

CIRCULAR TO SHAREHOLDERS DATED 15 NOVEMBER 2023

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Halcyon Agri Corporation Limited (the “Company” and together with its subsidiaries, the “Group”). If you are in any doubt as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward the printed Notice of Extraordinary General Meeting (the “Notice of EGM”) and the Proxy Form to the purchaser or the transferee as arrangements will be made by CDP for a separate printed Notice of EGM and the Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward the printed Notice of EGM and the Proxy Form to the purchaser or transferee, or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser or the transferee.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein. The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

This Circular (together with the Notice of EGM and the Proxy Form) has been made available on the SGXNet and the Company’s website at <https://www.halcyonagri.com/investors-media/agm-egm-announcements>. Printed copies of this Circular will not be despatched to Shareholders (as defined herein). Printed copies of the Notice of EGM and Proxy Form will be despatched to Shareholders.



HALCYON AGRI CORPORATION LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

- 1. THE PROPOSED SHAREHOLDERS’ RATIFICATION OF PAST RECURRENT INTERESTED PERSON TRANSACTIONS;**
- 2. THE PROPOSED SHAREHOLDERS’ RATIFICATION OF THE SHAREHOLDER’S LOAN AND INTEREST PAYABLE BETWEEN THE COMPANY AND CHINA HAINAN RUBBER INDUSTRY GROUP CO., LTD.; AND**
- 3. THE PROPOSED ADOPTION OF SHAREHOLDERS’ GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS,**

COLLECTIVELY, THE “PROPOSALS”.

***Independent Financial Adviser to the Non-Interested Directors of the Company
with respect to the Proposals***



XANDAR CAPITAL PTE. LTD.

(Company Registration No. 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	27 November 2023 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	30 November 2023 at 2.30 p.m.
Place of Extraordinary General Meeting	:	190 Clemenceau Avenue, #02-31, Singapore Shopping Centre, Singapore 239924

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “1 August Loan Agreement”** : Loan agreement entered into between the Company and HRG on 1 August 2023, further details of which are set out in Section 4.1 of this Circular
- “2 August Loan Agreement”** : Loan agreement entered into between the Company and HRG on 2 August 2023, further details of which are set out in Section 4.1 of this Circular
- “25 June Loan Agreement”** : Loan agreement entered into between the Company and HRG on 25 June 2023, further details of which are set out in Section 4.1 of this Circular
- “25 September Announcement”** : Announcement released by the Company on SGXNet on 25 September 2023 on further Interested Person Transactions with the HRG Group
- “27 April Loan Agreement”** : Loan agreement entered into between the Company and HRG on 27 April 2023, further details of which are set out in Section 4.1 of this Circular
- “30 August Announcement”** : Announcement released by the Company with the HRG Group on SGXNet on 30 August 2023 on Interested Person Transactions pursuant to Rule 905(2) of the Listing Manual
- “AGM”** : An annual general meeting of the Company
- “Associate”** : (a) in relation to any Director, CEO, substantial shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

DEFINITIONS

“Audit Committee”	:	The Audit Committee of the Company for the time being. As at the Latest Practicable Date, the Audit Committee comprises Eddie Chan Yean Hoe, Qin Jinke and Latha Eapen K Mathew
“Board”	:	The board of Directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Chief Executive Officer” or “CEO”	:	The chief executive officer of the Group
“Chief Financial Officer”	:	The chief financial officer of the Group
“Circular”	:	This circular to Shareholders dated 15 November 2023
“Companies Act”	:	The Companies Act 1967, as amended, varied or supplemented from time to time
“Company”	:	Halcyon Agri Corporation Limited
“Controlling Shareholder”	:	A person who: (a) holds, directly or indirectly, 15% or more of the total number of voting Shares (excluding treasury shares) in the Company; or (b) in fact exercises control over the Company
“Constitution”	:	The constitution of the Company
“CRIG”	:	China Rubber Investment Group Company Limited
“Director”	:	A director of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company to be convened, notice of which is set out on page 60 of this Circular
“FY”	:	Financial year ended, or as the case may be, ending 31 December
“FY2022”	:	Financial year ended 31 December 2022
“FY2023”	:	Current financial year ending 31 December 2023
“Group”	:	The Company and its subsidiaries
“HRG”	:	China Hainan Rubber Industry Group Co., Ltd.

DEFINITIONS

“HRG Group”	:	HRG and its subsidiaries, as further described in Section 2 of this Circular
“HRG Subsidiaries”	:	Subsidiaries within the HRG Group, as further described in Section 2 of this Circular
“IFA Letter”	:	The letter dated 15 November 2023 from the IFA to the Non-Interested Directors in relation to the Proposals, a copy of which is set out in Appendix 1 to this Circular
“Independent Financial Adviser” or “IFA”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the Proposals
“Interested Person Transactions” or “IPTs”	:	Transactions between the Group and an Interested Person
“Interested Person(s)”	:	Interested person(s) (as defined under Chapter 9 of the Listing Manual) meaning a Director, CEO or Controlling Shareholder of the Company or an associate of such Director, CEO or Controlling Shareholder
“IPT Interest”	:	Interest payable on the outstanding sum drawn down under the Shareholder’s Loan
“IPT Loan Agreements”	:	Collectively, the 27 April Loan Agreement, the 25 June Loan Agreement, the 1 August Loan Agreement and the 2 August Loan Agreement
“Latest Practicable Date”	:	20 October 2023 being the latest practicable date for the purposes of this Circular
“LIBOR”	:	The London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate)
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, varied or supplemented from time to time
“Mandated Persons”	:	The Interested Persons specifically named in the Proposed IPT Mandate as set out in Section 5.2 of this Circular
“Minority Shareholders”	:	The minority Shareholders of the Company
“Non-Interested Directors”	:	The Directors who are deemed to be independent for the purposes of making a recommendation on the Proposed IPT Mandate, namely, Eddie Chan Yean Hoe, Huang Xuhua, Latha Eapen K Mathew, Qin Jinke and Liu Yongsheng

DEFINITIONS

“Non-Interested Shareholders”	:	Shareholders who do not have to abstain from voting in the EGM
“Notice of EGM”	:	As set out in page 60 in this Circular
“NTA”	:	Net tangible assets
“Offer”	:	Mandatory conditional cash offer for the Shares in the Company not already owned by CRIG which closed on 24 April 2023
“Past Recurrent IPTs”	:	The Interested Person Transactions entered between the Group and the HRG Group during the Relevant Period, on a recurrent basis and in the ordinary course of business, further details can be found in Section 3 of this Circular
“PRC”	:	The People’s Republic of China
“Proposals”	:	Collectively, the Proposed Ratification of Past Recurrent IPTs, Proposed Ratification of Shareholder’s Loan and IPT Interest and Proposed IPT Mandate
“Proposed IPT Mandate”	:	The proposed Shareholders’ general mandate pursuant to Rule 920 of the Listing Manual to authorise the Group in its ordinary course of business to enter into the Recurrent IPTs with the Mandated Persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders
“Proposed Ratification of Shareholder’s Loan and IPT Interest”	:	The proposed approval, confirmation and ratification of the Shareholder’s Loan and IPT Interest, which are subject to Shareholders’ approval at the EGM, details of which are set out in Section 4 of this Circular
“Proposed Ratification of Past Recurrent IPTs”	:	The proposed approval, confirmation and ratification of the Past Recurrent IPTs, which are subject to Shareholders’ approval at the EGM, details of which are set out in Section 3 of this Circular
“Purchase Factors”	:	Pertinent factors the Group may take into consideration when determining the most competitive purchase price in relation to the Recurrent IPTs, details of which are set out in Section 5.5.1 of this Circular
“Recurrent IPTs”	:	The categories of Interested Person Transactions to be entered into between the Group and the Mandated Persons within the scope of the Proposed IPT Mandate, further details of which are set out in Section 5 of this Circular

