since the financial year ended 31 December 2014. Disclosure of their remuneration pursuant to the Code is as follows:

Name	Position Held	Salary (%)	Allowance/ Benefit (%)	Variable Bonus (%)	Remuneration Band
Andrew Trevatt	Chief Commercial Officer, Corrie MacColl Group	63	-	37	Band 3
Ng Eng Kiat	Managing Director, HRC Group	63	-	37	Band 2
Loh Jui Hau	Chief Financial Officer	60	-	40	Band 1

Note:

Remuneration Bands are as follows:

Band 1 : From S$500,000 up to S$750,000

Band 2 : From S$750,001 up to S$1,000,000

Band 3 : From S$1,000,001 up to S$1,250,000

The total remuneration paid to the three (3) KMP (who are not Directors or the CEO) for FY2022 was approximately S$2,391,500, and has been approved by the Board.

Remuneration Consideration for Executive Director and KMP

Performance measures and remuneration packages of the executive Director and KMPs emphasise on value creation and are principally based on the achievement of the objectives of their functions as set up in the key performance indicators ("KPIs") agreed by each individual. These KPIs take into consideration the performance of the Company, the Management's performance , scope of work, overall organisational health, potential and responsibilities of these individuals, and leadership in the face of unexpected challenges. Qualitative evaluation, such as vocational competence, responsibility at work and activity in the workplace, as well as the quality of work in relation to the demands and goals of duties, has also been used to evaluate and assess the Management's performance in FY2022.

RC is satisfied that the Executive Director and KMP devoted the necessary time and energy to fulfilling their commitments, and have met the aforementioned performance conditions in FY2022.

Specific remuneration packages for the executive Director and KMP in respect of FY2022 have been reviewed by the RC and approved by the Board.

AUDIT COMMITTEE **REPORT**

The Audit Committee ("AC") is delegated with the authority by the Board to provide independent oversight of the Group's financial reporting and internal control systems, and the adequacy of the external and internal audits. The AC is provided with sufficient resources and support to perform its duties, in examining all matters relating to the Group's adopted accounting principles and practices, and in reviewing all material financial, operational and compliance controls.

The AC is chaired by the Independent Director, Mr Liew Choon Wei, and comprises only non-executive Directors, namely, Mr Qin Jinke, Mr Lam Chun Kai, Mr Eddie Chan Yean Hoe and Ms Latha Eapen K Mathew. The members of the AC are professionals who have extensive experience in senior management positions, including three (3) retired audit partners from Big Four accounting firms with extensive accounting and financial management expertise. The AC members are therefore appropriately qualified to discharge their responsibilities. None of the AC members were previous partners or directors of the Company's external audit firm within the last two (2) years and none of the AC members hold any financial interest in such external audit firm.

Pursuant to the written terms of reference ("TOR") endorsed by the Board, AC has the following key functions:

(a) oversight of financial reporting, monitor integrity of the Group's financial statements and any public financial reporting;

(b) review the assurance provided by the CEO and the CFO on the financial records and financial statements;

(c) review and recommend to the Board, the appointment or re-appointment of the external auditor and matters relating to its removal, remuneration and terms of engagement;

(d) review and evaluate at least annually the adequacy, effectiveness, independence, scope and results of internal and external audits;

(e) review and report to the Board at least annually on the effectiveness and adequacy of the Company's internal controls and risk management systems;

(f) review interested person transactions involving the Group in accordance with the Listing Manual;

(g) review and approve future hedging policy, instruments used for hedging and foreign exchange policy and practice of the Group;

(h) review whistleblowing policy arrangement, lead the independent investigations and ensure appropriate follow-up actions, if any; and

(i) generally undertake such other functions and duties as may be required by the Listing Manual.

To ensure that it could discharge its functions properly, AC has the explicit authority to investigate any matters within its TOR and has full access to and the cooperation of Management. The AC has full discretion to invite any Director or executive officer to attend any AC meeting to answer questions which the AC may have. It also has direct access to the Company's external auditor and is conferred the authority to source external resources including obtaining legal or other professional advice and services. It may commission an independent audit on internal controls and risk management for its assurance, or where it is not satisfied with the systems of internal controls and risk management.

Summary of AC's principal activities during FY2022

- Reviewed the Group's quarterly, half-yearly, and annual financial results
- Reviewed, with both the external auditor and management, the audit approach and methodology applied, in particular to the key audit matters ("KAMs") included in the Auditor's Report
- Approved the internal audit plan
- Reviewed significant internal and external audit findings and monitored Management's response to their recommendations
- Reviewed updates on legal and regulatory compliance matters, including anti-corruption matters and whistleblowing disclosures
- Reviewed the adequacy and effectiveness of the Group's risk management, internal control systems and its accounting, financial reporting, and internal audit functions
- Reviewed the interested person transactions
- Reviewed and monitored the external auditor's independence and reviewed the engagement to perform non-audit services
- Reviewed whistleblowing incidents
- Reviewed and recommended the re-appointment of external auditor
- Endorsed the FY2022 Corporate Governance Report

AUDIT COMMITTEE REPORT

Review of Financial Results

The AC safeguards the integrity in financial reporting and ensures that such reporting is in compliance with the requirements of the Singapore Financial Reporting Standards. It reviews all announcements relating to the Company's financial performance, and oversees significant financial reporting issues and assessments, in particular, the Group's application and consistency of financial and accounting policies, judgements and practices. The AC, when satisfied that the financial results and related announcements meet statutory requirements, would submit and recommend the release of the financial results and related announcements to the Board. Any significant issues considered and judgement applied by the AC in relation to the financial statements and the actions to address such concerns will also be reported to the Board.

The AC reviewed the FY2022 audited financial statements in conjunction with the external auditor. Based on this review and discussions with Management, the AC was satisfied that the financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2022.

Review of External Audits and Re-appointment of External Auditor

AC reviews the overall scope of the external audit prior to each audit process, to ensure material areas are covered and sufficient attention is dedicated to emerging and existential risks. During the course of review of the Company's financial statements for FY2022, the AC has reviewed and discussed each of the KAMs with the Management as well as the external auditor, Ernst & Young LLP ("EY"). The AC has assessed and considered the Management's approach, methodology and assumptions applied to each of the KAMs, and was satisfied with the appropriateness of the analyses performed by the Management. The AC agrees and concurs with the basis and conclusions included in EY's report with respect to the KAMs.

Taking into consideration all relevant factors (with reference to the audit quality indicators as published by the Accounting and Regulatory Authority) including the adequacy of resources, the experience of supervisory and professional staff to be assigned to the audit process, the quality of work carried out by EY, the size and complexity of the Group, its businesses and operations, AC was satisfied with EY's work, its independence and its objectivity, and recommended the re-appointment of EY (which has indicated its willingness to continue in office) as the Group's external auditor for Shareholders' approval at the 2023 AGM. The appointment of the external auditor of the Group complies with Rules 712 and 715 of the Listing Manual.

Review of Internal Audit Functions

AC decides on the appointment, termination and remuneration of CLA Global TS Holdings Pte. Ltd. (formerly Nexia TS Risk Advisory Pte Ltd) ("CLA"), the Group's internal auditor since May 2013. To ensure that the review on internal controls is conducted effectively, CLA's primary reporting line is to the AC, and it is granted unfettered access to all the Company's documents, records, properties and personnel.

CLA presents the internal audit reports, which compiles the detailed findings relevant to the Group's key operating units that it had reviewed, to the AC during quarterly meetings. Any material non-compliance or failure in internal controls, recommendations for improvements and remedial actions taken by Management are reported to the AC. If action plans to mitigate the risks are required, the AC would instruct and ensure that Management undertakes follow-up actions.

The AC reviews the adequacy, effectiveness, independence and scope of the internal audit function annually, including the internal audit plans, activities, budget for internal audit and organisational structure of CLA. It is satisfied that the internal audit function is independent, effective and that the internal audit activity conducted by CLA for FY2022 had fulfilled professional standards, including those promulgated by The Institute of Internal Auditors. Given that there is a team of 19 members assigned to the Company's internal audits, led by Ms Pamela Chen who has 16 years of relevant experience, the AC believes that the internal audit function is adequately resourced and has appropriate standing within the Group during FY2022. It is also of the view that the quantum of fee paid or payable to CLA should not put its objectivity at risk.

Review of Risk management and Internal Control Systems

The AC is tasked to oversee the Group's overall risk management framework and to advise the Board on the Group's risk-related matters. It reviews the Group's risk policies and assesses the effectiveness of the Group's risk management and internal control systems. AC has reviewed the up-to-date risk register, the implementation and execution of standard operating procedures, as well as remedial actions recommended by the internal auditor and implemented by Management.

The AC meets with the internal and external auditors without the presence of Management at least once a year, to obtain feedback on the competency and adequacy of the finance function and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems.

The AC is satisfied that the Group has adequate and effective risk management and internal control systems.

Review of Whistleblowing Framework

The AC is responsible for the overall oversight and monitoring of the whistleblowing framework and its implementation. In particular, the AC considers all whistleblowing complaints and reviews them at its quarterly meetings to ensure that an independent and thorough investigation is conducted, with appropriate follow-up actions. The outcome of each investigation is reported to the AC. There were no established incidents pertaining to malpractice and improprieties in FY2022.

The Whistleblowing Policy and its effectiveness will be reviewed by the AC periodically.

Review of Interested Person Transactions ("IPT")

The AC reviews IPTs at its quarterly meetings, to ensure that established procedures for monitoring the IPTs have been complied with. The AC is satisfied that the guidelines and review procedures established to review IPTs have been complied with in FY2022. Further information relating to the IPTs during FY2022 is provided under the section "Interested Person Transactions".

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The information required under Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting on 26 April 2023 is set out below.

Name of Director		LATHA EAPEN K MATHEW	LIU YONGSHENG
1.	**Date of appointment**	12 August 2022	14 December 2022
2.	**Date of last re-appointment**	N/A	N/A
3.	**Age**	67	40
4.	**Country of principal residence**	Singapore	China
5.	**The Board's comments on this re-election** (including rationale, selection criteria, and the search and nomination process)	The Board, after reviewed the recommendation from the Nominating Committee and Ms Latha Eapen K Mathew's professional expertise and experience, approved that Ms Eapen stands for re-election as an Independent Non-executive Director of the Company	The Board, after reviewed the recommendation from the Nominating Committee and Mr Liu Yongsheng's professional expertise and experience, approved that Mr Liu stands for re-election as a Non-executive Director of the Company
6.	**Whether appointment is executive, and if so, the area of responsibility**	Independent Non-Executive	Non-Executive Non-Independent
7.	**Job title (e.g. Lead ID, AC Chairman, AC Member etc.)**	Independent Non-Executive Director, Member of Audit Committees	Non-Executive Director
8.	**Professional qualifications**	• Bachelor of Accountancy, University of Singapore • Member of the Singapore Chartered Tax Professionals • Member of the Institute of Singapore Chartered Accountants • Member of the CPA Australia	• Master of Business Administration, Shanghai Jiao Tong University • Bachelor of Administration, Shanghai University of Finance & Economics
9.	**Working experience and occupation(s) during the past 10 years**	Ms Eapen was with Ernst & Young for about 37 years until her retirement in June 2017. Her last position was Partner and she specialising in Singapore and international corporate tax.	Mr Liu has been with Sinochem International Corporation, Ltd. Group ("Sinochem"), a company listed on the Shanghai Stock Exchange for more than 10 years. His current position and roles with Sinochem during the past 10 years are as follows: • 2020 to Present – Deputy General Manager of Finance Department • 2016 to 2020 – Director of Capital & Treasury (Sinochem) • 2015 to 2016 – Deputy Finance Controller of Rubber BU (Sinochem) • 2013 to 2015 – Chief Finance Officer of Sud Cameroun Hevea SA. • 2011 to 2012 – Finance Controller of Teck Bee Hang Co., Ltd.
10.	**Shareholding interest in the listed issuer and its subsidiaries**	Nil	Nil

Name of Director		LATHA EAPEN K MATHEW	LIU YONGSHENG
11.	**Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries**	Nil	Nil
12.	**Conflict of interests (including any competing business)**	Nil	Nil
13.	**Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer**	Yes	Yes
14.	**Other Principal Commitments including Directorships**		
(a)	*Past (for the last 5 years)*	• Nil	• Nil
(b)	*Present*	• Nil	• Jiangsu Huaihe Chemical Co., Ltd • Technical Absorbents Ltd • Silver Saddle Equity Investment Management (ShangHai) Co., Ltd
15.	**Other declarations**		
(a)	*Was there at any time during the last 10 years an application or a petition under any bankruptcy laws of any jurisdiction filed against you, or against a partnership of which you were a partner at the time when you were a partner or at any time within 2 years from the date you ceased to be a partner?*	No	No
(b)	*Was there at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which you were a director or an equivalent person or a key executive, at the time when you were a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date you ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?*	No	No
(c)	*Is there any unsatisfied judgment against you?*	No	No
(d)	*Have you been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which you are aware) for such purpose?*	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		LATHA EAPEN K MATHEW	LIU YONGSHENG
(e)	*Have you been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere? Have you ever been the subject of any criminal proceedings (including any pending criminal proceedings of which you are aware) for such breach?*	No	No
(f)	*Have you, at any time in the last 10 years, had any judgment entered against you in any civil proceedings, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere or a finding of fraud, misrepresentation or dishonesty on your part? Have you been the subject of any civil proceedings (including any pending civil proceedings of which you are aware) involving an allegation of fraud, misrepresentation or dishonesty on your part?*	No	No
(g)	*Have you been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?*	No	No
(h)	*Have you ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?*	No	No
(i)	*Have you been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining you from engaging in any type of business practice or activity?*	No	No
(j)	*Have you ever, to your knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:*		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;	No	No

Name of Director		LATHA EAPEN K MATHEW	LIU YONGSHENG
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?		
(k)	*Have you been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, SGX-ST, professional body or government agency, whether in Singapore or elsewhere?*	No	No

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the penultimate holding company has agreed to provide continuing financial support to enable the Company to continue its business and to meet its liabilities as and when they fall due for the next twelve months.

2. Directors

The directors of the Company in office at the date of this statement are:

Liu Hongsheng
Liew Choon Wei
Qin Jinke
Lam Chun Kai
Eddie Chan Yean Hoe
Li Xuetao
Huang Xuhua
Latha Eapen K Mathew
Liu Yongsheng

3. Arrangements to enable directors to acquire shares or debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interest in shares or debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share options

(a) ***Options to take up unissued shares***

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group were granted.

(b) ***Options exercised***

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) ***Unissued shares under option***

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6. Audit committee

The Company's audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Companies Act 1967, and it had performed the following core duties and activities (not exhaustive) during the financial year ended 31 December 2022:

a) Reviewed the audit plans, adequacy, effectiveness, scope of audit and reporting obligation of the internal and external auditors;

b) Reviewed the quarterly financial results, the half-yearly and full year financial statements as well as the auditor's report, before their submission to the board of directors (the "Board");

c) Assessed and concluded the key audit matters with external auditor;

d) Reviewed the effectiveness of the internal control systems, including financial, operational, compliance and information technology controls, as well as the risk management systems;

e) Held a private discussion with the internal and external auditors to discuss matters which would be more appropriately deliberated without the presence of the Company's management, such as the cooperation of and assistance given by the Company's management to the internal and external auditors;

f) Reviewed legal and regulatory matters that may have a material impact on the financial statements;

g) Reviewed and evaluated the services of external auditor including the amount of fees paid and/or payable to the external auditor as well as their independence and objectivity;

h) Reviewed the nature and extent of non-audit services provided by the external auditor;

i) Recommended the re-appointment of the external auditor to the Board;

j) Reported to the Board, the material matters deliberated by the AC with appropriate recommendations (as the case may be);

k) Reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

l) Reviewed interested person transactions which fall under the scope of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

m) Reviewed whistleblowing policy arrangement, lead the independent investigations and ensure appropriate follow-up actions.

The AC, having reviewed all non-audit services provided by the external auditor, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

During the year, four AC meetings were held. The AC also had a private discussion with internal and external auditors, without the presence of the Company's management.

Further details regarding the AC are disclosed in the Corporate Governance Report.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Liew Choon Wei
Director

Li Xuetao
Director

Singapore
30 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Halcyon Agri Corporation Limited

Report on the audit of the financial statement

Opinion

We have audited the financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year then ended.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"s). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Impairment of goodwill and process know-how

As at 31 December 2022, the Group's goodwill and process know-how amounted to US$286,379,000 (2021: US$286,379,000) and US$10,000,000 (2021: US$10,000,000) respectively. These represent approximately 45% of the Group's net assets.

We focused on the impairment assessment of goodwill and process know-how because the impairment testing of the cash generating units ("CGUs") attributable to these intangibles rely on estimates of value-in-use ("VIU") based on the CGU's expected future cash flows. We considered audit of these cash flow projections to be a key audit matter as this involved significant management judgement and are based on assumptions that are affected by expected future market and economic conditions. In addition, judgement has also been exercised by management in identifying the appropriate CGUs for the impairment test.

The Group uses assumptions in respect of future market and economic conditions such as forecasted rubber price, forecasted sales volume and margin, pre-tax discount rates and terminal growth rates. We assessed and tested the reasonableness of these assumptions by comparing them to historical performance of the CGU and considered the impact of the prevailing market and economic conditions on the underlying key assumptions. We engaged our valuation specialists to assist us with the audit of the reasonableness of management's valuation methodologies and certain assumptions used.

We also reviewed the Group's process in identifying changes to CGUs or group of CGUs to which goodwill and/or intangible assets have been allocated to. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and we performed our own independent sensitivity calculations to quantify the downside changes to management's models required to result in an impairment.

We also assessed the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on goodwill and process know-how and key assumptions are included in Note 10 to the financial statements.

