

# HALCYON AGRI CORPORATION LIMITED

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

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## INTERESTED PERSON TRANSACTIONS ENTERED INTO WITH CHINA HAINAN RUBBER INDUSTRY GROUP CO., LTD. (“HRG”) AND CERTAIN OF ITS SUBSIDIARIES (COLLECTIVELY, THE “HRG GROUP”)

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### 1. INTRODUCTION

Reference is made to Halcyon Agri Corporation Limited (the “**Company**”)’s announcement dated 30 August 2023 in relation to the interested person transactions (“**IPTs**” and each an “**IPT**”) pursuant to Rule 905(2) of the Listing Manual (the “**Announcement**”). Unless otherwise defined herein, all capitalised terms used in this announcement shall have the meanings given to them in the Announcement.

The Board of Directors (the “**Board**”) of Halcyon Agri Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce the additional transactions entered into by the Group in the ordinary course of business with HRG and the HRG Group pursuant to Rule 905(2) of the Listing Manual since the Announcement.

Pursuant to Rule 905(2) of the Listing Manual, if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group’s latest audited net tangible assets, the Company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Pursuant to Rule 906(1) of the Listing Manual, the Company must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

- (a) 5% of the Group’s latest audited net tangible assets; or
- (b) 5% of the Group’s latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year.

### 2. DETAILS OF THE INTERESTED PERSONS

As noted in the Announcement, China Rubber Investment Group Company Limited (“**CRIG**”) and HRG became controlling shareholders of the Company from 3 February 2023.

During the current financial year ending 31 December 2023, the Group has entered into various transactions with HRG and its below-listed subsidiaries:

Name of entity	Relationship with HRG	Country of incorporation	Principal business
HRG	-	The People’s Republic of China	Investment holding company
R1 International Pte Ltd	Subsidiary of HRG	Singapore	Rubber trading
R1 International Trading (Qingdao) Co., Ltd (青岛龙胶国际贸易有限公司)	Subsidiary of HRG	The People’s Republic of China	Rubber trading
Yunnan Haijiao Rubber Industry Co., Ltd. (云南海胶橡胶产业有限公司)	Subsidiary of HRG	The People’s Republic of China	Rubber processing

Shanghai Longking International Co., Ltd. (上海龙橡国际贸易有限公司)	Subsidiary of HRG	The People's Republic of China	Rubber trading
China Hainan Rubber Industry Group Golden Rubber Co., Ltd. (海南天然橡胶产业集团金橡有限公司)	Subsidiary of HRG	The People's Republic of China	Rubber processing
Hainan Jinxiang Chenxing Plastics Co., Ltd. (海南金橡晨星塑料有限公司)	Subsidiary of HRG	The People's Republic of China	Rubber processing

Each of the aforementioned entities within the HRG Group is considered an “associate” (as defined under the Listing Manual) of HRG and CRIG. Accordingly, pursuant to Chapter 9 of the Listing Manual, each of the aforementioned entities is regarded as an “interested person” (as defined under the Listing Manual) and the transactions described in further detail below each constitutes an “interested person transaction” (as defined under the Listing Manual) which is subject to Chapter 9 of the Listing Manual.

For the purposes of Rules 905 and 906 of the Listing Manual, HRG, CRIG and entities within the HRG Group are treated as the same “interested person” (as defined under the Listing Manual) and such transactions entered into between the Group and the HRG Group during the same financial year are aggregated in determining whether the respective financial thresholds under Rules 905 and 906 of the Listing Manual have been triggered.

### 3. DETAILS AND VALUE OF PAST IPTS

Details and value of the IPTs entered into between the Group and the HRG Group from 30 August 2023 (being the date of the Announcement) to the date hereof are as follows:

#### IPT with HRG

No.	Interested Person	Details of the IPT	Value of IPT (US\$)
1.	HRG	Interest arising from shareholder's loan (“Shareholder's Loan”)	<b><u>1,856,199</u></b>

#### IPTs with HRG Group entities of a revenue and trading nature (the “Trade IPTs”)

No.	Interested Person	Details of the IPTs	Value of IPTs (US\$)
1.	R1 International Pte Ltd	Rubber trades (Sales)	1,001,754
2.	R1 International Trading (Qingdao) Co., Ltd (青岛龙胶国际贸易有限公司)	Rubber trades (Sales and Purchase)	526,176
3.	Yunnan Haijiao Rubber Industry Co., Ltd. (云南海胶橡胶产业有限公司)	Rubber trades (Purchase)	1,963,139
4.	China Hainan Rubber Industry Group Golden Rubber Co., Ltd. (海南天然橡胶产业集团金橡有限公司)	Rubber trades (Purchase)	357,354
5.	Hainan Jinxiang Chenxing Plastics Co., Ltd. (海南金橡晨星塑料有限公司)	Rubber trades (Purchase)	23,301
<b>Total</b>			<b><u>3,871,724</u></b>