DEFINITIONS

“Relevant Period”	:	The time period commencing from 3 February 2023 to the Latest Practicable Date
“Rubber Products”	:	Rubber and rubber-related products including, <i>inter alia</i> , natural rubber, latex, synthetic rubber, specialised rubber and other related products and/or derivatives
“Sale Factors”	:	Pertinent factors the Group may consider when determining the most competitive sale price in relation to the Recurrent IPTs, details of which are set out in Section 5.5.1 of this Circular
“Securities and Futures Act”	:	The Securities and Futures Act 2001, as amended, varied or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNet”	:	Singapore Exchange Network, a web-based secure platform to enable SGX-ST listed issuers to upload announcement relating to such issuers’ developments, news and corporate actions
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shareholder’s Loan”	:	The loan facilities of up to US\$331,291,302.43 granted by HRG to the Company pursuant to the IPT Loan Agreements, further details of which are set out in Section 4 of this Circular
“Shares”	:	Ordinary shares in the capital of the Company
“Sinochem”	:	Sinochem International (Overseas) Pte Ltd
“SOFR”	:	The secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate)
“Substantial Shareholder”	:	A substantial shareholder of the Company as defined under Section 2(6) of the Securities and Futures Act

DEFINITIONS

“Validity Period”	:	The period during which the Shareholders’ approval is valid for the Proposed IPT Mandate as further described in Section 5.8 of this Circular
“S\$” and “cents”	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
“US\$”	:	United States dollars, the lawful currency of the United States of America
“%” and “percent”	:	Percentage or per centum

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms **“associated company”**, **“holding company”** and **“subsidiary”** shall have the same meaning ascribed to it under the Listing Manual and Companies Act as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Companies incorporated in the PRC do not have official English names and the English names indicated after the Chinese names are translated by the Company for reference only.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the sum of listed amounts and the totals thereof shown are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precedes them.

Legal Adviser

Wong Tan & Molly Lim LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposals.

LETTER TO SHAREHOLDERS

HALCYON AGRI CORPORATION LIMITED

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

Directors:

Qin Jinke (Non-executive Director)
Li Xuetao (Executive Director and Chief Executive Officer)
Eddie Chan Yean Hoe (Independent Director)
Huang Xuhua (Independent Director)
Latha Eapen K Mathew (Independent Director)
Liu Yongsheng (Non-executive Director)
Sun Weiliang (Non-executive Director)
Zhang Daqiang (Executive Director)

Registered Office:

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

15 November 2023

To: The Shareholders of Halcyon Agri Corporation Limited

Dear Sir/Madam

1. **THE PROPOSED SHAREHOLDERS' RATIFICATION OF PAST RECURRENT INTERESTED PERSON TRANSACTIONS**
2. **THE PROPOSED SHAREHOLDERS' RATIFICATION OF THE SHAREHOLDER'S LOAN AND INTEREST PAYABLE BETWEEN THE COMPANY AND CHINA HAINAN RUBBER INDUSTRY GROUP CO., LTD.**
3. **THE PROPOSED ADOPTION OF SHAREHOLDERS' GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS**

1. INTRODUCTION

1.1. Extraordinary General Meeting

The Directors of the Company are convening an Extraordinary General Meeting ("**EGM**") to be held on 30 November 2023 to seek Shareholders' approval for the following proposals (collectively, the "**Proposals**"):

- (a) the proposed Shareholders' ratification of past recurrent interested person transactions ("**Proposed Ratification of Past Recurrent IPTs**");
- (b) the proposed Shareholders' ratification of the Shareholder's Loan granted pursuant to the IPT Loan Agreements entered into between the Company and HRG, and the interest payable on the outstanding loan drawn down under the IPT Loan Agreements ("**Proposed Ratification of Shareholder's Loan and IPT Interest**"); and
- (c) the proposed adoption of the Shareholders' general mandate for recurrent interested person transactions ("**Proposed IPT Mandate**").

LETTER TO SHAREHOLDERS

The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for, the Proposals, and to seek Shareholders' approval in respect of the same at the EGM to be held on 30 November 2023 at 2.30 p.m., the notice of which is set out on page 60 of this Circular ("**Notice of EGM**").

Shareholders are advised that the SGX-ST assumes no responsibility for contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular.

2. THE PROPOSALS

Shareholders' approval is being sought at the EGM for the Proposals, each by an ordinary resolution.

2.1. Chapter 9 of the Listing Manual

2.1.1 Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested person could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

2.1.2 For the purposes of Chapter 9 of the Listing Manual:

- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (b) an "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parents), the trustees of any trusts of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "**associate**" in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) a "**chief executive officer**" means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
- (e) a "**controlling shareholder**" is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company (unless otherwise excepted by the SGX-ST) or in fact exercises control over a company;

LETTER TO SHAREHOLDERS

- (f) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (g) an “**interested person**” shall mean a director, chief executive officer or controlling shareholder of the listed company, or an associate of such director, chief executive officer or controlling shareholder; and
- (h) an “**interested person transaction**” means a transaction between an entity at risk and an interested person, and a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly.

2.1.3 An immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of the proposed transaction is equal to or more than 3% of the latest audited net tangible asset (“**NTA**”) of the listed group; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year is equal to or more than 3% of the latest audited NTA of the listed group.

In addition to an immediate announcement, shareholders’ approval is required where:

- (a) the value of the proposed transaction is equal to or more than 5% of the latest audited NTA of the listed group; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 5% of the latest audited NTA of the listed group.

LETTER TO SHAREHOLDERS

In interpreting the term “same interested person” for the purpose of aggregation, the following applies:

- (a) transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person. Transactions between (X) an entity at risk and a primary interested person; and (Y) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;
- (b) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
- (c) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit and risk committees whose members are completely different.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000 and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Listing Manual. However, while such transactions below S\$100,000 are not normally aggregated under Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transactions entered into during the same financial year and treat them as if they were one transaction in accordance with Chapter 9 of the Listing Manual.

2.1.4 For illustrative purposes, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“FY2022”), the NTA of the Group was US\$361,192,000 as at 31 December 2022. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year (that is, FY2023) and until such time as the audited consolidated financial statements of the Group for FY2023 are published, Shareholders’ approval is required where:

- (a) the transaction is of a value equal to, or more than, approximately US\$18,059,600, being 5% of the Group’s latest audited NTA for FY2022; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, US\$18,059,600. The aggregation will exclude any transaction that has been approved by Shareholders previously or is the subject of aggregation with another transaction that has been approved by Shareholders.

LETTER TO SHAREHOLDERS

2.1.5 Chapter 9 of the Listing Manual also permits a listed company to seek a general mandate from its shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase or sale of supplies and materials, which may be carried out with interested persons of the listed company, provided the relevant information required under Rule 920(1)(b) of the Listing Manual is set out in a circular. It should be noted that no such mandate can be sought for the purchase or sale of assets, undertakings or businesses. In addition, a general mandate is subject to annual renewal.