2. Measurement of biological assets

As at 31 December 2022, biological assets of the Group amounted to US$371,368,000 (2021: US$360,863,000). The Group's biological assets, which mainly comprised of latex and rubber trees, are fair valued by professional independent valuers engaged by the Group using industry/market accepted valuation methodology. Due to the measurement of fair value being inherently judgement and significance of the amount as at the year end, we have considered this to be a key audit matter.

We had obtained the valuation of biological assets prepared by independent valuers engaged by the management. The fair value reports are reviewed by us together with our valuation specialists for appropriateness of the fair value methodology used and reasonableness of the assumptions used which include forecast cash flows, discount rates and yield rates for the plantation and market prices of the latex and log. We assessed the competence, capability and objectivity of the independent valuers and assessed the reasonableness of their conclusions having regard to the key assumptions mentioned above. We also evaluated the key assumptions such as yield rates for the plantation by comparing these assumptions to historical trends and assessed the reasonableness of the market price of the latex and log used by comparing these against available external market data.

We have also assessed the adequacy of the disclosures in relation to biological assets included in Note 15 to the financial statements.

3. Expected credit loss for loan to a third party

As at 31 December 2022, the carrying amount of the loan to the third party amounted to US$60,965,000 (2021: US$60,080,000), net of allowance of expected credit losses ("ECL") amounted to US$1,440,000 (2021: US$1,440,000). This amount represents 9% of the Group's net assets.

This area was significant to our audit because the assessment of allowance of ECL involves management exercising significant judgement to determine when there is significant increase in credit risk associated with the loan and making assumptions about the fair value of the underlying collaterals. Accordingly, we determined this as a key audit matter.

Management has assessed that there was significant increase in credit risk due to the overdue interest payment which has not been settled by the borrower as at 31 December 2022. The Group has assessed the ECL based on the value of the collaterals, which mainly include the borrower's equity interest in its subsidiary.

As of the date of this report, the borrower has initiated the sale of the assets of its subsidiary to meet the repayment of loan. The borrower has received offers from third parties ("potential buyers") to acquire assets of its subsidiary. Management has assessed and considered the offer prices from these potential buyers as the value of the collaterals to determine ECL. These potential buyers expect to finalise the acquisition within the next twelve months.

For the collaterals held by the Group, we inspected legal agreements and supporting documentation to confirm the existence and the Group's legal right to the collaterals. In assessing the collateral valuation on the equity interest held by the borrower in its subsidiary, we obtained and reviewed the non-binding offers from the third parties. We reviewed the management's computation and checked the underlying data to ensure accuracy by agreeing to source documents such as non-binding offers. We considered and corroborated the borrower's latest developments through adverse news search and/or publicly available information, where applicable.

We also reviewed the adequacy of the note disclosures in relation to the allowance of ECL. The Group's disclosures on loan to a third party and its corresponding ECL are in Note 19 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the members of Halcyon Agri Corporation Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 March 2023

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Revenue	4	2,692,830	2,459,821
Cost of sales		(2,522,018)	(2,296,948)
Gross profit		170,812	162,873
Other income	5	26,559	21,421
Selling expenses		(65,964)	(57,639)
General and administrative expenses		(93,623)	(89,788)
General and administrative expenses – foreign exchange gain/(loss)		3,269	(800)
Operating profit		41,053	36,067
Finance income	6(a)	6,075	6,377
Finance costs	6(b)	(39,084)	(25,893)
Share of loss of associates		(922)	(204)
Profit before tax	8	7,122	16,347
Income tax (expense)/credit	7	(21,193)	701
(Loss)/profit for the financial year		(14,071)	17,048
(Loss)/profit attributable to:			
Owners of the Company		(17,968)	11,554
Non-controlling interests		3,897	5,494
		(14,071)	17,048
(Loss)/earnings per share ((“LPS”)/(“EPS”)):			
Basic and diluted (US cents per share)	9	(1.60)	0.25

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**
For the financial year ended 31 December 2022

	2022 US$'000	2021 US$'000
(Loss)/profit for the financial year	(14,071)	17,048
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(43,751)	(34,390)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain on retirement benefit obligation (net of tax)	3,005	889
Other comprehensive loss for the financial year, net of tax	(40,746)	(33,501)
Total comprehensive loss for the financial year, net of tax	(54,817)	(16,453)
Attributable to:		
– Owners of the Company	(57,059)	(20,546)
– Non-controlling interests	2,242	4,093
Total comprehensive loss for the financial year, net of tax	(54,817)	(16,453)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
ASSETS					
Non-current assets					
Intangible assets	10	298,840	299,113	166	416
Property, plant and equipment	11	230,425	268,160	3,155	1,166
Plantation and biological assets	15	538,121	530,671	–	–
Investment properties	12	40,668	42,169	–	–
Deferred tax assets	14	20,511	24,226	–	–
Deferred charges		1,265	496	–	–
Other assets		161	1,232	–	–
Debt instrument	16	–	2,417	–	–
Loans and other receivables	19	3,252	51,147	–	–
Investment in subsidiaries	13(a)	–	–	1,068,347	1,133,074
Investment in associates	13(b)	7,004	9,187	5,546	7,718
Total non-current assets		1,140,247	1,228,818	1,077,214	1,142,374
Current assets					
Cash and bank balances	17	118,682	33,396	3,417	391
Trade receivables	18	137,663	165,059	–	–
Loans and other receivables	19	154,946	104,699	499,405	408,504
Tax receivables		6,966	4,144	–	–
Derivative financial instruments	20	39,862	23,317	3,012	3,976
Debt instrument	16	2,392	–	–	–
Inventories	21	410,705	496,976	–	–
Consumable biological assets	15	78	83	–	–
		871,294	827,674	505,834	412,871
Assets classified as held for sale	22	5,632	6,417	–	–
Total current assets		876,926	834,091	505,834	412,871
Total assets		2,017,173	2,062,909	1,583,048	1,555,245
LIABILITIES AND EQUITY					
Current liabilities					
Derivative financial instruments	20	1,315	2,647	2,702	4,300
Trade payables	23	36,455	57,449	–	–
Other payables	24	91,122	96,510	20,381	76,589
Loan payables	25	714,048	634,191	476,113	329,800
Provision for taxation		11,153	4,485	820	442
Lease liabilities	30	2,418	3,286	978	698
Total current liabilities		856,511	798,568	500,994	411,829
Net current assets		20,415	35,523	4,840	1,042
Non-current liabilities					
Loan payables	25	419,317	452,727	260,400	282,000
Retirement benefit obligations	26	16,542	22,338	–	–
Deferred tax liabilities	14	48,061	47,156	452	354
Lease liabilities	30	7,725	7,641	1,834	44
Other payables	24	8,985	10,329	21,220	33,010
Total non-current liabilities		500,630	540,191	283,906	315,408
Net assets		660,032	724,150	798,148	828,008
Capital and reserves					
Share capital	27	603,874	603,874	603,874	603,874
Perpetual securities	28	192,640	192,640	192,640	192,640
Capital reserve	29(a)	2,898	2,740	–	–
Other reserves	29(b)	(1,517)	(1,517)	(1,310)	(1,310)
(Accumulated losses)/retained earnings		(135,712)	(112,979)	2,944	32,804
Foreign currency translation reserve	29(c)	(32,349)	9,691	–	–
Equity attributable to owners of the Company		629,834	694,449	798,148	828,008
Non-controlling interests		30,198	29,701	–	–
Total equity		660,032	724,150	798,148	828,008
Total liabilities and equity		2,017,173	2,062,909	1,583,048	1,555,245

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital US$'000	Perpetual securities US$'000	Capital reserve US$'000	Other reserves US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Total equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
				Attributable to owners of the Company						
Group										
At 1 January 2022		603,874	192,640	2,740	(1,517)	(112,979)	9,691	694,449	29,701	724,150
(Loss)/profit for the year		–	–	–	–	(17,968)		(17,968)	3,897	(14,071)
Other comprehensive income		–	–	–	–	2,949	(42,040)	(39,091)	(1,655)	(40,746)
Total comprehensive (loss)/income for the year		–	–	–	–	(15,019)	(42,040)	(57,059)	2,242	(54,817)
Contributions by and distributions to owners										
Distribution to perpetual securities holders		–	–	–	–	(7,600)	–	(7,600)	–	(7,600)
Statutory reserve fund		–	–	158	–	(158)	–	–	–	–
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	(1,544)	(1,544)
Total contributions by and distributions to owners		–	–	158	–	(7,758)	–	(7,600)	(1,544)	(9,144)
Changes in ownership interests in subsidiaries										
Transaction with non-controlling interest of a subsidiary		–	–	–	–	44	–	44	(201)	(157)
Total changes in ownership interests in subsidiaries		–	–	–	–	44	–	44	(201)	(157)
At 31 December 2022		603,874	192,640	2,898	(1,517)	(135,712)	(32,349)	629,834	30,198	660,032

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital US$'000	Perpetual securities US$'000	Capital reserve US$'000	Other reserves US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Total equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of the Company								
Group										
At 1 January 2021		603,874	192,640	2,420	717	(114,753)	42,809	727,707	21,398	749,105
Profit for the year		–	–	–	–	11,554	–	11,554	5,494	17,048
Other comprehensive income/(loss)		–	–	–	–	850	(32,950)	(32,100)	(1,401)	(33,501)
Total comprehensive income/(loss) for the year		–	–	–	–	12,404	(32,950)	(20,546)	4,093	(16,453)
Contributions by and distributions to owners										
Distribution to perpetual securities holders		–	–	–	–	(7,600)	–	(7,600)	–	(7,600)
Statutory reserve fund		–	–	320	–	(320)	–	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(209)	(209)
Total contributions by and distributions to owners		–	–	320	–	(7,920)	–	(7,600)	(209)	(7,809)
Changes in ownership interests in subsidiaries										
Deemed disposal of a subsidiary due to dilution of interest		–	–	–	(2,234)	2,045	–	(189)	(336)	(525)
Transaction with non-controlling interest of a subsidiary		–	–	–	–	(4,755)	–	(4,755)	4,755	–
Disposal of a subsidiary		–	–	–	–	–	(168)	(168)	–	(168)
Total changes in ownership interests in subsidiaries		–	–	–	(2,234)	(2,710)	(168)	(5,112)	4,419	(693)
At 31 December 2021		603,874	192,640	2,740	(1,517)	(112,979)	9,691	694,449	29,701	724,150

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Share capital US$'000	Perpetual securities US$'000	Other reserves US$'000	Retained earnings/ (Accumulated losses) US$'000	Total equity US$'000
Company						
At 1 January 2022		603,874	192,640	(1,310)	32,804	828,008
Loss for the year representing total comprehensive loss for the year		–	–	–	(22,260)	(22,260)
Contributions by and distributions to owners						
Distribution to perpetual securities holders	28	–	–	–	(7,600)	(7,600)
Total transactions with owners in their capacity as owners		–	–	–	(7,600)	(7,600)
At 31 December 2022		603,874	192,640	(1,310)	2,944	798,148
At 1 January 2021		603,874	192,640	(1,310)	(18,373)	776,831
Profit for the year representing total comprehensive income for the year		–	–	–	58,777	58,777
Contributions by and distributions to owners						
Distribution to perpetual securities holders	28	–	–	–	(7,600)	(7,600)
Total transactions with owners in their capacity as owners		–	–	–	(7,600)	(7,600)
At 31 December 2021		603,874	192,640	(1,310)	32,804	828,008

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Operating activities			
Profit before tax		7,122	16,347
Adjustments for:			
Depreciation expense	8	26,406	29,554
Amortisation of intangible assets	8	972	785
Amortisation of right-of-use assets	8	3,234	3,120
Retirement benefit expenses	8	1,552	3,705
Interest income	6	(6,075)	(6,377)
Interest expense	6	39,084	25,893
Unrealised fair value loss/(gain) on open forward commodities contracts and inventories	8	2,785	(13,911)
Fair value gain on investment properties	5	(1,518)	(1,651)
Fair value gain on biological assets	5	(7,665)	(6,777)
Fair value loss on assets classified as held for sale		210	–
Gain on disposal and dilution of investment in an associate	5	(357)	–
Gain on disposal of other asset	5	(53)	–
Gain on disposal of property, plant and equipment, plantation and investment properties	5	(15,311)	(1,029)
Write off of property, plant and equipment	8	44	137
(Reversal of impairment losses)/impairment losses on financial assets	8	(49)	1,445
Gain on disposal of subsidiaries	5	–	(7,763)
Reversal of allowance for advances to suppliers	8	–	(1,837)
Share of loss of associates		922	204
Unrealised foreign exchange loss/(gain)		5,170	(1,007)
Operating cash flows before changes in working capital		56,473	40,838
Trade and other receivables		16,054	(14,474)
Inventories		43,930	(100,520)
Trade and other payables		(40,763)	41,402
Cash from/(used in) operations		75,694	(32,754)
Interest received		946	837
Tax paid		(7,008)	(1,639)
Net cash generated from/(used in) operating activities		69,632	(33,556)
Investing activities			
Proceeds from disposal of a subsidiary		–	600
Proceeds from disposal of investment in an associate		1,615	–
Proceeds from disposal of other assets		1,200	–
Acquisition of remaining interest in a subsidiary		(157)	–
Capital expenditure on property, plant and equipment, and intangible assets		(10,082)	(7,855)
Capital expenditure on plantation and biological assets		(16,236)	(20,252)
Proceeds from disposal of property, plant and equipment, plantation, and investment properties		29,013	7,374
Interest received from loan to a third party		–	1,420
Net cash generated from/(used in) investing activities		5,353	(18,713)
Financing activities			
Net proceeds of borrowings		67,823	85,054
Net repayment of term loans		(22,604)	(53,967)
Net proceeds of other working capital loans		90,427	139,021
Repayment of obligation under lease arrangements	30	(3,619)	(3,614)
Interest paid		(44,255)	(32,466)
Dividend distributed to perpetual securities holders	28	(7,600)	(7,600)
Dividend paid to non-controlling interests		(191)	(209)
Decrease in pledged deposits		–	1,831
Guarantee fee paid in relation to issuance of perpetual securities		–	(1,200)
Net cash generated from financing activities		12,158	41,796
Net increase/(decrease) in cash and cash equivalents		87,143	(10,473)
Cash and cash equivalents at the beginning of year		33,396	43,892
Effect of exchange rate changes on the balance of cash held in foreign currencies		(1,857)	(23)
Cash and cash equivalents at the end of year	17	118,682	33,396

Reconciliation of liabilities arising from financing activities:

	Group	
	Loan payables US$'000 (Note 25)	**Lease liabilities US$'000 (Note 30)**
At 1 January 2021	1,011,585	12,010
Proceeds/(repayment) of borrowings	85,054	(3,614)
Non-cash items:		
– Addition on right-of-use assets	–	2,273
– Foreign exchange movement	(11,221)	(37)
– Amortisation fee for loan	1,500	–
– Interest expense	–	528
– Derecognition of lease liabilities	–	(233)
Total non-cash items	(9,721)	2,531
At 31 December 2021	1,086,918	10,927
Proceeds/(repayment) of borrowings	67,823	(3,619)
Non-cash items:		
– Addition on right-of-use assets	–	3,234
– Foreign exchange movement	(23,903)	(818)
– Amortisation fee for loan	2,527	–
– Interest expense	–	457
– Derecognition of lease liabilities	–	(38)
Total non-cash items	(21,376)	2,835
At 31 December 2022	1,133,365	10,143

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

1. Corporate information

Halcyon Agri Corporation Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is located at 180 Clemenceau Avenue, #05-02 Haw Par Centre, Singapore 239922.

As at 31 December 2022, the Company is 65.2% owned by Sinochem International (Overseas) Pte. Ltd., a company incorporated and domiciled in Singapore. The penultimate holding company is Sinochem International Corporation ("SIC"), which is domiciled in the People's Republic of China and listed on the Shanghai Stock Exchange. SIC is owned by Sinochem Holdings Corporation Ltd. ("ultimate holding company"), a state-owned enterprise of the People's Republic of China. Refer to Note 38 for the change of a substantial shareholder subsequent to year end.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Note 13(a) and Note 13(b) to the financial statements respectively.

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 (International) ("SFRS(I)").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 2.2.

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 Dollar ("USD" or "US$") and all values in the tables are rounded to the nearest thousand ("US$'000") unless otherwise indicated.

2.2 (a) Adoption of new and amended standards and interpretations

The Group has adopted all applicable SFRS(I) that are mandatory for financial year beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or financial position of the Group.

(b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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.

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

2.3 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:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises 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.

(b) *Business combinations and goodwill*

Where a business combination involves entities or businesses under common control, it is outside the scope of SFRS(I) 3 *Business Combinations* and may be accounted for using the pooling of interest method or the acquisition method. Acquisition method is applied when the transaction has substance from the perspective of the Group in accordance with SFRS(I) 3 *Business Combinations*.

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 SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* 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 SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

(b) *Business combinations and goodwill (cont'd)*

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 2.11(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.

2.4 Transactions with non-controlling interests

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

When the proportion of equity held by the NCI changes and the parent retains control of the subsidiary, the carrying amount originally recognised in NCI is adjusted to reflect the changes in the relative interests in the subsidiary.

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.

2.5 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.

When the Group loses control of a subsidiary, it shall:

(a) derecognise:

(i) the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and

(ii) the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them).

(b) recognise:

(i) the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of the control;

(ii) if the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution; and

(iii) any investment retained in the former subsidiary at its fair value at the date when control is lost.

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

2.6 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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 statement of financial position 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.

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.

(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 statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

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 2.18. 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.

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 10 years
Leasehold buildings	–	20 years
Plant and machinery	–	10 years
Vehicles	–	4 to 10 years
Leasehold land	–	20 to 95 years

Freehold land is not depreciated.