The aggregate value of the Trade IPTs with HRG entities from 3 February 2023 to the date hereof (the “**Trade YTD-IPTs**”) is approximately US\$19,163,068, representing approximately 5.31% of the Group’s latest audited NTA of approximately US\$361,192,000 as at 31 December 2022. Out of the Trade YTD-IPTs, the revenue generated from the sales of rubber (US\$6,856,351), as well as the cost incurred to procure rubber (US\$12,306,717) are respectively immaterial to the Group’s overall revenue and cost of sales for the corresponding period for which the Trade YTD-IPTs relate to.

The aggregate value of the YTD-IPTs, comprising the IPT value of the Shareholders’ Loan (being the interest arising therefrom) and the IPT value of the Trade YTD-IPTs from 3 February 2023 to the date hereof, is approximately US\$23,323,611 (“**YTD-IPT Value**”), representing approximately 6.46% of the Group’s latest audited NTA. Accordingly, the YTD-IPT Value has exceeded 5% of the Group’s latest audited NTA.

The Shareholder’s Loan was extended by HRG to the Company to support the Group’s operational and working capital needs, and is unsecured. The Shareholder’s Loan was undertaken on normal commercial terms, on an arm’s length basis, and is not prejudicial to the interests of the Group.

Each of the Trade IPTs was entered into by the parties on an arms’ length basis and on normal commercial terms. The terms extended (including prices charged) by the Group to the HRG Group and vice versa were no more favourable than the terms extended by the Group to unrelated third parties. These terms were arrived at based on commercial considerations including, *inter alia*, order quantity, product quality, product grade and specifications, market rates/prices (where available) and/or gross profit margin to the Group.

The Company will be convening an Extraordinary General Meeting (“**EGM**”) to seek approval from shareholders for:

- (a) the proposed adoption of a general mandate for recurrent IPTs under Chapter 9 of the Listing Manual; and
- (b) the ratification of all IPTs entered into by the Group with the HRG Group to-date,

(collectively, the “**IPT Shareholders’ Approval**”).

The Company will make the necessary announcement(s) in connection with the IPT Shareholders’ Approval and the EGM in due course.

#### **4. RATIONALE FOR THE INTERESTED PERSON TRANSACTIONS AND BENEFIT TO, THE GROUP**

The Group owns and operates significant assets along the natural rubber value chain, and distributes a range of natural rubber grades, latex and specialised rubber for the tyre and non-tyre industries. It has 37 processing factories in most major rubber-producing countries with a production capacity of 1.4 million metric tonnes per annum, and is one of the largest owners of commercially operated rubber plantations globally.

The Group had been trading with the HRG Group prior to HRG becoming a controlling shareholder of the Company on 3 February 2023. Continuing this trading relationship with the HRG Group going forward will be commercially beneficial to the Group. Firstly, transactions with the HRG Group, as customers of the Group, will allow the Group to have access to HRG Group’s distribution channels which can augment the Group’s supply chain network. On the other hand, transactions with the HRG Group, as suppliers of the Group, can offer better control over supply chain infrastructure, quality assurance, and risk mitigation. The Group also benefits from having access, where applicable, to more flexibility in terms of payment terms, delivery schedules, and contract negotiations.

## **5. STATEMENT BY THE AUDIT COMMITTEE**

Having reviewed the YTD-IPTs, the rationale for the YTD-IPTs and the benefits to the Group, the Audit Committee of the Company is of the view that:

- (a) the Shareholder's Loan was undertaken on normal commercial terms, on an arm's length basis, and is not prejudicial to the interests of the Group and its minority shareholders; and
- (b) the Trade YTD-IPTs were carried out on normal commercial terms, on an arm's length basis, and are not prejudicial to the interests of the Company and its minority shareholders.

## **6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Mr Sun Weiliang, Mr Li Xuetao and Mr Zhang Daqiang, the Directors of the Company, are nominee directors of HRG, which is a controlling shareholder of the Company. Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the YTD-IPTs.

By Order of the Board

Wong Teck Kow  
Company Secretary  
25 September 2023