2.2. Information on the Interested Persons and the IPTs

2.2.1 As announced by the Company on 3 February 2023, China Rubber Investment Group Company Limited (“**CRIG**”), a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. (“**HRG**”), completed its acquisition of 36.0% of the shareholding interest in the Company from Sinochem International (Overseas) Pte Ltd (“**Sinochem**”). In connection with such acquisition, CRIG (as offeror) launched a mandatory conditional cash offer for the remaining Shares in the Company not owned by CRIG (the “**Offer**”). Sinochem had provided an irrevocable undertaking to not accept the Offer and maintain its remaining 29.2% shareholding interest in the Company. As at the close of the Offer on 24 April 2023, CRIG held a shareholding interest of approximately 68.1% in the Company. As the 100% holding company of CRIG, HRG has a deemed interest in the 68.1% shareholding interest held by CRIG in the Company.

In view of the above, CRIG and HRG became Controlling Shareholders of the Company with effect from 3 February 2023. There is no change in the shareholding interest held by CRIG and HRG as at the Latest Practicable Date.

2.2.2 HRG and CRIG, each, being a Controlling Shareholder of the Company, is each an “Interested Person” of the Company pursuant to Chapter 9 of the Listing Manual.

Pursuant to the Listing Manual, Associates of HRG and CRIG are also deemed “Interested Persons” of the Company.

Further, pursuant to Chapter 9 of the Listing Manual, HRG and its Associates (including subsidiaries of HRG, the “**HRG Subsidiaries**”) are treated as the same “Interested Person” and transactions entered into between (a) the Group; and (b) HRG and its Associates 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.

LETTER TO SHAREHOLDERS

2.2.3 The Group has undertaken the following transactions with HRG and certain of its subsidiaries for the period from 3 February 2023 to the Latest Practicable Date (the “**Relevant Period**”):

Name of Interested Persons (and interested person relationship)	Country of incorporation/ Principal activities	IPTs
HRG (ultimate holding company of CRIG which holds 68.1% interest in the Company)	PRC/Investment holding company	Shareholder’s Loan pursuant to the IPT Loan Agreements
R1 International Pte. Ltd. (88.86%-owned subsidiary of HRG)	Singapore/Rubber trading	Sale of Rubber Products
青岛龙胶国际贸易有限公司 R1 International Trading (Qingdao) Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber trading	Sale and purchase of Rubber Products
云南海胶橡胶产业有限公司 Yunnan Haijiao Rubber Industry Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing	Purchase of Rubber Products
上海龙橡国际贸易有限公司 Shanghai Longking International Trade Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber trading	Purchase of Rubber Products
海南天然橡胶产业集团金橡有限公司 China Hainan Rubber Industry Group Golden Rubber Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing	Purchase of Rubber Products
海南金橡晨星塑料有限公司 Hainan Jinxiang Chenxing Plastics Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing	Purchase of Rubber Products

2.2.4 The Group owns and operates significant assets along the natural rubber value chain, and distributes a wide range of Rubber Products. It has 37 processing factories in 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 is in a mid-stream business, with its key profitability driver for the factories being the processing margins, that is the selling price of the finished product, deducted against the procurement costs from smallholder farmers, and associated conversion costs and overheads.

LETTER TO SHAREHOLDERS

- 2.2.5 HRG and the HRG Subsidiaries (the “**HRG Group**”) similarly operates in the rubber industry and is one of the world’s leading rubber enterprises, being the only natural rubber company with full supply chain capability (plantations, processing, distribution and downstream manufacturing) that is listed on the Shanghai Stock Exchange. It has 72 factories with a processing capacity of 2.6 million metric tonnes per annum.
- 2.2.6 Accordingly, the Group has, on a recurrent basis and in the ordinary course of business, been trading with the HRG Group for more than 10 years prior to HRG becoming a Controlling Shareholder of the Company on 3 February 2023. This was in large part due to the complementary and synergistic nature of the Group and the HRG Group’s rubber businesses and such trading relationship is expected to continue in the foreseeable future.
- 2.2.7 Upon CRIG and HRG becoming controlling shareholders of the Company on 3 February 2023, the HRG Group became Interested Persons to the Group from that date and the various HRG subsidiaries were added to the list of Interested Persons maintained by the Company and informed to the subsidiaries of the Group.
- 2.2.8 Due to the sheer volume of rubber trading transactions undertaken by the Group as part of its day-to-day operations and in the ordinary course of business, it is operationally and logistically impracticable and cost-prohibitive for the Group to implement a real time tracking system to track the trading transactions with the HRG Group. As rubber trading transactions occur on a daily basis and this is within the ordinary course of the Group’s core business, it is also impracticable and prejudicial to the Group’s business for the Company to instruct its subsidiaries to stop trading with the HRG Group (and to breach the Group’s contractual obligations) until the Company obtains Shareholders’ approval for the Proposed IPT Mandate solely due to the HRG Group becoming Interested Persons of the Group. Based on the register of IPTs, on average, the Group entered into approximately 10 transactions with the HRG Group each month since the HRG Group became an Interested Person.
- 2.2.9 For purposes of ensuring compliance with Rules 905 and 906 of the Listing Manual, the Company tracks the IPTs with the HRG Group on a monthly basis as part of its financial consolidation and closing each month.
- 2.2.10 The Company has also obtained loan facilities from HRG pursuant to the IPT Loan Agreements, further details of which are set out in Section 4 of this Circular. The Shareholder’s Loan is revolving in nature and the facilities are drawn down and repaid by the Company from time to time depending on the operational and business needs of the Group. As such, the relevant interest payable on the outstanding amount from time to time under the Shareholder’s Loan (“**IPT Interest**”) is calculated on a daily rest basis and determined monthly. Upon determination of the IPT Interest for the month, the IPT Interest is then added to the register of IPTs.
- 2.2.11 Upon consolidation of the July 2023 accounts by the Company’s finance department in end-August 2023, the management noted that the aggregate value of IPTs with HRG Group had exceeded 3% of the Group’s audited NTA for FY2022 and the Company made an immediate announcement of the IPTs on 30 August 2023 (“**30 August Announcement**”).

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- 2.2.12 Since the 30 August Announcement, the Company had then additionally requested that each of the relevant subsidiaries transacting with the HRG Group provide further updates on their transactions with the HRG Group even prior to their month-end accounts closing. This additional procedure was implemented in order to further facilitate the tracking of the IPTs with the HRG Group.
- 2.2.13 With the more regular updates from the Group’s subsidiaries, the management was able to note that the aggregate value of the IPTs entered into between the Group and the HRG Group had exceeded 5% of the Group’s audited NTA for FY2022 and the Company made an immediate announcement of the then latest available value of the IPTs on 25 September 2023 (“**25 September Announcement**”).
- 2.2.14 As the IPTs between the Group and the HRG Group has exceeded 5% of the Group’s audited NTA for FY2022, the Company is convening the EGM to seek Shareholders’ ratification and approval of the Proposed Ratification of Past Recurrent IPTs, the Proposed Ratification of Shareholder’s Loan and IPT Interest and the proposed adoption of the Proposed IPT Mandate, further details of which are set out in Sections 3, 4 and 5 of this Circular, respectively.