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

Plantation establishment costs, consisting of costs directly incurred during the period of plantation development, are not depreciated. The establishment costs will be transferred to plantation assets and will be subject to depreciation upon commencement of rubber tapping activities.

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 derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Land use rights

Certain plantation lands in Cameroon were given land use rights by the State of Cameroon in 1996 for a period of 50 years plus 50 years, renewable at a nominal value to the Group. With the Group's continuing investment in replanting and extension on the plantation land, the Group is of the view that it is not likely that the land use rights will not be renewed at the expiring of its current term. The land use rights is depreciated over its remaining useful life of 75 years.

2.10 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.

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

2.10 Investment properties (cont'd)

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.

2.11 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 derecognition 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.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**
For the financial year ended 31 December 2022

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

2.11 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

(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.

(iii) Computer software

Acquired computer software licences are initially capitalised 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 5 years.

2.12 Bearer plants and biological assets

The classification of rubber trees as bearer plant or non-bearer plant depends on the business plan for respective rubber plantations, pertinent facts and circumstances surrounding the trees, plantation and relevant market or industry considerations. Rubber trees are not considered bearer plant when there is commercially viable plan to convert the rubber trees into products other than incidental scrap at the end of the rubber production life to an established market.

Bearer plants consist of the oil palm trees in the Malaysian plantation and rubber trees in Ivory Coast plantation. Cultivation of seedlings is stated at cost. The accumulated cost will be classified as immature plantations at the time of planting. Mature plantations are stated at cost less accumulated depreciation and impairment. The Group concluded that depreciating the mature plantations by the expected yield pattern of the bearer plants over their useful lives, estimated at 30 years, is more reflective of the pattern in which the assets' future benefit are expected to be consumed. The carrying value of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the profit or loss when the bearer plant is derecognised.

Biological assets consist of rubber latex and rubber trees in the Malaysian and Cameroonian plantations, produce that grows on oil palm trees in the Malaysian plantations and rubber latex in Ivory Coast plantation. These are measured at fair value less estimate 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.

The Group has assessed that there is an established commercial market for end-of-life rubber trees in Malaysia and Cameroon, and it is the Group's business plan to dispose the end-of-life rubber trees as an agricultural produce for more than an incidental scrap. As such, the classification of rubber plantations in Malaysia and Cameroon remains the same as preceding year.

Further details are disclosed in Note 3.1.

2.13 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.

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.

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

2.13 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.

2.14 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instrument

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date of derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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

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.

Derecognition

A financial liability is derecognised 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 derecognition 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.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that resulted from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposures, irrespective of timing of the default (an ECL).

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

2.15 Impairment of financial assets (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassess the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 Cash and cash equivalents

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

2.17 Inventories

Inventories except consumables are carried at the fair market value at the end of each reporting period, whereby the resulting unrealised gain or loss is recognised in profit or loss. This is an alternative policy allowed by SFRS(I) 1-2 *Inventories* for commodity broker or trader, as this better reflect the performance of the Group. The Group's operating activities, including procurement of raw materials, selling of finished goods and entering into forward commodity (natural rubber) contracts are subject to movements in the market prices of natural rubber. The Group has two main types of sales contracts and purchase contracts; long term contracts ("LTCs") and spot contracts ("Spot"). The prices for LTCs are usually determined based on the average market price preceding the delivery months, whereas the prices for Spot contracts are usually agreed on the day the Spot contracts are entered. In addition to the management of the price risk between the sales and purchase activities, which is the key driver and contributor to the Group's profitability, the Group also provided other ancillary services such as processing and distribution. The profit for these ancillary services is recognised in the profit or loss only when these services are performed by the Group.

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.

2.18 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.

2.19 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

2.20 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. Service costs which include current service cost, past service cost and gains or losses on non-routine settlement are recognised as expense in profit or loss. Net interest is calculated by applying the discount rate based on high quality long term bonds at the beginning of the period to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Defined benefit costs are categorised as follows:

- Service cost;
- 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.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

2.21 Leases (cont'd)

Group as a lessee (cont'd)

(i) *Right-of-use assets (cont'd)*

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.13.

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Non-current assets held-for-sale and discontinued operations

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held-for-sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held-for-sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue from sale of goods is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(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.

2.24 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:

– When 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, when 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:

– When 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

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

2.24 Taxes (cont'd)

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

– 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.

The carrying amount of deferred tax assets is reviewed at 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 is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales tax

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

- When 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

- When 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 statement of financial position.

2.25 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.

Fair valuation of shares is based on the prevailing market price as at the date of issuance.

2.26 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer any scheduled distribution perpetually subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

On the election of the Company to redeem the perpetual securities, the perpetual securities will be reclassified as a financial liability. The financial liability is initially recognised at fair value and any difference between the carrying amount of the liability and the previously recognised equity instrument is recognised in equity.

No gain or loss is recognised in the profit or loss on the reclassification.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

2.27 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.

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 statement of financial position 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.

2.28 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 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of rubber trees as bearer plants or non-bearer plants

The Group has rubber plantations in Malaysia and Cameroon.

The classification of rubber trees as bearer plant or non-bearer plant depends on the business plan for respective rubber plantations, pertinent facts and circumstances surrounding the trees, plantation and relevant market or industry considerations. Rubber trees are not considered bearer plant when there is commercially viable plan to sell the rubber trees as agricultural produce other than incidental scrap at the end of the rubber production life to an established market.

The Group has assessed that there is an established commercial market for end-of-life rubber trees in Malaysia and Cameroon, and it is the Group's business plan to convert the rubber trees into products other than incidental scrap at the end of the rubber production life. As such, the classification of rubber plantations in Malaysia and Cameroon remains the same as preceding year.

Further details are disclosed in Note 2.12.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgement has been made by the Group to identify the cash-generating units and assess the future market and economic assumptions, such as forecasted rubber price, forecasted sales volume, growth rate and pre-tax discount rates. The Group has estimated the recoverable amounts of cash-generating units to which goodwill and process know-how has been allocated to, based on value-in-use approach. Estimates used in deriving the value-in-use, are disclosed in Note 3.2(a).

(a) *Impairment of goodwill and process know-how*

Determining whether goodwill and process know-how is impaired requires an estimation of the value in use of the cash-generating-unit to which the goodwill and process know-how have been allocated.

The value in use calculation requires the Group to estimate the future cash flows that is expected to arise, the growth rate used for extrapolation purposes and a suitable discount rate in order to calculate present value. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 10 to the financial statements. The Group's carrying amount of goodwill and process know-how as at 31 December 2022 is US$296,379,000 (2021: US$296,379,000).

(b) *Measurement of biological assets*

The fair value of biological assets is estimated using the discounted cash flow model ("DCF") by independent professional valuers. This requires an estimate of the expected future cash flows from the biological assets to be made and a suitable discount rate to be chosen, in order to calculate the present value of future cash flows. The valuation of these biological assets is particularly sensitive to discount rates as disclosed in Note 35(d)(i).

(c) *Recoverability of a loan to a third party ("borrower")*

The interest repayment from the borrower was overdue as at 31 December 2022 and this indicated a significant increase in the credit risk since the initial recognition of the financial assets. The Group has performed specific credit risk assessment on the loan to the borrower and determined that a provision of US$1,440,000 (2021: US$1,440,000) expected credit losses ("ECL") is required. Further details of the assessment are disclosed in Note 19.

(d) *Direct and indirect taxes*

Significant judgement is involved in determining the provision for direct and indirect taxes, and the recoverability of indirect tax receivables from the local government where the Group's subsidiaries operate in. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future recoverable amount on the indirect tax receivables recognised as at year end. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

For provision of direct and indirect taxes, the Group recognises liabilities based on estimates of whether additional taxes will be due. In the event where the final income tax outcome is different from the amounts that were initially recognised, such differences will impact the income tax or general and administrative expenses in the year in which such decision is made by the taxation authority.

For recoverability of indirect tax receivables, the Group assessed the recoverability based on the expected future recoverable amounts.

The Group's carrying amount of tax receivable and provision for taxation as at 31 December 2022 amounted to US$6,966,000 (2021: US$4,144,000) and US$11,153,000 (2021: US$4,485,000) respectively. The carrying amount of indirect tax receivables and payables are disclosed in Note 19 and 24.

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For the financial year ended 31 December 2022

4. Revenue

	Group	
	2022	2021
	US$'000	US$'000
Sale of goods	2,692,830	2,459,821

Sales is recognised at point in time. Please refer to Note 34 for disaggregation of revenue.

Advances related to contracted sales (Note 24)	18,877	33,448

Advances related to contracted sales are the Group's obligations to transfer goods to customers for which the Group have received advances collected from customers prior to the transfer of control of goods to the customers. These advances will be recognised as revenue when the Group satisfied the performance obligation under the contract.

5. Other income

	Group	
	2022	2021
	US$'000	US$'000
Gain on disposal of subsidiaries	–	7,763
Gain on disposal and dilution of investment in an associate	357	–
Gain on disposal of other asset	53	–
Gain on disposal of property, plant and equipment, plantation and investment properties	15,311	1,029
Fair value gain on investment properties (Note 12)	1,518	1,651
Fair value gain on biological assets (Note 15)	7,665	6,777
Reversal of allowance for deposit	–	3,156
Government grants	717	355
Others	938	690
	26,559	21,421

6. (a) Finance income

	Group	
	2022	2021
	US$'000	US$'000
Interest income:		
– Loans and receivables	5,130	5,751
– Deposits	945	626
	6,075	6,377

(b) Finance costs

	Group	
	2022	2021
	US$'000	US$'000
Interest expense on:		
– Term loans	26,013	14,123
– Working capital loans	23,289	20,554
– Lease liabilities (Note 30)	457	528
	49,759	35,205
Less: interest expense capitalised in:		
– Plantation and biological assets (Note 15)	(10,675)	(9,312)
Total finance costs	39,084	25,893

7. Income tax (expense)/credit

	Group	
	2022	2021
	US$'000	US$'000
Consolidated income statement		
Current tax		
Current tax expense	(17,360)	(8,118)
(Under)/over provision in prior years	(107)	3,410
Deferred tax		
Tax (expense)/credit relating to the origination and reversal of temporary differences (Note 14)	(3,726)	5,409
Income tax (expense)/credit recognised in consolidated income statement	(21,193)	701

Relationship between tax (expense)/credit and accounting profit

Reconciliation between tax (expense)/credit and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 31 December 2021 are as follows:

	Group	
	2022	2021
	US$'000	US$'000
Profit before tax	7,122	16,347
Tax at the domestic income tax rate of 17% (2021: 17%)	(1,211)	(2,779)
Effect of non-deductible expenses	(9,514)	(7,429)
Effect of non-taxable income	2,265	6,718
Effect of tax exempt income	656	590
Interest income deducted at source	5	72
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,880	1,010
Deferred tax asset not recognised	(11,727)	(5,965)
Utilisation of previously unrecognised tax losses	1,889	1,566
Recognition of deferred tax assets not recognised in prior years	1,153	8,321
Effect of tax incentive at lower rate	(5,406)	(3,695)
Share of result of associates	(2)	82
(Under)/over provision in prior years	(107)	3,410
Tax on revenue	(1,133)	(961)
Change of tax rates of subsidiaries operating in other jurisdictions	–	273
Others	59	(512)
Income tax (expense)/credit recognised in consolidated income statement	(21,193)	701

Two of the subsidiaries within the Group, Hevea Global Pte Ltd ("HG") and New Continent Enterprises (Private) Limited ("NCE") were granted the Global Trader Programme ("GTP") Incentive subject to the fulfilment of certain conditions. HG's GTP was renewed from 1 January 2021 for a period of 5 years and NCE's GTP was renewed from 1 January 2019 for a period of 5 years. The qualifying income of HG and NCE shall be taxed at the concessionary tax rate of 10%.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

8. Profit before tax

		Group	
		2022 US$'000	2021 US$'000
(a)	Profit before tax has been arrived at after charging/(crediting):		
	Non-recurring expenses/(income):		
	– Tax settlement arising from prior years[1]	7,724	–
	– Business rationalisation expenses	4,426	4,192
	– One-off professional expenses	1,221	766
		13,371	4,958
	– Reversal of allowance for advances to suppliers	–	(1,837)
	– Reversal of allowance for deposit	–	(3,156)
		–	(4,993)
	Depreciation of property, plant and equipment, plantation and biological assets included in:		
	– Cost of sales	20,250	22,480
	– Selling expenses	37	33
	– Administrative expenses	7,500	8,699
		27,787	31,212
	Less: Depreciation of property, plant and equipment being capitalised in plantation and biological assets (Note 11a)	(1,381)	(1,658)
		26,406	29,554
	Foreign exchange (gain)/loss included in:		
	– Cost of sales	(457)	(4,119)
	– Administrative expenses	(3,269)	800
		(3,726)	(3,319)
	Amortisation:		
	- Intangible assets (Note 10)	972	785
	- Right-of-use assets (Note 11b)	3,234	3,120
		4,206	3,905
	Professional fees	5,599	5,273
	Audit fees:		
	– Paid/payable to auditors of the Company	1,435	1,411
	– Paid/payable to other auditors	122	115
	Non-audit fees:		
	– Paid/payable to auditors of the Company	29	72
	Lease expenses on short-term leases and low-value assets	958	1,243
	Write off of property, plant and equipment	44	137
	(Reversal of impairment losses)/impairment losses on financial assets	(49)	1,445
	Inventories recognised as an expense in cost of sales[2]	2,522,018	2,296,948

[1] Tax settlement arising from prior years relates to payment made by subsidiaries upon completion of tax audit in the country where the Group's subsidiaries operate in.

[2] Included unrealised fair value loss on open forward commodity contracts and inventories of US$2,785,000 (2021: fair value gain of US$13,911,000).

		2022 US$'000	2021 US$'000
(b)	Employee benefits expenses (including directors' remuneration):		
	– Defined benefit plans	1,552	3,705
	– Defined contribution plans	2,581	2,756
	– Staff salaries	96,862	101,601
		100,995	108,062
	Included in:		
	– Cost of sales	58,679	65,361
	– Selling expenses	5,354	4,597
	– Administrative expenses	36,962	38,104
		100,995	108,062

9. (Loss)/Earnings per share ((“LPS”)/(“EPS”))

	Group	
	Basic and diluted	
	2022 US$'000	2021 US$'000
(Loss)/profit for the year attributable to owners of the Company	(17,968)	11,554
Dividend on perpetual securities	(7,600)	(7,600)
Adjusted (loss)/profit for the year attributable to owners of the Company	(25,568)	3,954
	Basic and diluted	
Weighted average number of ordinary shares used to compute earnings per share ('000)	1,595,012	1,595,012
(Loss)/earnings per share (US Cents)	(1.60)	0.25

10. Intangible assets

Group	Process know-how US$'000	Goodwill US$'000	Customer related intangibles US$'000	Trademark US$'000	Computer software US$'000	Total US$'000
Cost:						
At 1 January 2021	10,000	286,379	2,800	36	4,694	303,909
Disposal of a subsidiary	–	–	–	–	(706)	(706)
Exchange difference	–	–	–	–	17	17
At 31 December 2021 and 1 January 2022	10,000	286,379	2,800	36	4,005	303,220
Additions	–	–	–	–	361	361
Transfer from property, plant and equipment (Note 11)	–	–	–	–	433	433
Transfer to deferred charges	–	–	–	–	(83)	(83)
Exchange difference	–	–	–	(3)	(21)	(24)
At 31 December 2022	10,000	286,379	2,800	33	4,695	303,907
Accumulated amortisation:						
At 1 January 2021	–	–	1,033	36	2,401	3,470
Amortisation for the year (Note 8)	–	–	279	–	506	785
Disposal of a subsidiary	–	–	–	–	(144)	(144)
Exchange difference	–	–	–	–	(4)	(4)
As at 31 December 2021 and 1 January 2022	–	–	1,312	36	2,759	4,107
Amortisation for the year (Note 8)	–	–	280	–	692	972
Transfer to deferred charges	–	–	–	–	(5)	(5)
Exchange difference	–	–	–	(3)	(4)	(7)
At 31 December 2022	–	–	1,592	33	3,442	5,067
Net carrying amount:						
At 31 December 2021	10,000	286,379	1,488	–	1,246	299,113
At 31 December 2022	10,000	286,379	1,208	–	1,253	298,840

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

10. Intangible assets (cont'd)

The amortisation of customer related intangibles, trademark and computer software is included in administrative expenses in the consolidated income statement.

Company	Computer software US$'000
Cost:	
At 1 January 2021, 31 December 2021 and 31 December 2022	1,247
Accumulated amortisation:	
At 1 January 2021	582
Amortisation for the year	249
At 31 December 2021 and 1 January 2022	831
Amortisation for the year	250
At 31 December 2022	1,081
Net carrying amount:	
At 31 December 2021	416
At 31 December 2022	166

Process know-how

Process know-how relates to the production of a certain grade of rubber and has been allocated to the HRC Group CGU. As explained in Note 2.11(b)(i), the intangible asset has been assessed as having indefinite life so long as there is a demand for such rubber. The Group expects continuance for such demand.

Goodwill

Goodwill acquired through business combinations have been allocated to following cash-generating units ("CGU"), for impairment testing:

	Group 2022 US$'000
CGU within HRC Group	256,601
CGU within Corrie MacColl Group	29,778
	286,379

The goodwill previously allocated to SINRIO Group are now managed on a combined basis with HRC Group, which represents the level at which the recovery of goodwill is monitored. As such, the goodwill of SINRIO Group was combined and reallocated to the HRC Group.

Customer related intangibles

Customer related intangibles relates to non-contractual customer relationships acquired through business combination. The intangible asset has a remaining amortisation period of 2 to 5 years (2021: 3 to 6 years).

Computer software

Computer software has a remaining amortisation period of 1 to 3 years (2021: 2 to 4 years).

