

# HALCYON AGRI CORPORATION LIMITED

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

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## ENTRY INTO FACILITY AGREEMENT WITH THE CONTROLLING SHAREHOLDER

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### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**” and together with its subsidiaries, the “**HAC Group**”) wishes to announce that the Company’s subsidiaries, Hevea Global Pte. Ltd. and New Continent Enterprises (Private) Limited (each, the “**Borrower**” and collectively, the “**Borrowers**”) had on 12 October 2021, entered into a facility agreement (the “**Facility Agreement**”) with its controlling shareholder, Sinochem International (Overseas) Pte. Ltd. (“**Sinochem**” and together with its associated entities, the “**Sinochem Group**”).
- 1.2 Sinochem is a controlling shareholder and has a direct interest in an aggregate of 877,056,655 ordinary shares in the capital of the Company, representing approximately 54.99% of the total number of issued shares. It is a wholly-owned subsidiary of Sinochem International Corporation, a Chinese state-owned enterprise listed on the Shanghai Stock Exchange.
- 1.3 Sinochem strongly supports its sole natural rubber franchise and will, from time to time, provide financial support to HAC Group when necessary, as the parent company of the HAC Group. It has offered a revolving loan facility of up to an aggregate amount of US\$50 million (the “**Loan**”) to the Borrowers, subject to the terms and conditions set out in the Facility Agreement.

### 2. RATIONALE AND BENEFITS OF THE LOAN

- 2.1 The COVID-19 pandemic has brought unprecedented challenges to shipping industry, which undermine the smooth movement of trade flows and global supply chain operations. The container shortages issues and elongated shipping times that increase working capital cycles, are expected to continue in near-term.
- 2.2 Amid the economic disruptions resulting from COVID-19, HAC Group is closely managing its operating working capital and controlling relevant risks, and it believes that entry into the Facility Agreement is beneficial to the Borrowers in view of the challenges and uncertainties of COVID-19 pandemic. The Loan will enhance HAC Group’s financial flexibility and provide additional capital to the Borrowers for general working capital purposes.
- 2.3 The Loan demonstrates the continuous financial support provided by Sinochem to the HAC Group. The terms of the Facility Agreement, including the applicable interest rate, are entered into after arm’s length negotiations between the parties and taking into account, among others, the prevailing external lending rates quoted by third party banks and financial institutions, the terms of the Borrowers’ existing loans as well as the terms of existing loans of the other entities within the HAC Group.

### 3. SALIENT TERMS OF THE FACILITY AGREEMENT

3.1 The principal terms of the Facility Agreement are summarised below:

- Principal amount** : US\$50,000,000
- Interest** : 1.8% per annum, which will accrue from the date of each drawdown until the date of settlement of the Loan
- Availability period** : Commencing from 12 October 2021 and expiring on 28 February 2022, or such later date as Sinochem may agree in its absolute discretion
- Drawdown** : The amount of each drawdown shall be determined as 95% of the aggregate outstanding trade receivables under the invoices presented by the Borrower
- Repayment** : Repayment on each Loan together with the accrued interest shall be made in full on the earlier of fourteen (14) days from the last due date of the trade receivables invoices presented to and accepted by Sinochem for the disbursement of Loan, and by 31 March 2022
- Security** : The Borrower shall charge to Sinochem, by way of first floating charge, its present and future rights, title, interest and benefits in, under and to the trade receivables for which the invoices have been presented to and accepted by Sinochem, for the utilisation of the Loan

### 4. INTERESTED PERSON TRANSACTION

4.1 Sinochem is a controlling shareholder of the Company. Accordingly:

- (a) Sinochem is an “interested person” and the HAC Group is regarded as “entity at risk”;
- (b) the entry into the Facility Agreement constitutes an interested person transaction (“IPT”),

for the purpose of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

- 4.2 Pursuant to Rule 909(3) of the Listing Manual, in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. Assuming the maximum amount of the Loan of US\$50 million is fully utilised from the date of the Facility Agreement and remains outstanding until 31 March 2022, total value of the IPT is US\$435,000.
- 4.3 As at the date of this announcement, the aggregate value of all IPTs entered into between the HAC Group and Sinochem Group (including the Loan) amounted to US\$1,785,000, representing 0.4% of the Group’s latest audited consolidated net tangible assets as at 31 December 2020. Therefore, the Company is not required to seek shareholders’ approval for the Loan or be subject to the disclosure requirements under Chapter 9 of the Listing Manual of the SGX-ST.
- 4.4 The Audit Committee of the Company has reviewed and considered the terms and rationale of the IPT and is of the view that the Loan, including the applicable interest rate, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

**5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors and to the best of the Directors' knowledge, none of the other substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Loan, other than that arising from their respective shareholdings and/or directorships, as the case may be, in the Company.

**6. CAUTIONARY STATEMENT**

Shareholders and potential investors should exercise caution when trading in the Company's shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

By Order of the Board

Liew Guat Yi  
Company Secretary  
12 October 2021