3. PROPOSED RATIFICATION OF PAST RECURRENT IPTS

3.1. Past Recurrent IPTs entered into during the Relevant Period

The recurrent IPTs entered into between the Group and the HRG Group during the Relevant Period (including, for the avoidance of doubt, all the recurrent IPTs between the Group and the HRG Group as disclosed in the 30 August Announcement and the 25 September Announcement) (“**Past Recurrent IPTs**”) were as follows:

No.	Interested Person	Nature of Past Recurrent IPTs	Value of Past Recurrent IPTs (US\$)
1.	R1 International Pte Ltd	Sale of Rubber Products	5,948,341
2.	青岛龙胶国际贸易有限公司 R1 International Trading (Qingdao) Co., Ltd	Sale and purchase of Rubber Products	2,502,973
3.	云南海胶橡胶产业有限公司 Yunnan Haijiao Rubber Industry Co., Ltd.	Purchase of Rubber Products	6,256,681
4.	上海龙橡国际贸易有限公司 Shanghai Longking International Trade Co., Ltd.	Purchase of Rubber Products	766,244
5.	海南天然橡胶产业集团金橡有限公司 China Hainan Natural Rubber Industry Group Golden Rubber Co., Ltd.	Purchase of Rubber Products	5,861,005
6.	海南金橡晨星塑料有限公司 Hainan Jinxiang Chenxing Plastic Co., Ltd.	Purchase of Rubber Products	102,249
Aggregate value of Past Recurrent IPTs			21,437,493

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There were 130 Past Recurrent IPTS (all of which are related to sale and/or purchase of Rubber Products) with values ranging from below US\$1,000 to US\$818,739.57. The Company noted that the aggregate values of the Past Recurrent IPTs exceeded 3% of the Group's latest audited NTA for FY2022 and announced the Past Recurrent IPTs in the 30 August Announcement. In the same announcement, the Company disclosed its intention to seek shareholders' approval for the Proposed IPT Mandate. As announced by the Company in the 25 September Announcement, the total value of additional Past Recurrent IPTs when aggregated with the total value of the Past Recurrent IPTs disclosed in the 30 August Announcement had exceeded 5% of the Group's latest audited NTA for FY2022. The Company determined that the total value of the Past Recurrent IPTs exceeded 5% after consolidating the values of the Past Recurrent IPTs submitted to the Company by its various subsidiaries on 25 September 2023. The aggregate value of the Past Recurrent IPTs for the Relevant Period represents approximately 5.94% of the Group's latest audited NTA as at 31 December 2022.

All of the above Past Recurrent IPTs occurred on a recurrent basis and in the ordinary course of business of the Group. Each of the Past Recurrent 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.

3.2. Rationale for, and Benefit of, Past Recurrent IPTs

The trading relationship with the HRG Group has brought considerable commercial advantages to the Group. The Group has engaged with the HRG Group as both customers and suppliers, yielding historically positive outcomes from this commercial relationship. Transactions with the HRG Group as customers have facilitated the Group's access to HRG Group's distribution channels, augmenting the Group's supply chain network. Conversely, the Group's transactions with the HRG Group as suppliers have offered the Group enhanced control over supply chain infrastructure, quality assurance, and risk mitigation. Moreover, the Group has experienced added benefits, where applicable, in terms of increased flexibility in payment terms, delivery schedules, and contract negotiations. The established history of beneficial transactions and the potential for continued advantages underscore the strategic importance of sustaining this collaboration.

As set out in the 30 August Announcement and the 25 September Announcement, having reviewed the Past Recurrent IPTs, the rationale for and benefits to the Group, the Audit Committee of the Company was of the view that the Past Recurrent IPTs were carried out on normal commercial terms, on an arm's length basis, and were not prejudicial to the interests of the Company and its Minority Shareholders.

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3.3. Interim actions taken by the Company in relation to the Past Recurrent IPTs

Upon determining that the aggregate value of the IPTs with the HRG Group may exceed 5% of the latest audited NTA of the Group as at 31 December 2022, the Company had taken the following interim actions in relation to the Past Recurrent IPTs:

- (a) informed the Board and the Audit Committee and obtained the approvals from the Board and the Audit Committee to make the 30 August Announcement, and to source and appoint the relevant professionals to prepare this Circular;
- (b) informed the respective subsidiary(ies) of the Company which have or may have trading transactions with the HRG Group to send transaction alerts to the finance team;
- (c) ensured that the finance team shall continue to maintain the register of IPTs (which contains information pertinent to the evaluation of all IPTs such as, but not limited to, the price and terms of the IPTs, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such bases) and the register of IPTs is accessible to the Chief Financial Officer for review at all times;
- (d) informed the Group's employees who have approved the Past Recurrent IPTs (comprising the head of the respective commercial teams or chief executive officer/general manager of the respective subsidiaries who are not related to HRG, CRIG and their Associates) to ensure that comparison(s) of similar transactions are undertaken when they review and approve the Recurrent IPTs;
- (e) shared information relating to the Past Recurrent IPTs with the IFA so that the IFA can review the Past Recurrent IPTs and the proposed methods and procedures for future Recurrent IPTs under the Proposed IPT Mandate, and form its opinions on the Past Recurrent IPTs and the Proposed IPT Mandate; and
- (f) commenced the relevant steps and actions to adopt the Proposed IPT Mandate to facilitate future Recurrent IPTs.

3.4. Shareholders' approval and ratification

The Past Recurrent IPTs are of a recurring nature necessary to the day-to-day operations of the Group and it is in the commercial interest of the Group to continue its business and commercial dealings with the HRG Group. It would not be prudent or practicable to cease such dealings with the HRG Group pending Shareholders' approval of the Proposed IPT Mandate, as this is expected to cause disruption to the Group's business and will not be in the best interest of the Group and the Shareholders. The Group is also unable to unwind the Past Recurrent IPTs as the Rubber Products were on-sold to the respective end-customers. In this regard, the Company wishes to seek Shareholders' ratification of all Past Recurrent IPTs as well as Shareholders' approval of the Proposed IPT Mandate, further details of which are set out in Section 5 of this Circular.

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4. PROPOSED RATIFICATION OF SHAREHOLDER'S LOAN AND IPT INTEREST

4.1. Background and Particulars of the Shareholder's Loan

4.1.1 HRG has granted aggregate loan facilities of up to US\$331,291,302.43 (collectively referred to herein as the "**Shareholder's Loan**") to the Company pursuant to and subject to the terms and conditions of the following loan agreements:

- (a) the loan agreement dated 27 April 2023 entered into between HRG and the Company for a loan facility of up to US\$106,200,000 ("**27 April Loan Agreement**");
- (b) the loan agreement dated 25 June 2023 entered into between HRG and the Company for a loan facility of up to US\$65,091,302.43 ("**25 June Loan Agreement**");
- (c) the loan agreement dated 1 August 2023 entered into between HRG and the Company for a loan facility of up to US\$125,000,000 ("**1 August Loan Agreement**"); and
- (d) the loan agreement dated 2 August 2023 entered into between HRG and the Company for a loan facility of up to US\$35,000,000 ("**2 August Loan Agreement**"),

collectively, the "**IPT Loan Agreements**" and each an "**IPT Loan Agreement**".

4.1.2 The Shareholder's Loan is revolving in nature and the facilities are drawn down and repaid by the Company from time to time depending on the operational and business needs of the Group. As such, the relevant interest payable on the outstanding amount from time to time under the Shareholder's Loan ("**IPT Interest**") is calculated on a daily rest basis and determined monthly. As at the Latest Practicable Date, the total outstanding amount due to HRG amounted to US\$294,985,972 and the IPT Interest amounted to US\$5,925,525. The Shareholder's Loan is unsecured.