Trademark

Trademark has been fully amortised since previous financial year.

Impairment testing of goodwill and process know-how with indefinite life

The above goodwill and process know-how was tested for impairment as at 31 December 2022. No impairment loss was recognised as at 31 December 2022 as the recoverable amounts of the respective CGU to which goodwill and process know-how have been allocated to were in excess of their respective carrying values. The recoverable amount of the CGUs has been determined based on value in use calculations using ten years cash flow projections from financial budgets approved by management and assumed a terminal growth rate thereafter.

10. Intangible assets (cont'd)

Impairment testing of goodwill and process know-how with indefinite life (cont'd)

Key assumptions used in the value in use calculations

Cash generating units/intangible assets	Carrying amount as at 31 December 2022 US$'000	Discount rate (pre-tax)	Terminal growth rate
HRC Group:			
– Goodwill	256,601	10%	3%
– Process know-how	10,000	10%	3%
Corrie MacColl Group:			
– Goodwill	29,778	10%	2%
Total	296,379		

Cash generating units/intangible assets	Carrying amount as at 31 December 2021 US$'000	Discount rate (pre-tax)	Terminal growth rate
HRC Group:			
– Goodwill	256,601	10%	3%
– Process know-how	10,000	10%	3%
Corrie MacColl Group:			
– Goodwill	29,778	10%	2%
Total	296,379		

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Terminal growth rates – The forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGUs.

Sales volume and growth rates – The forecasted sales volume and growth rates are determined based on management's knowledge and past experience of the businesses, taking into consideration the expected medium to long-term market outlook.

Rubber price – The forecasted rubber price is based on estimated rubber price published by an external industry report.

Gross profit per metric tonne – forecasted gross profit is based on estimated gross profit per metric tonne for the future years.

Sensitivity to changes in assumptions

Changes to the above assumptions used by management to determine the recoverable amount can have significant impact on the results of the assessment. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

For HRC Group, the historical 5-year average sales volume growth rate was 7%. Assuming the sales volume growth rate decreases to 0.5% throughout the projection period, there will be an impairment loss of US$4,300,000 to the goodwill.

11. Property, plant and equipment

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Property, plant and equipment (Note 11(a))	220,935	257,920	480	466
Right-of-use assets (Note 11(b))	9,490	10,240	2,675	700
	230,425	268,160	3,155	1,166

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11. Property, plant and equipment (cont'd)

(a) Property, plant and equipment

Group	Leasehold improvements and renovation US$'000	Office equipment US$'000	Computers and software US$'000	Leasehold buildings US$'000	Plant and machinery US$'000	Vehicles US$'000	Leasehold land US$'000	Freehold land US$'000	Assets under construction US$'000	Total US$'000
Cost:										
At 1 January 2021	5,587	23,194	3,013	158,197	109,092	6,542	71,804	9,927	28,660	416,016
Additions	229	378	221	586	1,460	1,005	12	–	3,964	7,855
Disposals	(6,233)	(573)	(199)	(1,126)	(1,325)	(191)	(24)	–	(443)	(10,114)
Write off	(4)	(20)	(7)	(1)	(493)	(49)	–	–	(103)	(677)
Reclassifications	1,818	(1,172)	17	11,290	2,559	568	20	–	(15,100)	–
Exchange differences	306	(1,222)	(71)	(5,999)	(3,283)	(301)	(1,923)	(60)	(1,576)	(14,129)
At 31 December 2021 and 1 January 2022	1,703	20,585	2,974	162,947	108,010	7,574	69,889	9,867	15,402	398,951
Additions	97	753	218	958	3,092	666	5	–	3,932	9,721
Disposals	(153)	(185)	(84)	(855)	(1,848)	(226)	–	–	(65)	(3,416)
Write off	–	(40)	(6)	(91)	(100)	–	–	–	(39)	(276)
Reclassifications	5,484	(76)	251	4,365	670	156	(40)	–	(10,810)	–
Transfer from prepayment	–	–	–	–	–	–	739	–	–	739
Transfer to intangible assets	–	–	(433)	–	–	–	–	–	–	(433)
Transfer from deferred charges	–	–	53	–	–	–	–	–	–	53
Exchange differences	(205)	(1,384)	(95)	(17,018)	(7,191)	(620)	(5,012)	(1,263)	(999)	(33,787)
At 31 December 2022	6,926	19,653	2,878	150,306	102,633	7,550	65,581	8,604	7,421	371,552

11. Property, plant and equipment (cont'd)

(a) Property, plant and equipment (cont'd)

Group	Leasehold improvements and renovation US$'000	Office equipment US$'000	Computers and software US$'000	Leasehold buildings US$'000	Plant and machinery US$'000	Vehicles US$'000	Leasehold land US$'000	Freehold land US$'000	Assets under construction US$'000	Total US$'000
Accumulated depreciation and impairment:										
At 1 January 2021	3,909	10,683	1,929	41,060	50,730	2,641	12,491	–	–	123,443
Disposals	(3,552)	(372)	(152)	(65)	(773)	(187)	–	–	–	(5,101)
Depreciation for the year	941	1,416	530	8,669	11,116	1,240	2,102	–	–	26,014
Write off	(1)	(20)	(5)	–	(512)	(1)	–	–	–	(539)
Transfer to plantation related properties (Note 15)	–	102	20	958	331	247	–	–	–	1,658
Exchange differences	(122)	(670)	(15)	(1,863)	(1,491)	(198)	(85)	–	–	(4,444)
At 31 December 2021 and 1 January 2022	1,175	11,139	2,307	48,759	59,401	3,742	14,508	–	–	141,031
Disposals	(73)	(177)	(63)	(395)	(1,696)	(152)	–	–	–	(2,556)
Depreciation for the year	325	1,318	350	8,183	9,603	918	1,982	–	–	22,679
Write off	–	(40)	(6)	(86)	(100)	–	–	–	–	(232)
Transfer to plantation related properties (Note 15)	–	28	54	752	431	116	–	–	–	1,381
Transfer from deferred charges	–	–	34	–	–	–	–	–	–	34
Exchange differences	(237)	(860)	(107)	(4,226)	(4,478)	(415)	(1,397)	–	–	(11,720)
At 31 December 2022	1,190	11,408	2,569	52,987	63,161	4,209	15,093	–	–	150,617
Net carrying amount:										
At 31 December 2021	528	9,446	667	114,188	48,609	3,832	55,381	9,867	15,402	257,920
At 31 December 2022	5,736	8,245	309	97,319	39,472	3,341	50,488	8,604	7,421	220,935

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. Property, plant and equipment (cont'd)

(a) Property, plant and equipment (cont'd)

Company	Renovation US$'000	Computers US$'000	Office equipment US$'000	Assets under construction US$'000	Total US$'000
Cost:					
At 1 January 2021	293	528	13	–	834
Additions	5	33	31	156	225
Disposal	–	(21)	–	–	(21)
Write-off	–	(5)	–	–	(5)
At 31 December 2021 and 1 January 2022	298	535	44	156	1,033
Additions	–	18	2	146	166
Disposal	–	(13)	–	–	(13)
Write-off	–	(3)	–	–	(3)
At 31 December 2022	298	537	46	302	1,183
Accumulated depreciation:					
At 1 January 2021	179	255	10	–	444
Depreciation for the year	43	92	4	–	139
Disposal	–	(12)	–	–	(12)
Write-off	–	(4)	–	–	(4)
At 31 December 2021 and 1 January 2022	222	331	14	–	567
Depreciation for the year	34	93	16	–	143
Disposal	–	(4)	–	–	(4)
Write-off	–	(3)	–	–	(3)
At 31 December 2022	256	417	30	–	703
Net carrying amount:					
At 31 December 2021	76	204	30	156	466
At 31 December 2022	42	120	16	302	480

Assets pledged as security

In addition to assets held under lease obligation, the Group has pledged certain property, plant and equipment with a carrying amount of US$45,186,000 (2021: US$60,654,000) to secure the Group's and the Company's loans and borrowings (Note 25).

(b) Right-of-use assets

The Group has lease contracts for land, office, vehicles and other equipment used in its operations with predominantly fixed payments over the lease terms. Some of these leases have terms of renewal but no purchase options or escalation clauses.

Leases of land and office generally have lease terms between 1 and 89 years (2021: between 1 and 90 years), machinery and other equipment generally have lease terms between 1 and 4 years (2021: between 1 and 4 years). Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of office and other equipment with lease terms of 12 months or less and leases of other equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases. The election of short-term lease and low-value-lease exemption is made on lease-by-lease basis.

11. Property, plant and equipment (cont'd)

(b) Right-of-use assets (cont'd)

Set out below are the carrying amount of right-of-use assets recognised and the movements during the period:

Group	Land and office US$'000	Office equipment and motor vehicles US$'000	Total US$'000
At 1 January 2021	11,136	554	11,690
Additions	2,244	29	2,273
Amortisation for the year	(2,897)	(223)	(3,120)
Disposal of a subsidiary	(227)	–	(227)
Exchange differences	(357)	(19)	(376)
At 31 December 2021 and 1 January 2022	9,899	341	10,240
Additions	3,043	191	3,234
Termination	–	(35)	(35)
Amortisation for the year	(3,040)	(194)	(3,234)
Exchange differences	(697)	(18)	(715)
At 31 December 2022	9,205	285	9,490
Net carrying amount:			
At 31 December 2021	9,899	341	10,240
At 31 December 2022	9,205	285	9,490

Motor vehicles with carrying amount of US$22,000 (2021: US$66,000) is secured over the lease liabilities of US$23,000 (2021: US$44,000) as at 31 December 2022.

The carrying amounts of lease liabilities are disclosed in Note 30.

Company	Land and office US$'000	Office equipment US$'000	Total US$'000
At 1 January 2021	1,599	114	1,713
Amortisation for the year	(978)	(38)	(1,016)
Exchange differences	3	–	3
At 31 December 2021 and 1 January 2022	624	76	700
Additions	3,043	110	3,153
Termination	–	(35)	(35)
Amortisation for the year	(1,069)	(51)	(1,120)
Exchange differences	(20)	(3)	(23)
At 31 December 2022	2,578	97	2,675
Net carrying amount:			
At 31 December 2021	624	76	700
At 31 December 2022	2,578	97	2,675

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2022 US$'000	2021 US$'000
Amortisation expense of right-of-use assets	3,234	3,120
Interest expense on liabilities	457	528
Expense relating to leases of low-value assets and short-term leases (included in general and administrative expenses)	958	1,243
	4,649	4,891

The Group had total cash outflows for leases of US$4,577,000 (2021: US$4,857,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. Investment properties

	Group 2022 US$'000	Group 2021 US$'000
Statement of financial position:		
At 1 January	42,169	43,584
Fair value gain recognised in profit or loss (Note 5)	1,518	1,651
Disposals	–	(815)
Exchange differences	(3,019)	(2,251)
At 31 December	40,668	42,169
Income statement:		
Rental income from investment properties:		
– Minimum lease payments	17	19

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2022 and 31 December 2021. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 35(b).

The investment properties held by the Group as at 31 December 2022 are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
Residential house in Palembang, Indonesia	Residential	Leasehold	17 years
Land in Palembang, Indonesia	Vacant land	Leasehold	9-17 years
Offices in Palembang, Indonesia	Offices	Leasehold	11-19 years
Shophouses in Medan, Indonesia	Shophouse	Leasehold	10 years
Shophouse in Jakarta, Indonesia	Shophouse	Leasehold	1 years
Residential house in Banjarmasin, Indonesia	Residential	Leasehold	7 years
Shophouse in Jambi, Indonesia	Shophouse	Leasehold	16 years
Land in Pontianak, Indonesia	Vacant land	Leasehold	16 years
Shophouse in Rantau, Indonesia	Shophouse	Leasehold	19 years
Land in Riau, Indonesia	Vacant land	Leasehold	2 years
Shophouse in Riau, Indonesia	Shophouse	Leasehold	12 years
Shophouses in Pontianak, Indonesia	Shophouse	Leasehold	1-4 years
Land in Songkhla, Thailand	Vacant land	Freehold	–
Land in Pattani, Thailand	Vacant land	Freehold	–
Residential houses and offices in Pattani, Thailand	House and office	Freehold	–
Land in Chantaburi, Thailand	Vacant land	Freehold	–
Factory buildings in Chantaburi, Thailand	Vacant factory	Freehold	–
Land in Nakornsri, Thailand	Vacant land	Freehold	–
Factory buildings in Nakornsri, Thailand	Vacant factory	Freehold	–
Land in Krabi, Thailand	Vacant land	Freehold	–
Land in Trang, Thailand	Vacant land	Freehold	–
Land in Yala, Thailand	Vacant land	Freehold	–
Land in Narathiwas, Thailand	Vacant land	Freehold	–
Residential houses and offices in Narathiwas, Thailand	House and office	Freehold	–

13. Investment in subsidiaries and associates

(a) Investment in subsidiaries

	Company	
	2022 US$'000	2021 US$'000
Unquoted ordinary shares, at cost	502,547	502,547
Amount due from subsidiaries	565,800	630,527
	1,068,347	1,133,074

Amount due from subsidiaries are determined to be non-interest bearing, unsecured and have no repayment terms. Accordingly, amount due from subsidiaries are treated as capital contribution and are classified as investment in subsidiaries.

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2022	2021
Held by the Company				
Halcyon Rubber Company Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Corrie MacColl Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd.[1]	Singapore	Natural rubber trading and investment holding	100.00	100.00
HAC Capital Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Corrie MacColl Limited[3]	United Kingdom	Investment holding	100.00	100.00
Subsidiaries of Halcyon Rubber Company Pte. Ltd.				
Anson Company (Private) Limited[1]	Singapore	Investment holding	100.00	100.00
Hevea Global Pte. Ltd.[1]	Singapore	Natural rubber trading	100.00	100.00
Subsidiaries of Anson Company (Private) Limited				
Halcyon Agri Indonesia Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
PT. Hok Tong[2]	Indonesia	Natural rubber processing	99.99	99.99
PT. Remco Rubber Indonesia[2]	Indonesia	Natural rubber processing	75.00	75.00
Subsidiaries of Halcyon Agri Indonesia Pte. Ltd.				
PT. Hevea MK[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Hevea GE[2]	Indonesia	Natural rubber processing	100.00	100.00

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13. Investment in subsidiaries and associates (cont'd)

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2022	2021
Subsidiaries of PT. Hok Tong				
PT. Bumi Jaya[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Sunan Rubber[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Rubber Hock Lie[2]	Indonesia	Natural rubber processing	99.91	99.91
PT. GMG Sentosa[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Pulau Bintan Djaya[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Alam[2]	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Djantin[2]	Indonesia	Natural rubber processing	100.00	100.00
Subsidiaries of Corrie MacColl Pte. Ltd.				
G.P. Sentosa Enterprises Co., Ltd.[2]	Thailand	Investment holding	100.00	100.00
Teck Bee Hang Co., Ltd.[2]	Thailand	Natural rubber processing	55.00	55.00
GMG Investment Congo SARL[4]#	Democratic Republic of Congo	Dormant	100.00	100.00
Centrotrade Minerals and Metals, Inc.[3]	United States	Dormant	100.00	100.00
Subsidiaries of Teck Bee Hang Co., Ltd.				
Techem Industries Co., Ltd.[3]	Thailand	Manufacture and distribution of plastic products	54.10	54.10
Teck-Fu Joint Venture Co., Ltd.[3]	Thailand	Natural rubber processing	47.30	47.30

13. Investment in subsidiaries and associates (cont'd)

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2022	2021
Subsidiaries of Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd.				
New Continent Enterprises (Private) Limited[1]	Singapore	Natural rubber trading and distribution	100.00	100.00
SINRIO Malaysia Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Hainan Sinochem Rubber Co., Ltd.[2]	People's Republic of China	Natural rubber processing	100.00	99.71
SDCI Singapore Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
SINRIO Thailand Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Subsidiary of New Continent Enterprises (Private) Limited				
Halcyon Agri Natural Rubber (Shanghai) Limited[2]	People's Republic of China	Natural rubber trading and distribution	100.00	100.00
Subsidiary of SINRIO Malaysia Pte. Ltd.				
SINRIO (Malaysia) Sdn. Bhd.[2]	Malaysia	Investment holding	100.00	100.00
Subsidiaries of SINRIO (Malaysia) Sdn. Bhd.				
Hevea KB Sdn. Bhd.[2]	Malaysia	Natural rubber processing	100.00	100.00
Euroma Rubber Industries Sendirian Berhad[2]	Malaysia	Natural rubber processing	100.00	100.00
Subsidiaries of Hainan Sinochem Rubber Co., Ltd.				
Xishuangbanna Sinochem Rubber Co., Ltd.[2]	People's Republic of China	Natural rubber processing	96.67	96.67
Baisha Sinochem Rubber Co., Ltd.[2]	People's Republic of China	Natural rubber procurement	100.00	100.00
Hainan Baoting Sinochem Rubber Co., Ltd.[2]	People's Republic of China	Natural rubber processing	100.00	100.00
Shanghai Hancheng Trading Co., Ltd.[2]	People's Republic of China	Dormant	100.00	100.00
Subsidiaries of SDCI Singapore Pte. Ltd.				
Société de Développement du Caoutchouc Ivoirien S.A.[2]	Ivory Coast	Natural rubber processing	100.00	100.00
Tropical Rubber Côte d'Ivoire S.A.[2]	Ivory Coast	Natural rubber plantation	70.00	70.00
Subsidiaries of Corrie MacColl Limited				
Corrie MacColl International Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Corrie MacColl Plantations Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00

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13. Investment in subsidiaries and associates (cont'd)

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2022	2021
Subsidiaries of Corrie MacColl International Pte. Ltd.				
Corrie MacColl Deutschland GmbH[3]	Germany	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Malaysia Sdn. Bhd[2]	Malaysia	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Europe B.V[2]	The Netherlands	Investment holding, trading and distribution of natural rubber and latex	100.00	100.00
Kelvin Terminals B.V.[4]	The Netherlands	Storage and trading of natural rubber, latex and synthetic rubber	100.00	100.00
Corrie MacColl (Thailand) Co., Ltd.[3]	Thailand	Investment holding	49.00	49.00
Shanghai CMI Rubber Co., Ltd.[3]	People's Republic of China	Trading and distribution of natural rubber and rubber related products	100.00	100.00
Subsidiaries of Corrie MacColl Europe B.V.				
Corrie MacColl Rubber Ltd.[3]	United Kingdom	Other business support service activities	100.00	100.00
Corrie MacColl Holdings, Inc.[2]	United States	Investment holding	100.00	100.00
Corrie MacColl İthalat ve İhracat Anonim Şirketi[4]	Republic of Turkey	Trading and distribution of natural rubber	100.00	100.00
Subsidiaries of Corrie MacColl Holdings, Inc.				
Corrie MacColl North America, Inc.[2]	United States	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00
CMH MTL Holdings, Inc. (formerly known as Momentum Technologies Laboratories, Inc.)[2]	United States	Ceased operations during the year	100.00	100.00

13. Investment in subsidiaries and associates (cont'd)

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2022	2021
Subsidiary of Corrie MacColl (Thailand) Co., Ltd.				
Corrie MacColl Hatyai Co., Ltd.[3]	Thailand	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00
Subsidiaries of Corrie MacColl Plantations Pte. Ltd.				
Société de Développement du Caoutchouc Camerounais S.A.[2]	Cameroon	Investment holding	100.00	100.00
JFL Agro Pte. Ltd.[1]	Singapore	Investment holding	100.00	100.00
Subsidiaries of Société de Développement du Caoutchouc Camerounais S.A.				
Hevea Cameroun S.A.[2]	Cameroon	Natural rubber plantation and processing	90.00	90.00
Sud Cameroun Hevea S.A.[2]	Cameroon	Natural rubber plantation and processing	80.00	80.00
Subsidiary of JFL Agro Pte. Ltd.				
JFL Holdings Sdn. Bhd.[2]	Malaysia	Natural rubber and oil palm plantation	100.00	100.00

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firms of EY Global in the respective countries.
(3) Audited by other firms of Certified Public Accountants, and are not significant subsidiaries for the purpose of Listing Rule 715(2) of the Singapore Exchange Securities Trading Limited.
(4) No statutory audit required in the country of incorporation.
In the process of winding up.

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13. Investment in subsidiaries and associates (cont'd)

(b) Investment in associates

The Group's investment in associates are summarised as below:

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Feltex Co., Ltd.	1,458	1,469	–	–
Agridence Pte. Ltd. (formerly known as HeveaConnect Pte. Ltd.)	5,546	7,718	5,546	7,718
	7,004	9,187	5,546	7,718

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2022	2021
Held through a subsidiary				
Feltex Co., Ltd.[1]	Thailand	Natural rubber processing	24.80	24.80
Held by the Company				
Agridence Pte. Ltd.[2]	Singapore	Natural rubber supply chain and trading platform	29.99	49.91

(1) Audited by other firms of Certified Public Accountants, and are not significant subsidiaries for the purpose of Listing Rule 715(2) of the Singapore Exchange Securities Trading Limited.
(2) Audited by Ernst & Young LLP, Singapore.

Financial information about the Group's investment in associates are as follows:

	Group	
	2022 US$'000	2021 US$'000
Current assets	10,209	5,683
Non-current assets	1,539	1,903
Current liabilities	(2,036)	(1,886)
Non-current liabilities	–	(2)
Equity	9,712	5,698
Total comprehensive loss, net of tax	(1,892)	(331)

In July 2022, the Group disposed part of its stake in Agridence to a third party for a cash consideration of US$1,615,000. At the same time, Agridence issued new shares to another third party and some of its employees to raise capital amounted to US$5,385,000.

In November 2022, Agridence issued additional 42,030 new shares to a Trust for its employee share option scheme.

As a result of the transactions above, the Group's shareholding in Agridence has decreased from 49.91% to 29.99%, which resulted in a net gain on disposal and dilution of investment in an associate of US$357,000 (Note 5).

14. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group				Company	
	Statement of financial position		Consolidated income statement		Statement of financial position	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Differences in depreciation for tax purposes	1,684	664	1,111	(691)	(55)	(119)
Tax losses carry forward	25,808	27,372	(61)	9,504	–	–
Retirement benefit liabilities	2,177	3,436	(89)	220	–	–
Fair value uplift of biological assets	(11,298)	(11,370)	(1,228)	(908)	–	–
Fair value uplift of investment properties	(10,104)	(9,747)	(225)	(198)	–	–
Fair value uplift of property, plant and equipment acquired in business combination	(20,103)	(22,523)	121	284	–	–
Unremitted foreign source income	(12,878)	(10,252)	(2,489)	(2,874)	(397)	(235)
Forward currency contracts	(3,679)	(1,935)	(537)	(415)	–	–
Others	843	1,425	(329)	487	–	–
Tax expense			(3,726)	5,409		
Net deferred tax liabilities	(27,550)	(22,930)			(452)	(354)
Reflected in the statement of financial position as follows:						
Deferred tax assets	20,511	24,226			–	–
Deferred tax liabilities	(48,061)	(47,156)			(452)	(354)
Deferred tax liabilities, net	(27,550)	(22,930)			(452)	(354)

	Group	
	2022 US$'000	2021 US$'000
Reconciliation of deferred tax liabilities, net		
At 1 January	(22,930)	(28,064)
Tax (expense)/credit during the year recognised in profit or loss	(3,726)	5,409
Tax expense during the year recognised in other comprehensive income	(754)	(243)
Exchange difference	(140)	(32)
At 31 December	(27,550)	(22,930)

Unrecognised tax losses and unabsorbed capital allowances

At the end of reporting period, the Group has tax losses and unabsorbed capital allowances amounting to approximately US$120,620,000 and US$9,840,000 (2021: approximately US$126,368,000 and US$51,663,000) respectively that are available for offset against future taxable profits. The tax losses have no expiry date except for an amount of approximately US$106,326,000 (2021: approximately US$112,125,000) which will expire in five years and approximately US$14,294,000 (2021: approximately US$2,856,000) which will expire after five years.

The related deferred tax benefits of approximately US$25,624,000 (2021: approximately US$35,707,000) were not recognised as the recoverability was considered not probable.

Unrecognised temporary differences relating to investments in subsidiaries

A deferred tax liability of US$37,225,000 (2021: US$33,072,000) that could arise upon the distribution of profit at certain subsidiaries has not been provided for as at 31 December 2022 as the distributable profits is within the Group's control and there is currently no intention for the profits to be remitted to Singapore.

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15. Plantation and biological assets

	Plantation related properties									
	Leasehold land use rights US$'000	Freehold land use rights US$'000	Plantation US$'000	Plantation establishment costs US$'000	Other plantation related costs US$'000	Total plantation related properties US$'000	Non-current biological assets US$'000	Total plantation and biological assets US$'000	Consumable biological assets US$'000	Total US$'000
Group										
Cost										
At 1 January 2021	87,238	58,108	6,136	6,926	15,836	174,244	364,306	538,550	6	538,556
Additions	–	–	2,722	1,196	478	4,396	25,167	29,563	–	29,563
Capitalisation of depreciation	–	–	–	–	347	347	–	347	–	347
Reclassification	–	–	980	(980)	–	–	(14)	(14)	14	–
Transfer from property, plant and equipment (Note 11)	–	–	–	–	–	–	1,658	1,658	–	1,658
Fair value adjustment (Note 5)	–	–	–	–	–	–	6,714	6,714	63	6,777
Disposals	–	–	(404)	–	–	(404)	–	(404)	–	(404)
Exchange difference	(1,350)	–	(525)	(424)	(619)	(2,918)	(25,494)	(28,412)	–	(28,412)
At 31 December 2021	85,888	58,108	8,909	6,718	16,042	175,665	372,337	548,002	83	548,085
At 1 January 2022	85,888	58,108	8,909	6,718	16,042	175,665	372,337	548,002	83	548,085
Additions	–	–	1,926	638	301	2,865	24,046	26,911	–	26,911
Capitalisation of depreciation	–	–	–	–	341	341	–	341	–	341
Reclassification	–	–	738	(738)	–	–	–	–	–	–
Transfer from property, plant and equipment (Note 11)	–	–	–	–	–	–	1,381	1,381	–	1,381
Fair value adjustment (Note 5)	–	–	–	–	–	–	7,665	7,665	–	7,665
Disposals	–	–	(1,654)	–	–	(1,654)	–	(1,654)	–	(1,654)
Exchange difference	(1,796)	–	(561)	(455)	(862)	(3,674)	(20,672)	(24,346)	(5)	(24,351)
At 31 December 2022	84,092	58,108	9,358	6,163	15,822	173,543	384,757	558,300	78	558,378

	Plantation related properties									
	Leasehold land use rights US$'000	Freehold land use rights US$'000	Plantation US$'000	Plantation establishment costs US$'000	Other plantation related costs US$'000	Total plantation related properties US$'000	Non-current biological assets US$'000	Total plantation and biological assets US$'000	Consumable biological assets US$'000	Total US$'000
Accumulated depreciation										
At 1 January 2021	3,813	–	1,044	–	–	4,857	8,928	13,785	–	13,785
Depreciation for the year	1,012	–	276	–	–	1,288	2,599	3,887	–	3,887
Transfer to inventory	–	–	–	–	–	–	879	879	–	879
Disposals	–	–	(204)	–	–	(204)	–	(204)	–	(204)
Exchange difference	(97)	–	(70)	–	–	(167)	(849)	(1,016)	–	(1,016)
At 31 December 2021	4,728	–	1,046	–	–	5,774	11,557	17,331	–	17,331
At 1 January 2022	4,728	–	1,046	–	–	5,774	11,557	17,331	–	17,331
Depreciation for the year	992	–	265	–	–	1,257	2,811	4,068	–	4,068
Transfer to inventory	–	–	–	–	–	–	1,594	1,594	–	1,594
Exchange difference	(147)	–	(172)	–	–	(319)	(2,495)	(2,814)	–	(2,814)
At 31 December 2022	5,573	–	1,139	–	–	6,712	13,467	20,179	–	20,179
Carrying amount										
At 31 December 2021	81,160	58,108	7,863	6,718	16,042	169,891	360,780	530,671	83	530,754
At 31 December 2022	78,519	58,108	8,219	6,163	15,822	166,831	371,290	538,121	78	538,199

15. Plantation and biological assets (cont'd)

Details of the Group's plantation assets are summarised as follows:

Country	Malaysia	Cameroon	Cameroon	Ivory Coast
Type of ownership	Leasehold	Freehold	Land use rights	Land use rights/ Freehold
Total land area (hectares)	9,844	45,198	52,607	1,501

The Group's biological assets mainly consist of rubber trees in Malaysia and Cameroonian plantations and produce that grows on oil palm trees in Malaysia plantation, all of which are grown for commercial sales as part of normal business operations.

During the financial year, Tropical Rubber Co te D'ivoire S.A. ("TRCI SA"), a subsidiary of the Group has disposed part of freehold land for a consideration of US$25,593,000. Gain on disposal of US$15,090,000 has been recognised in profit or loss.

Interest expense amounting to US$10,675,000 was capitalised in 2022 (2021: US$9,312,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.45% – 7.15% (2021: 1.84% – 7.15%) per annum, which is the effective interest rate of borrowings.

A review of the recoverable amount for the plantation in Cameroon was determined based on the value in use calculation and the discount rate used is 13.3% (2021: 13.0%) per annum.

16. Debt instrument

In 2020, a subsidiary of the Group and a third party entered into an agreement to convert US$3,000,000 of outstanding trade receivables from the third party into an investment of 3,000 Non-voting Class A Preferred Stock of the third party. The Group classified the 3,000 Non-voting Class A Preferred Stock as non-current debt instrument at amortised cost of US$3,000,000 and calculated the expected credit loss on the instrument by using discounted present value of the expected cash flows based on comparable debt instruments within the open market.

As part of the investment arrangement, the Group is entitled to an annual dividend of 5.5%. The third party may redeem Class A preferred stock at any time before November 2023.

As the redemption becomes mandatory by November 2023, the debt instrument was reclassed from non-current assets to current assets.

The debt instrument measured at amortised cost as follows:

	Group	
	2022 US$'000	**2021 US$'000**
3,000 Non-voting Class A Preferred Stock	2,713	2,713
Less: Loss allowance	(321)	(296)
Debt instrument at amortised cost	2,392	2,417

	Group	
	2022 US$'000	**2021 US$'000**
Current:		
Debt instrument	2,392	–
Non-current:		
Debt instrument	–	2,417

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of debt instrument are as follows:

	Group	
	2022 US$'000	**2021 US$'000**
At 1 January	296	–
Charge for the year	25	296
At 31 December	321	296

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17. Cash and bank balances

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Cash at bank and on hand	113,841	31,951	1,017	391
Short term deposits	4,841	1,445	2,400	–
Total cash and bank balances	118,682	33,396	3,417	391

Cash and bank balances comprise cash held by the Group and Company and short term bank deposits. The carrying amounts of these assets approximate their fair value.

Fixed deposits were made for varying periods, depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2022 for the Group is 4.06% (2021: 3.65%) per annum.

Cash and bank balances of US$1,933,000 (2021: US$1,123,000) of the Group have been charged as security for the Group's general banking facilities (Note 25) and performance guarantee.

As at each reporting date, the carrying amounts of cash and bank balances denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
United States Dollar	16,838	6,230	–	–
Singapore Dollar	1,049	975	409	305
Euro	755	551	30	1
Pound Sterling	401	533	4	4

18. Trade receivables

	Group	
	2022 US$'000	2021 US$'000
External parties	137,663	165,059

Trade receivables are repayable within the normal trade credit terms of 2 days to 90 days.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was granted up to the end of the reporting period.

Trade receivables of US$41,680,000 (2021: US$66,720,000) of the Group have been charged as security for the Group's banking facilities (Note 25).

As at each reporting date, the carrying amounts of trade receivables denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group	
	2022 US$'000	2021 US$'000
United States Dollar	7,566	13,018
Euro	9,171	8,760
Pound Sterling	637	580

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of trade receivables computed based on ECL are as follows:

	Group	
	2022 US$'000	2021 US$'000
At 1 January	627	607
(Reversal)/charge for the year	(27)	61
Written off	–	(38)
Exchange difference	–	(3)
At 31 December	600	627

19. Loans and other receivables

	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Current				
Financial assets				
Loan to a third party	60,965	12,386	–	–
Interest-bearing receivable	4,019	4,400	–	–
Other receivables	19,091	25,259	–	–
Amounts due from subsidiaries	–	–	498,666	407,880
Deposits	23,390	14,645	298	306
	107,465	56,690	498,964	408,186
Non-financial assets				
Prepayments	22,921	22,593	384	250
Other tax receivables	24,560	25,416	57	68
	47,481	48,009	441	318
Total non-current loans and other receivables	154,946	104,699	499,405	408,504
Non-current				
Financial assets				
Loan to non-controlling interests of a subsidiary	3,252	3,453	–	–
Loan to a third party	–	47,694	–	–
Total non-current loans and other receivables	3,252	51,147	–	–

The loan to non-controlling interests of a subsidiary is secured, repayable in 2025 and earns interest at 5% (2021: 5%) per annum.

The loan to a third party ("borrower") was secured by the following:

(i) borrower's equity interest in its subsidiary
(ii) borrower's receivables and bank balances
(iii) certain borrower's investment properties held by the borrower

In 2020, the loan to the borrower was structured with progressive payments for a period up to 31 December 2024 which bears an interest at 10%-11% (2021: 10%-11%) per annum and to be repaid semi-annually.

The principal and interest repayment of US$15,251,000 (2021: US$4,471,000) was due on 31 December 2022. As at the date of this report, this overdue amount remains unpaid. The borrower is currently in the process of disposing its equity interest, that was pledged for the loan.

Based on the progress of the disposal process, the Group has assessed the underlying value of collaterals for the outstanding loan and has determined that a provision of US$1,440,000 (2021: US$1,440,000) expected credit losses ("ECL") is required.

Included in the loans and other receivables is an advance of US$4,019,000 (2021: US$4,400,000) to a third party which bears an interest of 4.2% per annum, due within a year and secured by the borrower's property, plant and equipment.

Included within other receivables is corporate social responsibility receivable ("CSR receivable") amounting to US$9,038,000 (2021: US$8,479,000). CSR receivable relates to receivable from a local government of a country where the Group's subsidiaries operate in. The receivable arose from the costs incurred by the Group in building community for its workforce, such as costs incurred in building hospital or school, which is co-funded by the local government.

Included within deposits is a pledged collateral for bank facilities amounting to US$3,243,000 (2021: US$3,564,000).

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19. Loans and other receivables (cont'd)

The Group had assessed the recoverability of other tax receivables which relates to value-added tax receivables from certain local governments of countries where the Group's subsidiaries operate in. As at 31 December 2022, the allowance provided for other tax receivables amounted to US$3,734,000 (2021: US$3,308,000).