4.1.3 The salient terms of each IPT Loan Agreement are as follows:

27 April Loan Agreement

Total facility amount	Up to US\$106,200,000
Total amount drawn down and outstanding as at the Latest Practicable Date	US\$104,985,972
Interest rate	Interest is charged at the rate of 3-month LIBOR + 150 basis points (i.e. 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time.
IPT Interest accrued as at the Latest Practicable Date	US\$3,100,923 (based on the then prevailing 3-month LIBOR at the date of drawdown plus 150 basis points)
Tenure	Up to 2 February 2024 and may be extended for a maximum of 5 years.

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Repayment of interest	The Company shall pay the principal amount together with the accrued interest (a) when in the opinion of HRG, the Company has improved and resumed its overall financial capabilities or (b) on the expiry of the loan tenure of the loan agreement, whichever the earlier.
Events of default	<ol style="list-style-type: none"> 1. Where the Company fails to pay the principal amount of and the interest on the loan in accordance with the terms for the repayment of the loan. 2. Where the Company defaults in performing or observing any other term or condition for more than 30 days after receipt of notice thereof from HRG. 3. Where any representation or warranty made by the Company in the loan agreement process was materially incorrect or inaccurate when made. 4. Where any governmental authorisation, approval or consent necessary for the raising or repayment by the Company of any outstanding amounts under the loan is withdrawn or modified in a manner unacceptable to HRG or is revoked or terminated or expires. 5. Where the Company institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it or files a petition or answer or consent to seeking reorganisation or relief or consents to the filing of any such petition or to the appointment of a receiver of or over any substantial part of the asset, property and undertaking of the Company, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due.

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Effect of an Event of Default	HRG may by written notice to the Company declare all the outstanding amount of the loan together with accrued interest thereon and any other sums whatsoever outstanding and payable under the loan agreement to be due and payable whereupon the loan shall become due and payable without demand or other notice of any kind, all of which are waived by the Company.
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25 June Loan Agreement

Total facility amount	Up to US\$65,091,302.43
Total amount drawn down and outstanding as at the Latest Practicable Date	US\$65,000,000
Interest rate	Interest is charged at the rate of 3-month LIBOR + 150 basis points (i.e. 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time.
IPT Interest accrued as at the Latest Practicable Date	US\$1,216,973 (based on the then prevailing 3-month LIBOR at the date of drawdown plus 150 basis points)
Tenure	Initial repayment date of 24 September 2023 which has been extended to 24 December 2023, and may be extended for a maximum of 5 years.
Repayment of interest	The Company shall pay the principal amount together with the accrued interest (a) when in the opinion of HRG the Company has improved and resumed its overall financial capabilities or (b) on the expiry of the loan tenure of the loan agreement, whichever the earlier.

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<p>Events of default</p>	<ol style="list-style-type: none"> 1. Where the Company fails to pay the principal amount of and the interest on the loan in accordance with the terms for the repayment of the loan. 2. Where the Company defaults in performing or observing any other term or condition for more than 30 days after receipt of notice thereof from HRG. 3. Where any representation or warranty made by the Company in the loan agreement process was materially incorrect or inaccurate when made. 4. Where any governmental authorisation, approval or consent necessary for the raising or repayment by the Company of any outstanding amounts under the loan is withdrawn or modified in a manner unacceptable to HRG or is revoked or terminated or expires. 5. Where the Company institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it or files a petition or answer or consent to seeking reorganisation or relief or consents to the filing of any such petition or to the appointment of a receiver of or over any substantial part of the asset, property and undertaking of the Company, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due.
<p>Effect of an Event of Default</p>	<p>HRG may by written notice to the Company declare all the outstanding amount of the loan together with accrued interest thereon and any other sums whatsoever outstanding and payable under the loan agreement to be due and payable whereupon the loan shall become due and payable without demand or other notice of any kind, all of which are waived by the Company.</p>

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1 August Loan Agreement

Total facility amount	Up to US\$125,000,000
Total amount drawn down and outstanding as at the Latest Practicable Date	US\$125,000,000
Interest rate	Interest is charged at the rate of 3-month SOFR + 150 basis points (i.e. 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time.
IPT Interest accrued as at the Latest Practicable Date	US\$1,454,113 (based on the then prevailing 3-month SOFR at the date of drawdown plus 150 basis points)
Tenure	The term of the loan is 3 months or upon the completion and drawdown of the syndicated loan led by Bank of China Hainan Branch, whichever is earlier, but HRG may approve the extension of the term in writing at its discretion, with a maximum of 5 years.
Repayment of interest	The Company shall pay the principal amount together with the accrued interest (a) when in the opinion of HRG the Company has improved and resumed its overall financial capabilities or (b) on the expiry of the loan tenure of the loan agreement, whichever the earlier.
Events of default	<ol style="list-style-type: none"> 1. Where the Company fails to pay the principal amount of and the interest on the loan in accordance with the terms for the repayment of the loan. 2. Where the Company defaults in performing or observing any other term or condition for more than 30 days after receipt of notice thereof from HRG. 3. Where any representation or warranty made by the Company in the loan agreement process was materially incorrect or inaccurate when made.

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	<p>4. Where any governmental authorisation, approval or consent necessary for the raising or repayment by the Company of any outstanding amounts under the loan is withdrawn or modified in a manner unacceptable to HRG or is revoked or terminated or expires.</p> <p>5. Where the Company institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it or files a petition or answer or consent to seeking reorganisation or relief or consents to the filing of any such petition or to the appointment of a receiver of or over any substantial part of the asset, property and undertaking of the Company, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due.</p>
Effect of an Event of Default	HRG may by written notice to the Company declare all the outstanding amount of the loan together with accrued interest thereon and any other sums whatsoever outstanding and payable under the loan agreement to be due and payable whereupon the loan shall become due and payable without demand or other notice of any kind, all of which are waived by the Company.

2 August Loan Agreement

Total facility amount	Up to US\$35,000,000
Total amount drawn down and outstanding as at the Latest Practicable Date	Nil. All amounts under the 2 August Loan Agreement have been fully repaid as at the Latest Practicable Date.
Interest rate	Interest is charged at the rate of 3-month SOFR + 150 basis points (i.e. 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time.

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IPT Interest accrued as at the Latest Practicable Date	US\$153,516 (based on the then prevailing 3-month SOFR at the date of drawdown plus 150 basis points)
Tenure	The term of the loan is 3 months or upon the completion and drawdown of the syndicated loan led by Bank of China Hainan Branch, whichever earlier, but HRG may approve the extension of the term in writing at its discretion, with a maximum of 5 years.
Repayment of interest	The Company shall pay the principal amount together with the accrued interest (a) when in the opinion of HRG the Company has improved and resumed its overall financial capabilities or (b) on the expiry of the loan tenure of the loan agreement, whichever is earlier.
Events of default	<ol style="list-style-type: none"> 1. Where the Company fails to pay the principal amount of and the interest on the loan in accordance with the terms for the repayment of the loan. 2. Where the Company defaults in performing or observing any other term or condition for more than 30 days after receipt of notice thereof from HRG. 3. Where any representation or warranty made by the Company in the loan agreement process was materially incorrect or inaccurate when made. 4. Where any governmental authorisation, approval or consent necessary for the raising or repayment by the Company of any outstanding amounts under the loan is withdrawn or modified in a manner unacceptable to HRG or is revoked or terminated or expires.

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	<p>5. Where the Company institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it or files a petition or answer or consent to seeking reorganisation or relief or consents to the filing of any such petition or to the appointment of a receiver of or over any substantial part of the asset, property and undertaking of the Company, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due.</p>
<p>Effect of an Event of Default</p>	<p>HRG may by written notice to the Company declare all the outstanding amount of the loan together with accrued interest thereon and any other sums whatsoever outstanding and payable under the loan agreement to be due and payable whereupon the loan shall become due and payable without demand or other notice of any kind, all of which are waived by the Company.</p>

4.2. Rationale for, and Benefit of the Proposed Ratification of the Shareholder’s Loan and IPT Interest

The Shareholder’s Loan was extended by HRG to the Company to support the Group’s operational and working capital needs. Further, the Shareholder’s Loan was entered into on terms comparable to, or not less favourable to the Group than if such loan had been advanced from other unrelated third party lenders and is unsecured. Any loan from such external sources of a quantum similar to the Shareholder’s Loan would likely have to be secured with the Group’s assets and subject the Group to additional obligations.

As set out in the 30 August Announcement and the 25 September Announcement, having reviewed the Shareholder’s Loan, the rationale for and benefits to the Group, the Audit Committee of the Company was of the view that the Shareholder’s Loan was undertaken on normal commercial terms, on an arm’s length basis, and was not prejudicial to the interests of the Company and its Minority Shareholders.

4.3. Interim actions taken by the Company

Any IPT Interest in respect of the Shareholder’s Loan is only payable upon expiry of the loan tenure of the relevant IPT Loan Agreement. As at the Latest Practicable Date, the Company has not made any payment of interest to HRG on the Shareholder’s Loan.

Upon determining that the aggregate value of the IPTs with the HRG Group may exceed 5% of the latest audited NTA of the Group as at 31 December 2022, the Company had approached HRG to discuss the extension of expiring tenures of the Shareholder’s Loan

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(in particular, the Shareholder's Loan under the 25 June Loan Agreement which had an initial repayment date on 24 September 2023) and potential deferment of interest payment to HRG until the receipt of Shareholders' approval for the Proposed Ratification of the Shareholder's Loan and IPT Interest. Pursuant to the discussions between HRG and the Company, to assist the Company with its working capital, HRG has agreed that no IPT Interest shall be payable until the relevant amount under the Shareholder's Loan is repaid. Furthermore, in respect of the 25 June Loan Agreement, HRG had agreed to extend the repayment date for another 3 months from 24 September 2023 to 24 December 2023.

The Company has also shared information relating to the Shareholder's Loan with the IFA so that the IFA can review the Shareholder's Loan and form its opinion on the Shareholder's Loan.

4.4. Shareholders' approval and ratification

4.4.1 As the Shareholder's Loan (a) is revolving in nature, (b) the relevant interest rates are floating rates and will fluctuate, and (c) there is no certainty as to whether the loan tenures of the respective IPT Loan Agreements will be extended, and if so, the length of the extension, the maximum IPT Interest arising from the Shareholder's Loan cannot be definitively ascertained at this juncture. However, for illustrative purposes only:

(a) assuming that the Shareholder's Loan was drawn down in full since the first available date, the IPT Interest for FY2023 would be US\$10,828,381, representing approximately 3% of the Group's latest audited NTA for FY2022. Accordingly, the value of the IPT in respect of the Shareholder's Loan in itself, being the maximum IPT Interest amount for FY2023 of US\$10,828,381, would not exceed 5% of the Group's latest audited NTA for FY2022; and

(b) assuming that:

(i) the Shareholder's Loan was drawn down in full since the first available date;

(ii) no repayment of any principal is made and the full amount of the Shareholder's Loan is repaid only on the latest possible maturity date (i.e. 5 years from the date of the 2 August Loan Agreement); and

(iii) there are no material fluctuations to the relevant interest reference rates (namely, LIBOR and SOFR),

the estimated maximum IPT Interest payable on the Shareholder's Loan would be approximately US\$114,465,155.85 representing approximately 31.7% of the Group's latest audited NTA for FY2022. However, as the parties may choose not to extend the loan tenures, and the Shareholder's Loan is revolving in nature and repayment of certain amounts under the Shareholder's Loan (as with the principal amount under the 2 August Loan Agreement) are expected from time to time, the actual interest payable on the Shareholder's Loan is likely to be lower than the estimated maximum IPT Interest as set out above.

4.4.2 In view of the above, the Company is seeking Shareholders' ratification for the Shareholder's Loan and any IPT Interest arising from the Shareholder's Loan.

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5. PROPOSED IPT MANDATE

5.1. Scope of the Proposed IPT Mandate

5.1.1 It is envisaged that the Group, in the ordinary course of business, will continue to have transactions with certain members of the HRG Group (the “**Mandated Persons**”, further details as set out in Section 5.2 of this Circular) from time to time (the “**Recurrent IPTs**”, further details as set out in Section 5.3 of this Circular).

5.1.2 The Group therefore wishes to obtain Shareholders’ approval for the adoption of a general mandate for the Group to conduct the Recurrent IPTs with the Mandated Persons, constituting the Proposed IPT Mandate.

5.1.3 The Proposed IPT Mandate will not cover any transactions below S\$100,000 in value between the Group and the Mandated Persons as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions. In addition, transactions with interested persons other than those named in the Proposed IPT Mandate and other than the Recurrent IPTs that do not fall within the ambit of the Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other provisions of the Listing Manual.

5.1.4 Pursuant to Rule 920(1)(b) of the Listing Manual, the circular seeking Shareholders’ approval for the adoption of a general mandate for recurrent interested person transactions must contain the following information:

- (a) unless the SGX-ST requires otherwise, the names of the interested persons with whom the entity at risk will be transacting;
- (b) the nature of the transactions contemplated under the mandate;
- (c) the rationale for, and benefit to, the entity at risk;
- (d) the methods or procedures for determining transaction prices;
- (e) the independent financial adviser’s opinion on whether the methods or procedures in (d) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;
- (f) an opinion from the audit committee if it takes a different view to the independent financial adviser;
- (g) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (d) become inappropriate; and
- (h) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The information required under Rule 920(1)(b) of the Listing Manual are set out in the ensuing sections.

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5.2. The Mandated Persons

Details of the Mandated Persons under the Proposed IPT Mandate are set out in the table below:

Name of Mandated Persons (and interested person relationship)	Country of incorporation/ Principal activities
R1 International Pte. Ltd. (88.86%-owned subsidiary of HRG)	Singapore/Rubber trading
青岛龙胶国际贸易有限公司 R1 International Trading (Qingdao) Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber trading
云南海胶橡胶产业有限公司 Yunnan Haijiao Rubber Industry Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing
上海龙橡国际贸易有限公司 Shanghai Longking International Trade Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber trading
海南天然橡胶产业集团金橡有限公司 China Hainan Rubber Industry Group Golden Rubber Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing
海南金橡晨星塑料有限公司 Hainan Jinxiang Chenxing Plastics Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing
江苏爱德福乳胶制品有限公司 Jiangsu Aidefu Latex Products Co., Ltd. (80%-owned subsidiary of HRG)	PRC/Rubber processing
中橡资源(海南)股份有限公司 SINO Rubber Resources (Hainan) Co., Ltd. (wholly-owned subsidiary of HRG)	PRC/Rubber processing

All of the above Mandated Persons are subsidiaries of HRG, which is a Controlling Shareholder of the Company.