As at 31 December 2022, amounts due from subsidiaries amounting to US$214,095,000 (2021: US$124,614,000) are unsecured, bears an average interest of 2.32% (2021: 2.50%) per annum, repayable on demand and are expected to be settled in cash. The remaining amounts are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of loans and other receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
At 1 January	4,620	8,687	87	99
Charge/(reversal) for the year	51	(3,905)	(7)	(12)
Exchange difference	(225)	(162)	–	–
At 31 December	4,446	4,620	80	87

As at each reporting date, the carrying amounts of loans and other receivables denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
United States Dollar	1,637	1,133	–	–
Singapore Dollar	113	120	57	70
Euro	61,508	63,378	–	–
Chinese Yuan	835	506	–	–
Japanese Yen	664	566	–	–

20. Derivative financial instruments

	Group			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	–	(1,315)	5,570	(2,647)
Forward contracts on commodity (natural rubber)	39,862	–	17,747	–
Total	39,862	(1,315)	23,317	(2,647)

	Company			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	3,012	(2,702)	3,976	(4,300)

The Group utilises forward commodity (natural rubber) contracts and forward currency contracts to manage the fluctuations in natural rubber prices or exposure arising from foreign currencies.

20. Derivative financial instruments (cont'd)

At the end of the reporting period, the total notional amounts of derivative financial instruments to which the Group is committed to are as follows:

	Notional amount		Positive fair value		Negative fair value	
	2022	2021	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward contracts on commodity (natural rubber):						
– Sales	603,374	626,636	1,893	3,152	–	–
– Purchases	184,570	226,389	37,969	14,595	–	–
Forward currency contracts	300,555	823,838	–	5,570	(1,315)	(2,647)
			39,862	23,317	(1,315)	(2,647)

The maturity period for forward commodity (natural rubber) contracts ranges from one to twelve months (2021: one to twelve months).

21. Inventories

	Group	
	2022	2021
	US$'000	US$'000
At cost:		
– Consumables	26,510	24,433
At fair value:		
– Raw materials	102,006	133,874
– Work-in-progress	25,868	31,439
– Finished goods held for sale	256,321	307,230
	384,195	472,543
	410,705	496,976

The inventories as at the end of each reporting period in 2022 and 2021 included fair value loss of US$11,097,000 and gain of US$15,474,000 respectively.

Inventories with carrying amount of US$128,883,000 (2021: US$153,523,000) have been pledged as security for a trade financing facility (Note 25).

22. Assets classified as held-for-sale

The completion of disposal of certain properties in Indonesia amounting to US$4,259,000 (2021: US$4,695,000) was delayed due to the COVID-19 situation locally and is expected to be concluded in 2023.

The Group continued to list certain properties amounting to US$1,373,000 (2021: US$1,722,000) in China on a trading exchange in China and sales of which are expected to be completed in 2023.

23. Trade payables

	Group	
	2022	2021
	US$'000	US$'000
External parties	36,455	57,449

These amounts are non-interest bearing. Trade payables are normally settled on 60 days term.

As at each reporting date, the carrying amounts of trade payables denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group	
	2022	2021
	US$'000	US$'000
United States Dollar	1,225	402
Euro	5,554	–

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24. Other payables

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Current				
Financial liabilities				
Other payables	17,995	21,265	118	913
Accrued operating expenses	37,809	29,497	3,024	1,508
Amounts due to penultimate holding company	2,400	1,200	2,400	1,200
Accrued interest expense	3,739	2,437	2,035	399
Amounts due to subsidiaries	–	–	12,476	72,379
	61,943	54,399	20,053	76,399
Non-financial liabilities				
Other indirect tax payables	10,302	8,663	328	190
Advances related to contracted sales	18,877	33,448	–	–
	29,179	42,111	328	190
Total current other payables	91,122	96,510	20,381	76,589
Non-current				
Financial liabilities				
Amounts due to penultimate holding company	2,400	3,600	2,400	3,600
Amounts due to subsidiaries	–	–	18,820	29,410
Other payables	5,509	5,403	–	–
	7,909	9,003	21,220	33,010
Non-financial liabilities				
Government grants	1,076	1,326	–	–
	1,076	1,326	–	–
Total non-current other payables	8,985	10,329	21,220	33,010

Current other payables are non-interest bearing and have an average term of six months.

As at 31 December 2022, certain amounts due to subsidiaries amounting to US$28,820,000 (2021: US$99,163,000) bears an average interest of 1.23% (2021: 1.68%) per annum, unsecured and repayable on demand. The remaining amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

Amounts due to penultimate holding company are relating to guarantee fee for issuance of perpetual securities (Note 28).

As at each reporting date, the carrying amounts of other payables denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
United States Dollar	340	3,731	–	–
Singapore Dollar	10	126	–	–
Euro	6,151	6,557	–	–

25. Loan payables

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Current:				
– Working capital loans	661,298	601,820	454,513	316,000
– Term loans	52,750	32,371	21,600	13,800
	714,048	634,191	476,113	329,800
Non-current:				
– Working capital loans	17,826	–	–	–
– Term loans	401,491	452,727	260,400	282,000
	419,317	452,727	260,400	282,000
Total loan payables	1,133,365	1,086,918	736,513	611,800

As at each reporting date, the carrying amounts of loan payables denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
United States Dollar	17,002	18,005	–	–
Euro	23,616	24,956	–	–

In 2021, certain subsidiaries of the Company has entered into a facility agreement with the Company's holding company for a short-term working capital loan for general working capital purposes. As at 31 December 2022, the loan was fully repaid (2021: US$31,756,000).

Working capital loans bear average interest rates of 3.43% (2021: 3.42%) per annum. Certain loan payables amounting to US$125,796,000 (2021: US$275,235,000) are secured by a charge over certain of the Group's inventories (Note 21), property, plant and equipment (Note 11), certain cash and bank balances (Note 17), and certain trade receivables (Note 18).

The Group and the Company has the following term loans:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Current				
Loan A	4,810	3,530	–	–
Loan B	21,600	13,800	21,600	13,800
Loan C	–	13,539	–	–
Loan D	2,724	1,502	–	–
Loan F	23,616	–	–	–
	52,750	32,371	21,600	13,800
Non-current				
Loan A	9,079	14,039	–	–
Loan B	260,400	282,000	260,400	282,000
Loan C	–	44,604	–	–
Loan D	8,854	14,267	–	–
Loan E	59,456	72,861	–	–
Loan F	–	24,956	–	–
Loan G	63,702	–	–	–
	401,491	452,727	260,400	282,000

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25. Loan payables (cont'd)

Details of the term loans are as follow:

a) Loan A bears an average effective interest of 6.00% (2021: 6.00%) per annum and repayable on monthly instalments until 2026. This loan is unsecured.

b) Loan B bears an effective interest rate of 4.17% (2021: 2.21%) per annum and repayable on half yearly instalments with final settlement due in June 2024. This loan is unsecured.

c) Loan C was fully repaid in 2022.

d) Loan D bears an average effective interest rate of 7.75% (2021: 9.00%) per annum. Repayment has commenced on quarterly instalments until 2026. This loan is secured by certain property, plant and equipment and inventories.

e) Loan E bears an average effective interest rate of 4.47% (2021: 2.11%) per annum and is repayable in 2026. The loan is secured by certain property, plant and equipment, pledged deposit, trade receivables and inventories.

f) Loan F bears an average effective interest rate of 4.40% (2021: 2.08%) per annum and is repayable in 2023. This sustainability linked loan is unsecured.

g) Loan G bears an average effective interest rate of 7.50% per annum and is repayable in 2027. This loan is secured by certain property, plant and equipment.

26. Retirement benefit obligations

The Group provides defined post-employment benefits for its qualifying employees in accordance with relevant labour laws and regulations in Indonesia, Thailand, Cameroon and Ivory Coast.

Changes in retirement benefit obligations are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	22,338	24,535
Benefit paid for the year	(1,712)	(3,964)
Changes charged to profit or loss		
– Current service costs	1,819	1,900
– Interest cost on benefit obligations	1,009	1,151
– Past service costs	(1,979)	(70)
– Net actuarial gain recognised during the year	(161)	284
– Provision of long term employee benefit	–	(114)
– Excess benefit	864	554
Re-measurement gains in other comprehensive income		
– Actuarial changes arising from changes in demographic assumptions	(173)	(2)
– Actuarial changes arising from changes in financial assumptions	(97)	(550)
– Experience adjustments	(3,640)	(469)
– Exchange difference	(1,726)	(917)
At 31 December	16,542	22,338

26. Retirement benefit obligations (cont'd)

The cost of providing post-employment benefits is calculated by an independent actuaries. The actuarial valuation was carried out using the following key assumptions:

	Group	
	2022	**2021**
	%	**%**
Indonesia (Headcount: 2022 – 3,741, 2021 – 3,986)		
Discount rate	7.10 – 7.40	6.58 – 7.58
Future salary increment rate	5.00 – 9.00	5.00 – 9.00
Thailand (Headcount: 2022 – 1,013, 2021 – 1,041)		
Discount rate	2.68	1.35
Future salary increment rate	1.00 – 4.00	1.00 – 4.00
Cameroon (Headcount: 2022 - 6,333, 2021 – 6,356)		
Discount rate	3.50 – 4.19	3.50
Future salary increment rate	2.00 – 4.00	1.00 – 4.00
Ivory Coast (Headcount: 2022 - 948, 2021 – 845)		
Discount rate	5.85	5.80
Future salary increment rate	2.00	2.00

The other assumptions: mortality rate, disability rate, changes in bond yields, inflation risk and voluntary resignation rate are not significant assumptions for these plans as there are insignificant changes in retirement benefit obligations arising from them.

Sensitivity analysis to the principal assumptions used in determining employee benefits obligations are as follows:

Assumptions	**Quantitative sensitivity analysis**		
	Basis points Increase/ (decrease) US$'000	**(Decrease)/increase in aggregate current service and interest cost US$'000**	**(Decrease)/increase in net employee benefits liabilities US$'000**
31 December 2022			
Annual discount rate	100/(100)	(594)/640	(1,094)/1,252
Future annual salary growth rate	100/(100)	725/(625)	1,233/(1,105)
31 December 2021			
Annual discount rate	100/(100)	(229)/249	(1,447)/1,687
Future annual salary growth rate	100/(100)	769/(663)	1,970/(1,722)

The above sensitivity analysis is based on a change in an assumption while holding other assumptions constant. Changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions, the same method (present value of the retirement benefit obligations calculated with the Projected Unit Credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligations recognised within the statement of financial position.

The expected payment of contribution to the plan for the next financial year amounted to approximately US$1,700,000.

The weighted average duration of the retirement benefits obligation is 18.4 years (2021: 18.0 years).

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27. Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares				
Balance at beginning and end of financial year	1,595,012	603,874	1,595,012	603,874

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. The ordinary shares of the Company have no par value.

28. Perpetual securities

In 2020, the Company issued guaranteed subordinated perpetual securities with principal amount of US$200,000,000 bearing distribution rate of 3.80% per annum. In the event of non-redemption by the Company in November 2025, the distribution rate will be reset and every five calendar years thereafter to a distribution rate equivalent to the sum of (a) the initial spread of 3.345%, (b) the then-prevailing five-year U.S. treasury rate and (c) a margin of 3.00% per annum. The perpetual securities were unconditionally and irrevocably guaranteed by Sinochem International Corporation, the major shareholder of the Company. An amount of US$192,640,000, net of issuance costs and guarantee fees, was recognised in equity.

The perpetual securities bear distributions which are payable semi-annually. Subject to the relevant terms and conditions of the perpetual securities, the Company may elect to defer any scheduled distribution perpetually on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual securities are classified as equity and distributions are treated as dividends. This is on the basis that the Company has no contractual obligations to repay its principal or to pay any distributions. As a result, the instrument does not meet the definition as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*.

29. Other reserves

a) Capital reserve

Capital reserve also includes funds arising from the Group's People's Republic of China ("PRC") subsidiaries which are required to transfer 10% of the net income to the reserve fund in accordance with PRC Articles of Association.

b) Other reserves

Other reserves mainly pertain to transaction cost on the issuance of perpetual securities and the excess of capital paid by a shareholder for the shares in the subsidiary over the capital received from the same shareholder.

c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. Lease liabilities

Group	Land and office US$'000	Office equipment and motor vehicles US$'000	Total US$'000
At 1 January 2021	11,511	499	12,010
Additions	2,244	29	2,273
Interest expense (Note 6(b))	511	17	528
Lease payment	(3,363)	(251)	(3,614)
Exchange difference	(8)	(29)	(37)
Derecognition of lease liabilities	(233)	–	(233)
At 31 December 202 and 1 January 2022	10,662	265	10,927
Additions	3,043	191	3,234
Interest expense (Note 6(b))	440	17	457
Lease payment	(3,393)	(226)	(3,619)
Exchange difference	(812)	(6)	(818)
Derecognition of lease liabilities	–	(38)	(38)
At 31 December 2022	9,940	203	10,143

30. Lease liabilities (cont'd)

Company	**Land and office US$'000**	**Office equipment US$'000**	**Total US$'000**
At 1 January 2021	1,697	119	1,816
Interest expense	48	4	52
Lease payment	(1,052)	(43)	(1,095)
Exchange difference	(33)	2	(31)
At 31 December 2021 and 1 January 2022	660	82	742
Additions	3,043	110	3,153
Interest expense	46	6	52
Lease payment	(1,024)	(57)	(1,081)
Exchange difference	(15)	(1)	(16)
Derecognition of lease liabilities	–	(38)	(38)
At 31 December 2022	2,710	102	2,812

	Group		**Company**	
	2022 US$'000	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**
Current	2,418	3,286	978	698
Non-current	7,725	7,641	1,834	44
	10,143	10,927	2,812	742

As at 31 December 2022, the average incremental borrowing rate applied and average interest rate in the lease was 5.20% and 4.51% (2021: 5.16% and 4.83%) per annum respectively.

The Group lease liabilities of US$23,000 (2021: US$44,000) was secured over motor vehicles (Note 11(b)).

As at each reporting date, the carrying amounts of lease liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group		**Company**	
	2022 US$'000	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**
Singapore Dollar	2,812	742	2,812	742

31. Commitments and contingencies

(a) ***Commitment for sales, purchases and forward currency contracts***

The Group has committed sales, purchases and currency contracts that are entered into for the use of the Group. The contractual or notional amounts of the committed contracts with fixed pricing terms that was outstanding as at 31 December 2022 and 2021 are disclosed in Note 20.

(b) ***Corporate guarantees***

The following are the corporate guarantees given by the Company for the credit facilities extended by banks to:

	Company	
	2022 US$'000	**2021 US$'000**
Subsidiaries	404,890	341,857

(c) ***Commitment for property, plant and equipment***

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements relating to purchase of the property, plant and equipment of US$1,917,000 (2021: US$611,000).

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32. Financial risks and management

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Financial assets					
At amortised cost					
Debt instrument	16	2,392	2,417	–	–
Cash and bank balances	17	118,682	33,396	3,417	391
Trade receivables	18	137,663	165,059	–	–
Loans and other receivables	19	110,717	107,837	498,964	408,186
		369,454	308,709	502,381	408,577
At fair value through profit or loss					
Derivative financial instruments	20	39,862	23,317	3,012	3,976
		409,316	332,026	505,393	412,553
Financial liabilities					
At amortised cost					
Trade payables	23	36,455	57,449	–	–
Other payables	24	69,852	63,402	41,273	109,409
Loan payables	25	1,133,365	1,086,918	736,513	611,800
Lease liabilities	30	10,143	10,927	2,812	742
		1,249,815	1,218,696	780,598	721,951
At fair value through profit or loss					
Derivative financial instruments	20	1,315	2,647	2,702	4,300
		1,251,130	1,221,343	783,300	726,251

(b) *Financial risk management policies and objectives*

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and commodity price risk. The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) *Foreign currency risk*

As disclosed in Note 2.7 of the financial statements, the functional currency of the Company is the United States Dollar.

The Group faces foreign exchange risk as its borrowings, export sales and the costs of certain purchases are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar, Euro, Indonesian Rupiah, Malaysian Ringgit, Chinese Yuan, CFA Franc and Thai Baht. The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes.

The Group enters into foreign currency forward contracts to hedge the foreign currency exposure for some of its receivables.

32. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(i) *Foreign currency risk (cont'd)*

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency strengthens by 5% against the functional currencies of Group entities, profit before tax will increase/(decrease) by:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
United States Dollar	374	(88)	–	–
Singapore Dollar	(83)	11	23	19
Euro[1]	(1,236)	(988)	1	–
Pound Sterling	48	53	–	–
Chinese Yuan	52	30	–	1
Japanese Yen	33	29	–	–

[1] Excludes the effect of foreign currency exposure that has been materially hedged.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's primary interest rate risk arises from its loan payables.

The Group's exposures to interest rates are set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the financial year would decrease/increase by US$4,243,000 (2021: decrease/increase by US$3,868,000). This is mainly attributable to the Group's exposure to interest rates on its balance due to the banks and financial institutions, and certain loan receivables.

(iii) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are creditworthy entities.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

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32. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) *Credit risk (cont'd)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days of when they fall due, which are derived based on the Group's historical information.

To assess whether there is significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligation;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:
- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation;
- There is disappearance of an active market for the financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and qualitative information about amount arising from expected credit losses for each class of financial assets.

(A) Trade receivables

The Group provides for expected credit losses ("ECL") for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers which are:

- HRC Group
- Corrie MacColl Group

(B) Other receivables

The Group provides for ECL for all financial assets based on general approach of 12-months ECL either individual or collective basis.

The Group has performed specific credit risk assessment on the loan to a third party. The principal and interest repayment of US$15,251,000 was due by 31 December 2022. As at the date of this report, this overdue amount remains unpaid. The borrower is currently in the process of disposing its equity interest, that was pledged for the loan. Based on the progress of the disposal process, the Group has assessed the underlying value of collaterals for the outstanding loan and has determined that expected credit losses ("ECL") provision of US$1,440,000 (2021:US$1,440,000) is required. Further details of the assessment are disclosed in Note 19.

32. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) *Credit risk (cont'd)*

(C) Debt instrument

The debt instrument is recognised initially at fair value. Further details of the initial recognition are disclosed in Note 16. Subsequently, the Group assess and record the ECL for debt instrument based on general approach of 12-months ECL and computes the ECL based on probability-weighted scenario analysis.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of impairment loss on receivables) at the statement of financial position date is as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
By country:		
Asia (excluding Singapore and China)	27,420	35,543
China	34,102	36,113
Singapore	2,112	6,196
United States of America ("USA")/Canada	36,272	39,431
Europe	25,720	37,937
Others	12,037	9,839
	137,663	165,059

The credit risk exposure on the Group's trade receivables is as follow:

		Days past due				
31 December 2022	**Current**	**‹30 days**	**30-60 days**	**61-90 days**	**›91 days**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
ECL rate	0.25%	0.29%	0.36%	46.19%	48.61%	
Total trade receivables	107,874	28,377	1,500	237	275	138,263
ECL	270	82	5	110	133	600

		Days past due				
31 December 2021	**Current**	**‹30 days**	**30-60 days**	**61-90 days**	**›91 days**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
ECL rate	0.25%	0.29%	0.36%	0.49%	100%	
Total trade receivables	137,938	26,859	691	–	198	165,686
ECL	348	78	3	–	198	627

Further details of credit risk on trade receivables are disclosed in Note 18 to the financial statements.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains sufficient liquidity at all times by efficient cash and working capital management.

Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future interest cash outflow attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset or liabilities on the statement of financial position.

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32. **Financial risks and management (cont'd)**

(b) ***Financial risk management policies and objectives (cont'd)***

(iv) *Liquidity risk (cont'd)*

Non-derivative financial instruments (cont'd)

	2022 US$'000						2021 US$'000					
	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total
Group												
Financial assets:												
Trade and other receivables – interest bearing	10.60	70,691	4,065	–	(6,520)	68,236	10.59	20,886	56,763	4,317	(14,033)	67,933
Trade and other receivables – non-interest bearing		180,144	–	–	–	180,144		204,963	–	–	–	204,963
Debt instruments		2,392	–	–	–	2,392		–	2,417	–	–	2,417
Cash at banks and in hand		113,841	–	–	–	113,841		31,951	–	–	–	31,951
Short term deposits	4.06	5,038	–	–	(197)	4,841	3.65	1,497	–	–	(52)	1,445
Total undiscounted financial assets		372,106	4,065	–	(6,717)	369,454		259,297	59,180	4,317	(14,085)	308,709
Financial liabilities:												
Trade and other payables – interest bearing	4.95	–	–	1,600	(475)	1,125	2.33	1,800	–	1,600	(475)	2,925
Trade and other payables – non-interest bearing		99,889	1,200	4,093	–	105,182		110,048	2,400	5,478	–	117,926
Lease liabilities	4.51	2,817	3,229	22,541	(18,444)	10,143	4.83	3,820	2,726	24,219	(19,838)	10,927
Loan payables – variable rate	3.30	524,669	296,563	62,130	(29,988)	853,374	1.91	389,904	406,974	–	(21,733)	775,145
Loan payables – fixed rate	5.53	195,352	55,884	72,686	(43,931)	279,991	6.35	258,656	34,589	55,976	(37,448)	311,773
Total undiscounted financial liabilities		822,727	356,876	163,050	(92,838)	1,249,815		764,228	446,689	87,273	(79,494)	1,218,696

32. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) *Liquidity risk (cont'd)*

Non-derivative financial instruments (cont'd)

	2022						2021					
	Weighted average effective interest rate %	On demand or within one year US$'000	One to three years US$'000	Over three years US$'000	Adjustment US$'000	Total US$'000	Weighted average effective interest rate %	On demand or within one year US$'000	One to three years US$'000	Over three years US$'000	Adjustment US$'000	Total US$'000
Company												
Financial assets:												
Trade and other receivables – non-interest bearing		284,869	–	–	–	284,869		283,572	–	–	–	283,572
Trade and other receivables – interest bearing	2.31	219,049	–	–	(4,954)	214,095	2.49	127,721	–	–	(3,107)	124,614
Cash at banks and in hand		1,017	–	–	–	1,017		391	–	–	–	391
Short term deposits		2,500	–	–	(100)	2,400		–	–	–	–	–
Total undiscounted financial assets		507,435	–	–	(5,054)	502,381		411,684	–	–	(3,107)	408,577
Financial liabilities:												
Trade and other payables – non-interest bearing		10,053	2,400	–	–	12,453		6,646	2,400	1,200	–	10,246
Trade and other payables – interest bearing	0.87	10,252	–	18,820	(252)	28,820	1.91	71,649	–	29,410	(1,896)	99,163
Lease liabilities (Note 30)	3.70	1,073	1,904	–	(165)	2,812	3.81	711	45	–	(14)	742
Loan payables – variable rate	3.17	465,129	296,563	–	(25,179)	736,513	1.88	321,029	306,533	–	(15,762)	611,800
Total undiscounted financial liabilities		486,507	300,867	18,820	(25,596)	780,598		400,035	308,978	30,610	(17,672)	721,951

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For the financial year ended 31 December 2022

32. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) *Liquidity risk (cont'd)*

Derivative financial instruments

The liquidity analysis for derivative financial instruments has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

Please refer to Note 20 for more details.

(v) *Commodity price risk*

Due to the nature of the Group's operations, the Group is exposed to changes in agricultural commodity prices.

The Group managed the exposure on commodity price risk by utilising forward physical contracts and/or derivatives to manage the Group's open commodity positions. The Group also reviewed daily monitoring reports on market positioning to facilitate decision making process on the Group's exposure.

At the end of the reporting period, a 5% increase/decrease of the commodities price index, with all other variables held constant, would have increased/decreased profit before income tax by US$1,933,000 (2021: increased/decreased profit before income tax by US$4,470,000) and increased/decreased equity by US$1,933,000 (2021: increased/decreased equity by US$4,470,000).

33. Related party transactions

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

The Group entities entered into the following transactions with related parties:

	Group	
	2022 US$'000	**2021 US$'000**
Banking facilities covered by letter of comfort from penultimate holding company	500,697	592,600
Fee charged by penultimate holding company for issuance of letter of comfort	667	1,376
Loan facility entered with immediate holding company	–	31,756
Interest charged by immediate holding company	190	97

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	Group	
	2022 US$'000	**2021 US$'000**
Directors' fees	449	452
Short-term benefits		
– Directors of the Company	436	447
– Other key management personnel	1,085	1,099
	1,970	1,998

34. Segment information

The Group is a global leader in natural rubber industry, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group sources a broad range of grades from all major origins globally, operates 37 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China, Cameroon and Ivory Coast, and distributes to an international customer base through its network of warehouses and sales offices in South East Asia, China, the United States of America and Europe.

The key segments of the Group comprise the following:

(a) CMC Plantation ("CMCP Group") – This business segment includes plantation and processing business in Cameroon and Malaysia.

(b) CMC Distribution ("CMCI Group") – This business segment mainly covers the distribution business for industrial and non-tyre applications.

(c) HRC Group – This business segment includes the Group processing factories in Indonesia, China, Malaysia, Thailand and Ivory Coast, and distribution business in Singapore and China, whose customers are predominantly top-tier global tyre makers.

(d) Corporate segment – This business segment covers group strategic management, corporate finance, group administration and legal matters, treasury, and taxation.

Segmental performance is continuously monitored to optimise the allocation of resources between segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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34. **Segment information (cont'd)**

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination			Consolidated	
	FY 2022 US$'000	**FY 2021** US$'000	**FY 2022** US$'000	**FY 2021** US$'000	**FY 2022** US$'000	**FY 2021** US$'000	**FY 2022** US$'000	**FY 2021** US$'000	**FY 2022** US$'000	**FY 2021** US$'000		**FY 2022** US$'000	**FY 2021** US$'000
Revenue to third party	2,345	2,309	799,815	711,175	1,890,670	1,746,292	–	45	–	–		2,692,830	2,459,821
Inter-segment revenue	48,267	37,368	–	–	84,359	90,603	12,438	10,020	(145,064)	(137,991)	A	–	–
Total revenue	50,612	39,677	799,815	711,175	1,975,029	1,836,895	12,438	10,065	(145,064)	(137,991)		2,692,830	2,459,821
Gross profit/(loss)	5,779	3,811	85,219	65,235	80,202	94,077	12,438	10,052	(12,826)	(10,302)	B	170,812	162,873
Operating (loss)/profit	(18,125)	(6,551)	45,858	26,710	15,410	14,471	(1,899)	66,656	(191)	(65,219)		41,053	36,067
Finance income												6,075	6,377
Finance costs												(39,084)	(25,893)
Share of result of associates												(922)	(204)
Profit before tax												7,122	16,347
Income tax (expense)/credit												(21,193)	701
(Loss)/profit for the financial year												(14,071)	17,048
Segment assets	817,658	892,362	643,732	661,190	1,076,654	1,107,316	1,603,694	1,568,414	(2,124,565)	(2,166,373)	C	2,017,173	2,062,909
Segment liabilities	297,997	631,434	385,945	631,072	633,354	639,925	793,047	731,008	(753,202)	(1,294,680)	D	1,357,141	1,338,759
Other information:													
Management fee expense/(income)	–	–	79	120	12,359	9,828	(12,438)	(9,948)	–	–		–	–
Depreciation expense (include right-of-use assets)	7,341	7,499	2,477	2,941	18,859	20,862	1,135	1,173	(172)	199		29,640	32,674
Fair value gain on investment properties	–	–	–	–	(1,518)	(1,651)	–	–	–	–		(1,518)	(1,651)
Fair value gain on biological assets	(7,665)	(6,777)	–	–	–	–	–	–	–	–		(7,665)	(6,777)
Unrealised fair value loss/(gain) on open forward commodity contracts and adjustment on inventories	1,660	(1,347)	(4,219)	(9,022)	5,344	(3,542)	–	–	–	–		2,785	(13,911)
Capital expenditure on property, plant and equipment	3,867	3,143	699	91	5,350	4,397	166	224	–	–		10,082	7,855
Capital expenditure on plantation assets	16,236	17,162	–	–	–	3,090	–	–	–	–		16,236	20,252

34. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
A. Inter-segment revenues are eliminated on consolidation.
B. Management fee is eliminated on consolidation.
C. Elimination on investment in subsidiaries and intercompany balances.
D. Elimination on intercompany balances.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets including intangible assets, property, plant and equipment, plantation related properties, biological assets, investment properties, deferred charges and other assets) by geographical location are detailed below:

	Group	
	2022 **US$'000**	**2021** **US$'000**
Sales of natural rubber		
Singapore	40,252	81,245
Asia (excluding Singapore and China)	667,335	687,666
China	996,555	832,072
USA/Canada	312,040	258,644
Europe	583,605	539,329
Others	93,043	60,865
	2,692,830	2,459,821

The table above shows the Group's revenue by geographical locations based on the origin of the customers' ultimate parent company.

	Group	
	2022 **US$'000**	**2021** **US$'000**
Non-current assets		
Singapore	24,137	72,348
Asia	508,464	538,329
Africa	549,858	552,203
Europe	25,720	26,618
Others	11,557	15,094
	1,119,736	1,204,592

Non-current assets presented above includes intangible assets, property, plant and equipment, plantation related properties, biological assets, investment properties, deferred charges, loans and other receivables, investment in associates and other assets as presented in the consolidated statement of financial position.

35. Fair value of assets and liabilities

(a) *Fair value hierarchies*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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35. **Fair value of assets and liabilities (cont'd)**

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2022 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	**Significant observable inputs other than quoted prices (Level 2)** US$'000	**Significant unobservable inputs (Level 3)** US$'000	**Total** US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	–	39,862	–	39,862
Financial assets as at 31 December 2022	–	39,862	–	39,862
Non-financial assets:				
Inventories	–	384,195	–	384,195
Biological assets	–	–	371,368	371,368
Investment properties	–	–	40,668	40,668
Non-financial assets as at 31 December 2022	–	384,195	412,036	796,231
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	–	1,315	–	1,315
Financial liabilities as at 31 December 2022	–	1,315	–	1,315

	Group 2021 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	**Significant observable inputs other than quoted prices (Level 2)** US$'000	**Significant un-observable inputs (Level 3)** US$'000	**Total** US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	–	23,317	–	23,317
Financial assets as at 31 December 2021	–	23,317	–	23,317
Non-financial assets:				
Inventories	–	472,543	–	472,543
Biological assets	–	–	360,863	360,863
Investment properties	–	–	42,169	42,169
Non-financial assets as at 31 December 2021	–	472,543	403,032	875,575
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	–	2,647	–	2,647
Financial liabilities as at 31 December 2021	–	2,647	–	2,647

35. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Company 2022 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	**Significant observable inputs other than quoted prices (Level 2)** US$'000)	**Significant unobservable inputs (Level 3)** US$'000	**Total** US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	–	3,012	–	3,012
Financial assets as at 31 December 2022	–	3,012	–	3,012
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	–	2,702	–	2,702
Financial liabilities as at 31 December 2022	–	2,702	–	2,702

	Company 2021 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	**Significant observable inputs other than quoted prices (Level 2)** US$'000	**Significant un-observable inputs (Level 3)** US$'000	**Total** US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	–	3,976	–	3,976
Financial assets as at 31 December 2021	–	3,976	–	3,976
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	–	4,300	–	4,300
Financial liabilities as at 31 December 2021	–	4,300	–	4,300

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35. Fair value of assets and liabilities (cont'd)

(c) *Level 2 fair value measurements*

The fair value of inventories (except consumables) are calculated using quoted prices in relevant commodity exchanges at the end of the reporting period, making adjustments according to the stage of production of the inventories, port of loading, and grades of products. Where such prices are not available, the Group uses valuation models to determine the fair values based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period.

The fair value of forward currency contract is calculated using quoted prices (adjusted) offered by the financial institutions at the end of reporting period.

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

Biological assets

The fair value of the Group's major biological assets has been determined based on valuations by an independent professional valuer using the discounted cash flow valuation method. The most significant inputs into the discounted cash flow valuation method are the average annual yield and discount rate. The fair value of biological assets is computed using the following:

	2022	**2021**
Malaysia		
Average annual yield for rubber trees in Malaysia plantation (Metric tonne per hectare)	1.2	1.2
Discount rate for rubber trees in Malaysia plantation (%)	10.0	11.0
Cameroon		
Average annual yield for rubber trees in Cameroon plantation (Metric tonne per hectare)	1.6 – 2.1	1.7 – 2.0
Discount rate for rubber trees in Cameroon plantation (%)	13.3	13.0

An increase in average annual yield per hectare will result in an increase to the fair value of biological assets, while an increase in discount rate will result in a decrease of estimated fair value.

At the end of the reporting period, a 1.0% increase/decrease in average annual yield will increase/decrease the fair value of biological asset by US$7,481,000 (2021: increase/decrease by US$7,418,000), and a 0.5% increase/decrease in discount rate will decrease/increase the fair value of biological asset by US$17,472,000 (2021: decrease/increase by US$20,459,000) for Cameroon plantations.

Investment properties

The fair value of the Group's investment properties has been derived using the market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property location, accessibility, topography, facilities and utilities, size and date of transaction.

If the market prices had been 5% higher or lower and all other variables were held constant, the Group's fair value of investment properties would increase or decrease by US$2,033,000 (2021: US$2,108,000).

35. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements (cont'd)*

(ii) *Movements in Level 3 assets measured at fair value*

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

		2022	
	Biological assets US$'000	**Investment properties US$'000**	**Total US$'000**
Group			
Opening balance	360,863	42,169	403,032
Fair value gain recognised in profit or loss	7,665	1,518	9,183
Additions	24,046	–	24,046
Depreciation for the year	(2,811)	–	(2,811)
Reclassification	(212)	–	(212)
Exchange differences	(18,183)	(3,019)	(21,202)
Closing balance	371,368	40,668	412,036

		2021	
	Biological assets US$'000	**Investment properties US$'000**	**Total US$'000**
Group			
Opening balance	355,384	43,584	398,968
Fair value gain recognised in profit or loss	6,777	1,651	8,428
Additions	25,167	–	25,167
Depreciation for the year	(2,599)	–	(2,599)
Disposals	–	(815)	(815)
Reclassification	779	–	779
Exchange differences	(24,645)	(2,251)	(26,896)
Closing balance	360,863	42,169	403,032

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2022 and 31 December 2021.

(iii) *Valuation policies and procedures*

It is the Group's policy to engage external valuation experts to perform the valuation of biological assets and investment properties. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(e) *Fair value of financial instruments not measured at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of cash and bank balances (Note 17), trade receivables (Note 18), loans and other receivables (Note 19), trade payables (Note 23), other payables (Note 24), and loan payables (Note 25) approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the statement of financial position date.

36. Dividends on ordinary shares

The Group has not paid dividend on ordinary shares during the financial years 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

37. Capital management

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is required to comply with loan covenants imposed by the lenders, unless it is specifically waived by the lenders. This externally imposed requirement has been complied with by the Group in financial year ended 31 December 2021 and 31 December 2022, except for loans of certain subsidiaries for financial year ended 31 December 2022. As at 31 December 2022, the subsidiaries obtained waivers from the banks for bank loans with carrying amount of US$77,900,000 (2021: US$187,000,000) for the non-fulfilment of financial covenants.

The capital structure of the Group comprises only of issued capital and retained earnings. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group is committed to a sustainable dividend policy that ensures its capital allocation is being decided in a way that delivers long-term, sustainable returns. In considering the level of dividend payments, the Board will consider all of the above factors and strive to ensure that its capital allocation is being decided in a way that delivers long-term, sustainable returns.

The Group monitors capital using a gearing ratio, which is net borrowing divided by total equity. The Group includes within net borrowing, loans and borrowings, lease liabilities, adjusted for working capital items.