5.3. Categories of Recurrent IPTs

The transactions covered under the Proposed IPT Mandate are the sale and purchase of rubber and rubber-related products including, *inter alia*, natural rubber, latex, synthetic rubber, specialised rubber and other related products and/or derivatives (collectively, the “**Rubber Products**”) between the Group and the Mandated Persons.

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5.4. Rationale for, and Benefits of the Proposed IPT Mandate

- 5.4.1 Given the value and frequency of the Past Recurrent IPTs, the Group envisages that the Recurrent IPTs will continue in the ordinary course of its business and, going forward, it will enter into transactions for the sale and purchase of Rubber Products with certain entities within the HRG Group, namely the Mandated Persons set out in Section 5.2 above. The Proposed IPT Mandate will eliminate the need for the Company to announce and convene separate general meetings on such occasion to seek Shareholders' prior approval for the entry by the member in the Group into Recurrent IPTs. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, which will improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives of the Group.
- 5.4.2 In view of the time-sensitive nature of commercial transactions, the Proposed IPT Mandate and the renewal thereof on an annual basis is intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Mandated Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

5.5. Methods and Procedures for the Recurrent IPTs

The Company has established the following methods and procedures to ensure that the Recurrent IPTs are and will be undertaken on an arm's length basis and on normal commercial terms, consistent with the usual business practices and policies of the Group which are generally no more favourable to the Mandated Persons than those extended to or by unrelated third parties and are not prejudicial to the interests of the Company and its Minority Shareholders.

5.5.1 Trading of Rubber Products between the Group and the Mandated Persons

- (a) all contracts entered into with the Mandated Persons shall be based on the usual contract entered into with unrelated third parties and in accordance with applicable industry norms;
- (b) when purchasing Rubber Products from the Mandated Persons, the Group shall take into account the prices and terms of at least two (2) recently completed purchases of similar Rubber Products from unrelated third party suppliers. The purchase price paid by the Group to the Mandated Persons shall not be higher than the most competitive purchase price of the two (2) comparative prices paid by the Group to unrelated third party suppliers;
- (c) in determining the most competitive purchase price, the Group may take into consideration all pertinent factors, including but not limited to, the historical track records of the suppliers in particular, quality, the delivery lead time, credit terms, availability of the Rubber Product, and any relevant track record (the "**Purchase Factors**");

LETTER TO SHAREHOLDERS

- (d) in the rare occasion where recent unrelated third party purchase transactions are not available for comparison, the Group's key management personnel¹ (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will assess the purchase price to be paid to the Mandated Persons based on the publicly available commodity prices of natural rubber, which is the closest benchmark prices of the Rubber Products. When assessing the purchase price to be paid to the Mandated Persons, the Group's key management personnel (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will also take into account the Purchase Factors and ensure that the margin to be made by the Group on the on-sale of such Rubber Products are within the usual margins and on similar commercial terms for transactions of such nature;
- (e) when selling Rubber Products to Mandated Persons, the Group shall take into account the prices and terms of at least two (2) recently completed sale of similar Rubber Products to unrelated third party customers. The sale price charged by the Group to the Mandated Persons shall not be lower than the most competitive sale price of the two (2) comparative prices charged by the Group to unrelated third party customers;
- (f) in determining the most competitive sale price, the Group may take into consideration all pertinent factors, including but not limited to, the historical track records of the customers in particular, the availability of the Rubber Products required by the Mandated Persons, the production capacity of the Group, the cost of the Group (including cost of production and shipment), the credit worthiness, the credit terms given, the payment track record, and any relevant track record (the "**Sale Factors**");
- (g) in the rare occasion where recent unrelated third party sale transactions are not available for comparison, the Group's key management personnel¹ (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will assess if the sale price to be charged to the Mandated Persons based on the publicly available commodity prices of natural rubber, which is the closest benchmark prices of the Rubber Products. When assessing the sale price to be charged to the Mandated Persons, the Group's key management personnel (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will also take into account the Sale Factors and ensure that the Group will always yield a positive gross profit margin from the transaction with the Mandated Persons; and

¹ "key management personnel" shall refer to chief executive officer and other persons having authority and responsibility for planning, directing and controlling the activities of the Company, as defined in the Code of Corporate Governance 2018. As at the date of this Circular, the key management personnel of the Group comprised the Chief Executive Officer, the Chief Strategy Officer, the Chief Financial Officer, the Chief Commercial Officer of Corrie MacColl Group and the Managing Director of Halcyon Rubber Company. For avoidance of doubt, the current Chief Executive Officer and the current Chief Strategy Officer of the Company are Mr. Li Xuetao and Mr. Zhang Daqiang, respectively, and they are nominee Directors of HRG. Accordingly, Mr. Li Xuetao and Mr. Zhang Daqiang will not be participating in the approval process under the Proposed IPT Mandate.

LETTER TO SHAREHOLDERS

- (h) in the rare occasion where the Group has to offer a discount to the Mandated Person or a significantly lower sale price for the sale of Rubber Products to the Mandated Persons, for example, due to unusually high volume transaction, such discount will be documented and submitted to the Audit Committee prior to the entering of the transactions. The discount, which will generally be based on discounts extended to unrelated third party customers for similar high volume transactions, shall be determined by the head of the respective commercial teams or chief executive officer/general manager of respective subsidiaries who must have no interest, direct or indirect, in the Recurrent IPTs. The Audit Committee shall have the discretion to approve such discount when both the management and the Audit Committee are of the view that the transaction is in the best interests of the Group.

5.5.2 Approval thresholds

- (a) the Group will be adopting the following approval thresholds for the Recurrent IPTs:

Value of Recurrent IPTs	Approving authority who must have <u>no interest, direct or indirect</u>, in the Recurrent IPTs
All Recurrent IPTs	Head of the respective commercial teams or chief executive officer/general manager of respective subsidiaries
Any single Recurrent IPT with a value equal to or above 1% of the then latest audited NTA of the Group	Additional approval from Chief Financial Officer or any of the key management personnel of the Group (excluding nominees (including nominee directors) of HRG who are also key management personnel of the Group)
Any single Recurrent IPT with a value equal to or above 3% of the then latest audited NTA of the Group	Approval from two key management personnel of the Group (excluding nominees (including nominee directors) of HRG who are also key management personnel of the Group)
Any single Recurrent IPT with a value equal to or above 5% of the then latest audited NTA of the Group	Additional approval from the Audit Committee

- (b) the Group will also submit the IPT Register to the Audit Committee for review and approval if the cumulative value of the Recurrent IPTs for the quarter exceeds 5% of the then latest audited NTA of the Group prior to the end of the quarter.

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5.6. Additional Guidelines and Procedures for all IPTs

5.6.1 The Group will be adopting the following additional guidelines and procedures for all IPTs:

- (a) the Group shall maintain a register to record all Interested Persons so that the respective departments and subsidiaries are aware of the Group's Interested Persons and can adopt the relevant procedures to transact with the Interested Person, including where applicable, the comparison of the quote obtained from or given to the Interested Persons with recent comparable transactions with unrelated third parties;
- (b) the Group shall maintain a register to record all IPTs which are entered into by the Group, including any quotations obtained from unrelated parties to support the terms of the interested person transactions;
- (c) the Chief Financial Officer will review the register of IPTs on a monthly basis;
- (d) the Audit Committee will review the register of IPTs on a quarterly basis;
- (e) the annual internal audit plan will incorporate a review of the Recurrent IPTs entered into, pursuant to the Proposed IPT Mandate to ensure that the methods and procedures in respect of the Recurrent IPTs have been adhered to and the report shall be submitted to the Audit Committee for its review;
- (f) if during these periodic reviews, the Audit Committee believes that the methods and procedures for the Recurrent IPTs are no longer appropriate and sufficient to ensure that the Recurrent IPTs will be entered into on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders, the Group will obtain a fresh mandate for the Recurrent IPTs;
- (g) the Audit Committee shall have the right to require the appointment of auditors or any independent professionals to review all matters relating to the Recurrent IPTs as it deems fit; and
- (h) the Board will ensure that all disclosure requirements on IPTs under the Listing Manual are complied with.