	Group	
	2022	**2021**
	US$'000	**US$'000**
Loan payables (Note 25)	1,133,365	1,086,918
Lease liabilities (Note 30)	10,143	10,927
Total borrowing	1,143,508	1,097,845
Adjust for: Working capital items		
– Trade receivables (Note 18)	(137,663)	(165,059)
– Inventories (Note 21)	(410,705)	(496,976)
– Cash and bank balances (Note 17)	(118,682)	(33,396)
– Trade payables (Note 23)	36,455	57,449
Adjusted net borrowing	512,913	459,863
Total equity	660,032	724,150
Adjusted gearing ratio	0.78	0.64

38. Event occurring after the reporting period

(a) New substantial shareholder

On 3 February 2023, the Company's shareholder, Sinochem International (Overseas) Pte Ltd ("Sinochem"), has completed the disposal of 36.0% stake to China Rubber Investment Group Company Limited, a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. ("Hainan Rubber"). Subsequently, Hainan Rubber launched a mandatory conditional cash offer ("MGO") for remaining shares in the Company it does not own and Sinochem has provided an irrevocable undertaking to not accept the offer and maintain its remaining 29.2% stake in the Company. Hainan Rubber became the substantial shareholder subsequent to this transaction, and as of 22 March 2023, accumulated 62.357% stake in the Company.

The Company had obtained the consent of all relevant lenders for the waiver of the change of control provisions in various bank facility agreements (Refer to Note 25) entered into by the Company or its subsidiaries.

(b) Loss of free float and listing status

On 22 March 2023, the total number of shares held by substantial shareholders (including the shares owned, controlled, acquired or agreed to be acquired by the Hainan Rubber and SIC) amounted to an aggregate of 1,460,326,368 ordinary shares, representing approximately 91.556% of the total number of issued shares of the Company. As such, the total number and percentage of shares held by the public is approximately 8.44%, less than the requisite 10% threshold under Rule 723 of the Listing Manual.

As stated in the Offer Document, it is the intention of Hainan Rubber to maintain the listing status of the Company on the SGX-ST following the closing of the MGO. Accordingly, if the trading of the shares is suspended pursuant to the abovementioned rules of the Listing Manual, Hainan Rubber 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.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 30 March 2023.

STATISTICS OF SHAREHOLDINGS
AS AT 27 MARCH 2023

Issued and paid-up share capital	:	S$952,655,008.46
Number of issued shares	:	1,595,011,941
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights on a poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,396	22.51	79,115	0.00
100 – 1,000	2,168	34.96	889,978	0.06
1,001 – 10,000	1,878	30.28	8,024,396	0.50
10,001 – 1,000,000	740	11.93	33,279,349	2.09
1,000,001 AND ABOVE	20	0.32	1,552,739,103	97.35
TOTAL	**6,202**	**100.00**	**1,595,011,941**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	RAFFLES NOMINEES (PTE.) LIMITED	853,373,759	53.50
2.	SINOCHEM INTERNATIONAL (OVERSEAS) PTE LTD	465,716,356	29.20
3.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	59,034,981	3.70
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	53,130,111	3.33
5.	DBS NOMINEES (PRIVATE) LIMITED	36,842,923	2.31
6.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	28,272,140	1.77
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	12,775,273	0.80
8.	COFFEE EXPRESS 2000 PTE LTD	5,500,000	0.34
9.	PHILLIP SECURITIES PTE LTD	5,299,938	0.33
10.	ALLPLUS HOLDINGS PTE LTD	5,139,750	0.32
11.	IFAST FINANCIAL PTE. LTD.	4,183,870	0.26
12.	GE JIANMING	3,550,347	0.22
13.	UOB KAY HIAN PRIVATE LIMITED	3,518,638	0.22
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,144,459	0.20
15.	B Q S PRIVATE LTD	3,000,640	0.19
16.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,668,611	0.17
17.	OCBC SECURITIES PRIVATE LIMITED	2,565,253	0.16
18.	TAN SENG HOCK	1,999,930	0.13
19.	ABN AMRO CLEARING BANK N.V.	1,952,096	0.12
20.	SIM YOK KEE @SIM GUEK HIANG	1,070,028	0.07
	TOTAL	**1,552,739,103**	**97.34**

STATISTICS OF SHAREHOLDINGS

AS AT 27 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
China Rubber Investment Group Company Limited	574,204,299	36.00	–	–
China Hainan Rubber Industry Group Co., Ltd.[1]	–	–	574,204,299	36.00
Hainan Province Agribusiness Investment Holding Group Co., Ltd.[1]	–	–	574,204,299	36.00
Sinochem International (Overseas) Pte. Ltd.	465,716,356	29.20	–	–
Sinochem International Corporation Ltd.[2]	–	–	465,716,356	29.20
Sinochem Holdings Corporation Ltd.[2]	–	–	465,716,356	29.20
Mieke Bintati Gondobintoro	859,329	0.05	84,523,557[3]	5.30
Jeffrey Gondobintoro	639,642	0.04	84,523,557[3]	5.30

Notes:

(1) Each of China Hainan Rubber Industry Group 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.

Mieke Bintati Gondobintoro and Jeffrey Gondobintoro had on 31 March 2023 notified the Company that they had accepted the Mandatory Unconditional Cash Offer by CRIGC and ceased to be substantial shareholders of the Company on 24 March 2023.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the announcement made by China International Capital Corporation (Singapore) Pte. Limited for and on behalf of CRIGC on 22 March 2023, the 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.

NOTICE OF **ANNUAL GENERAL MEETING**

HALCYON AGRI CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200504595D)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Halcyon Agri Corporation Limited (the "Company") will be convened and held by electronic means on Wednesday, 26 April 2023 at 3.00 p.m. (Singapore time) for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022, the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**
2. To note the retirement of Mr Liu Hongsheng as a Director of the Company pursuant to Regulation 91 of the Constitution of the Company.
3. To note the retirement of Mr Liew Choon Wei as a Director of the Company pursuant to Regulation 91 of the Constitution of the Company.
4. To note the retirement of Mr Lam Chun Kai as a Director of the Company pursuant to Regulation 91 of the Constitution of the Company.
5. To re-elect Ms Latha Eapen K Mathew, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered herself for re-election. **(Resolution 2)**
6. To re-elect Mr Liu Yongsheng, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered himself for re-election. **(Resolution 3)**
7. To approve the sum of up to S$750,000 to be paid quarterly in arrears, to the non-executive Directors as Directors' fees for the financial year ending 31 December 2023. **(Resolution 4)**
8. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 5)**
9. To transact any other ordinary business which may be properly transacted at an AGM.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modification(s):

10. **Renewal of Share Buyback Mandate** **(Resolution 6)**

THAT:

(1) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) ("Market Purchases") on the Singapore Exchange Securities Trading Limited ("SGX-ST") or on any other securities exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or

(b) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) ("Off-Market Purchases"), otherwise than on a securities exchange, in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next annual general meeting of the Company is held;

(b) the date by which the next annual general meeting of the Company is required by law to be held; and

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(3) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Percentage" means that number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Wong Teck Kow
Company Secretary
Singapore

10 April 2023

EXPLANATORY NOTES

(i) **Retirement of Directors pursuant to Regulation 91 of the Constitution of the Company**

Mr Liu Hongsheng will, upon his retirement as a Director of the Company, cease to be the Non-Executive Non-Independent Chairman of the Board, Chairman of the Strategy and Investment Committee and a member of the Remuneration Committee.

Mr Liew Choon Wei will, upon his retirement as an Independent Director of the Company, cease to be Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee.

Mr Lam Chun Kai will, upon his retirement as a Director of the Company, cease to be the Lead Independent Director, Chairman of the Nominating Committee, and a member of the Audit Committee, Remuneration Committee as well as the Strategy and Investment Committee.

(ii) **Resolutions 2 and 3: Re-election of Directors who cease to hold office pursuant to Regulation 97 of the Constitution of the Company**

Ms Latha Eapen K Mathew will, upon re-election as a Director of the Company, remain as an Independent Director and a member of the Audit Committee. She is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Liu Yongsheng will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Director. Mr Liu is a nominee director of Sinochem International (Oversea) Pte. Ltd..

(iii) **Information of Directors seeking re-election under Resolutions 2 and 3**

Please refer to the sections on 'Board of Directors', 'Corporate Governance Report' and 'Supplemental Information on Directors Seeking Re-election' in the Company's Annual Report in respect of the financial year ended 31 December 2022 (the "Annual Report"), for detailed information (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST) of the Directors seeking re-election under Resolutions 2 and 3.

(iv) **Resolution 4: Approval of Directors' fees of up to S$750,000**

Resolution 4, if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2023, in which the fees are incurred. Directors' fees of up to S$750,000 are computed based on the anticipated number of Board and Board Committee meetings, assuming full attendance by all of the non-executive Directors. The amount also caters for any potential appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committee(s). Please refer to the section on Corporate Governance Report in the Annual Report for further information on the Directors' fees.

(v) **Resolution 6: Renewal of Share Buyback Mandate**

Resolution 6 is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution 6. Please refer to the Company's Letter to Shareholders relating to the Renewal of Share Buyback Mandate for more details.

IMPORTANT NOTES RELATING TO THE AGM

1. **AGM by electronic means**

The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Members will not be able to attend the AGM physically.

2. **Annual Report and documents related to the AGM**

The Company's Annual Report and the documents which are relevant to the AGM, including the Letter to Shareholders dated 10 April 2023 relating to the Renewal of Share Buyback Mandate (the "Letter"), this Notice of AGM and form of proxy for the AGM (the "Proxy Form") can be accessed at:

(a) the **Company's website** at https://www.halcyonagri.com/investors-media/agm-egm-announcements;

(b) the **SGX website** at https://www.sgx.com/securities/company-announcements, or

(c) the **pre-registration website for AGM live webcast** at https://conveneagm.com/sg/HalcyonAgriAGM2023/.

For your convenience, printed copies of this Notice of AGM and Proxy Form will be sent to shareholders by post. However, please note that no printed copies of the Annual Report and Letter will be despatched to the shareholders.

3. **Alternative arrangements for participation at the AGM**

Relevant arrangements relating to conducting AGM via electronic means include:

(a) arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream;

(b) submission of questions ahead of the AGM and addressing of substantial and/or relevant questions;

(c) submission of questions "live" during the AGM; and

(d) voting "live" at the AGM by the shareholders or their appointed proxy(ies)(other than Chairman of the AGM) or by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM;

are set out in the Company's announcement dated 10 April 2023 made through SGXNET at https://www.sgx.com/securities/company-announcements, which is also available on the Company's website at https://www.halcyonagri.com/investors-media/agm-egm-announcements/.

4. **Pre-registration for AGM live webcast or live audio feed**

Members and/or their proxy(ies) must pre-register for AGM live webcast or live audio feed through the pre-registration website at https://conveneagm.com/sg/HalcyonAgriAGM2023/ from now until Sunday, 23 April 2023 at 3.00 p.m. (Singapore time) in order to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers.

5. **Live Voting and voting by proxy**

A member (whether individual or corporate) [except a Relevant Intermediary (as defined below)] may cast their votes at the AGM via real-time electronic voting or submitting an instrument appointing a proxy(ies) or Chairman of the AGM ("Proxy Form") as proxy to vote on his/her/its behalf at the AGM. The Proxy Form for the AGM may be accessed at the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and Halcyon's AGM website at the URL https://conveneagm.com/sg/HalcyonAgriAGM2023/. For convenience, printed copies of the Proxy Form have also been sent by post to shareholder.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.

The completed and signed Proxy Form must be submitted to the Company in the following manner:

(a) **by post** and be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632; or

(b) **by email** to AGM@halcyonagri.com enclosing a clear scanned copy of the Proxy Form;

and must be received by the Company by Sunday, 23 April 2023 at 3.00 p.m. (Singapore time) (being 72 hours before the time appointed for the holding of the AGM).

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Monday, 17 April 2023 at 3.00 p.m. (Singapore time) (being seven (7) working days before the time appointed for the holding of the AGM).

Members are strongly encouraged to submit completed proxy forms electronically.

NOTICE OF ANNUAL GENERAL MEETING

6. **Submission of Questions prior to the AGM**

   Shareholders can submit questions relating to the resolutions to be tabled at the AGM by Wednesday, 19 April 2023 at 3.00 p.m. (Singapore time), in the following manner:

   (a) **by email** to AGM@halcyonagri.com;

   (b) **by post** to the Company at 180 Clemenceau Avenue, #05-02 Haw Par Centre, Singapore 239922; or

   (c) **via the pre-registration website** (only available for shareholders and CPF/SRS Investors who have pre-registered at https://conveneagm.com/sg/HalcyonAgriAGM2023/ to observe and/or listen to the AGM proceedings through the live audio-visual webcast or live audio-only stream).

   When sending your questions by email or post, please provide your full name, address, contact details and the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

   All substantial and relevant questions will be addressed either prior to the AGM (via an announcement on SGXNET and through publication on the Company's website) or during the AGM.

   Shareholders or, where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within the prescribed time limit. The Company will endeavour to respond to substantial and relevant questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions and may not address such questions individually.

A "**Relevant Intermediary**" is:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Board, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

HALCYON AGRI CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200504595D)

PROXY FORM
ANNUAL GENERAL MEETING

Important notes:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance of or live at the AGM and/or voting by electronic means live or by proxy at the AGM are set out in the Notice of the AGM dated 10 April 2023 which has been announced on the SGXNet and uploaded on the Company's website.
3. **A member will not be able to attend the AGM physically. A member (whether individual or corporate) may appoint the Chairman of the Meeting or any person(s) (need not be a member of the Company) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM.**
4. Relevant arrangements relating to conducting AGM via electronic means are set out in the Company's announcement dated 10 April 2023 made through SGXNET at https://www.sgx.com/securities/company-announcements, which is also available on the Company's website at https://www.halcyonagri.com/investors-media/agm-egm-announcements/.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their votes by 17 April 2023 at 3.00 p.m. (Singapore time).

Personal Data Privacy

By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the set out in the Notes to this Proxy Form.

*I/We, ____________________ (Name) *NRIC/Passport/Co. Reg. No. ____________________

of ____ (address)
being a *member/members of HALCYON AGRI CORPORATION LIMITED (the "**Company**"), hereby appoint:

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			Number of shares	**%**

*and/or

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			Number of shares	**%**

or failing *him/her, the Chairman of the Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 26 April 2023 at 3.00 p.m. (Singapore time) and at any adjournment thereof, in the manner as indicated hereunder –

ORDINARY RESOLUTIONS		**Number of Votes**		
Ordinary Business		**For****	**Against****	**Abstain****
Resolution 1	Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report			
Resolution 2	Re-election of Ms Latha Eapen K Mathew as Director			
Resolution 3	Re-election of Mr Liu Yongsheng as Director			
Resolution 4	Approval of Directors' fees of up to S$750,000 for the financial year ending 31 December 2023			
Resolution 5	Re-appointment of Messrs Ernst & Young LLP as Auditor			
Special Business				
Resolution 6	Renewal of Share Buyback Mandate			

All resolutions put to vote at the AGM shall be decided by way of poll.

* *Delete accordingly*
** *Please tick √ or cross X or indicate the number of votes within the box set against each resolution to cast your votes "**For**" or "**Against**" in respect of that resolution. If you wish your proxy to Abstain from voting on a resolution, please tick √ or cross X or indicate the number of votes in the "Abstain" box in respect of that resolution.*

In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Date this __________ day of April 2023

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of Members(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

Notes:

1. In light of COVID-19 restrictions and orders, the AGM is being convened, and will be held, by electronic means. A member will not be able to attend the AGM physically. A member (whether individual or corporate) may appoint the Chairman of the Meeting or any person(s) (need not be a member of the Company) as his/her/its proxy to attend and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM.

2. **A Member and/or his/her/its proxy(ies) must pre-register for the AGM live webcast or live audio feed through the pre-registration website at https://conveneagm.com/sg/HalcyonAgriAGM2023/ from now until Sunday, 23 April 2023 at 3.00 p.m. (Singapore time) in order to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers.**

3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy for the AGM (the "Proxy Form"), failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

5. The instrument appointing the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer(s).

6. Where an instrument appointing the proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. Please insert the total number of shares in the share capital of the Company held by the member. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

8. A proxy need not be a member of the Company

9. The completed and signed Proxy Form must be submitted to the Company in the following manner:

   (a) **by post** and be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632;

   (b) **by email** to AGM@halcyonagri.com enclosing a clear scanned copy of the Proxy Form; or

   (c) **via the pre-registration website** (only available for shareholders and CPF/SRS Investors who have pre-registered at https://conveneagm.com/sg/HalcyonAgriAGM2023/ to observe and/or listen to the AGM proceedings through the live audio-visual webcast or live audio-only stream),

   and must be received by the Company by Sunday, 23 April 2023 at 3.00 p.m. (Singapore time) (being 72 hours before the time appointed for the holding of the AGM).

   Members are strongly encouraged to submit completed proxy forms electronically.

10. Completion and return of this instrument appointing the Chairman of the Meeting as proxy shall not preclude a member from observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream.

11. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS investors, and who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 17 April 2023 at 3.00 p.m. (Singapore time).

12. Relevant arrangements relating to conducting AGM via electronic means, the Company's Annual Report (including the Sustainability Report) for the financial year ended 31 December 2022, and the documents which are relevant to the AGM, including the Letter to Shareholders dated 10 April 2023 relating to the Renewal of Share Buyback Mandate, the Notice of AGM and the Proxy Form can be accessed at:

    (a) the Company's website at https://www.halcyonagri.com/investors-media/agm-egm-announcements;

    (b) the SGX website at https://www.sgx.com/securities/company-announcements, or

    (c) the pre-registration website for AGM live webcast at https://conveneagm.com/sg/HalcyonAgriAGM2023/.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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HALCYON

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