5.7. Disclosure

The Company will announce the aggregate value of transactions conducted with the Mandated Persons pursuant to the Proposed IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual and within the time required for the announcement of such reports.

LETTER TO SHAREHOLDERS

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Mandated Persons pursuant to the Proposed IPT Mandate during the current financial year, and in the annual reports for subsequent financial years that the Proposed IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

The names of the Mandated Persons and the corresponding aggregate value of the Recurrent IPTs will be presented in the following format:

Name of Mandated Persons	Nature of Relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Proposed IPT Mandate)	Aggregate value of all Interested Person Transactions conducted under the Proposed IPT Mandate
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5.8. Validity Period of the Proposed IPT Mandate

If approved at the forthcoming EGM, the Proposed IPT Mandate will take effect from the date of the passing of the ordinary resolution to be proposed at the EGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting ("**AGM**") of the Company is held or is required by law to be held, whichever is the earlier (the "**Validity Period**"). The Company will seek the approval of Shareholders for the renewal of the Proposed IPT Mandate at each subsequent AGM. The renewal of the Proposed IPT Mandate shall be subject to the satisfactory review by the Audit Committee of the continued need for the Proposed IPT Mandate and the adequacy of the review procedures for the IPTs.

6. INDEPENDENT FINANCIAL ADVISER'S OPINIONS

6.1. Appointment of IFA

Pursuant to Chapter 9 of the Listing Manual, Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Non-Interested Directors and to opine on whether:

- (a) the terms of the Past Recurrent IPTs had been carried out on normal commercial terms and were not prejudicial to the interests of the Company and its Minority Shareholders;
- (b) the IPT Loan Agreements (pursuant to which the Shareholder's Loan was granted) have been entered into on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders; and
- (c) the methods and procedures for determining the transaction prices are sufficient to ensure that the Recurrent IPTs with the Mandated Persons under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

LETTER TO SHAREHOLDERS

6.2. Opinion of the IFA

Taking into consideration the factors set out in the IFA Letter, subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that:

- (a) in respect of the Past Recurrent IPTs

“Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Past Recurrent IPTs had been entered into on normal commercial terms and were not prejudicial to the interests of the Company and its minority Shareholders.”

- (b) in respect of the Shareholder’s Loan and IPT Interest

“Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the IPT Loan Agreements have been entered into (and accordingly, the Shareholder’s Loan had been undertaken) on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.”

- (c) in respect of the Proposed IPT Mandate

“Having regard to the considerations set out in this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Recurrent IPTs, if adhered to, are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.”

The factors considered by the IFA in relation to the Proposals are as set out in paragraph 8 of the IFA Letter, the relevant extracts of which are as reproduced below:

- (a) in respect of the Past Recurrent IPTs

“Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Ratification of Past Recurrent IPTs. We have carefully considered as many factors as we deemed essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account as set out in paragraph 4 of this IFA Letter, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

- (a) *for sale transactions, the selling prices charged by the Group to the HRG Group were mostly within the range or higher than the similar and contemporaneous third party sale transactions;*

LETTER TO SHAREHOLDERS

- (b) *for purchase transactions, the purchase prices paid by the Group to the HRG Group were mostly lower or the same as the similar and contemporaneous third party purchase transactions; and*
- (c) *all the Past Recurrent IPTs were undertaken and approved by the Group's employees who are not related to HRG, CRIG and their Associates."*

- (b) in respect of the Shareholder's Loan and IPT Interest

"Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Shareholder's Loan. We have carefully considered as many factors as we deemed essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account as set out in paragraph 6 of this IFA Letter, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

- (a) *the effective interest rate of the Shareholder's Loan is within the effective interest rates of the outstanding loan payables of the Group as at 31 December 2022. It should also be noted that the quantum of the Shareholder's Loan is higher than the highest quantum of the respective outstanding term loans of the Group as at 31 December 2022 which demonstrates the support the Group receives from HRG in short notice;*
- (b) *the interest rate of the Shareholder's Loan is lower than the latest unrelated third party US\$120 million loan facility of the Group assuming that the Lender has extended the US\$120 million loan facility at its USD prime lending rate which are rates offered to borrowers with good credit standing;*
- (c) *the effective interest rate of the Shareholder's Loan is lower than the prime lending rates for USD as at the respective dates of the IPT Loan Agreements and the Latest Practicable Date which are rates offered by banks to borrowers with good credit standing;*
- (d) *the loss reported by the Group for HY2023, as well as the negative working capital and high gearing ratio as at 30 June 2023 would affect the Group's ability to obtain new loan facilities as well as the terms of the loan facilities as banks would generally offer better financing terms to borrowers with better financial indicators; and*
- (e) *other considerations set out in paragraph 6.4 of this IFA Letter."*

- (c) in respect of the Proposed IPT Mandate

"In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, among other things, (i) the methods and procedures as well as the approval procedures and thresholds set out in the Proposed IPT Mandate; (ii) the frequency of review of Recurrent IPTs by the Audit Committee; (iii) the role of the Audit Committee in relation to the Proposed IPT Mandate; and (iv) the rationale for and benefits of the Proposed IPT Mandate as further detailed in paragraph 7 of this IFA Letter."

LETTER TO SHAREHOLDERS

A copy of the IFA Letter is set out in the Appendix 1 to this Circular. Shareholders are advised to read the IFA Letter carefully and consider it in the context of this Circular.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

7.1.1 Based on the register of Directors' shareholdings as at the Latest Practicable Date, the Directors do not own any interests, directly or indirectly in the Shares.

7.1.2 The interests of the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are, as follows:

Substantial Shareholders	Direct interest		Deemed interest		Total interest	
	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)	%
CRIG	1,086,256,025	68.1	–	–	1,086,256,025	68.1
HRG ⁽¹⁾	–	–	1,086,256,025	68.1	1,086,256,025	68.1
Hainan Province Agribusiness Investment Holding Group Co., Ltd. ⁽¹⁾	–	–	1,086,256,025	68.1	1,086,256,025	68.1
Sinochem	465,716,356	29.2	–	–	465,716,356	29.2
Sinochem International Corporation Ltd. ⁽²⁾	–	–	465,716,356	29.2	465,716,356	29.2
Sinochem Holdings Corporation Ltd. ⁽²⁾	–	–	465,716,356	29.2	465,716,356	29.2

Notes:

- (1) Each of HRG and Hainan Province Agribusiness Investment Holding Group Co., Ltd. is deemed interested in the Shares held by CRIG, by virtue of its controlling interest in CRIG.
- (2) Each of Sinochem International Corporation Ltd. and Sinochem Holdings Corporation Ltd. is deemed interested in the Shares held by Sinochem, by virtue of its controlling interest in Sinochem.

8. ABSTENTION FROM VOTING

Rule 919 of the Listing Manual provides that interested persons and their associates must not vote on any shareholders' resolutions approving any transaction, mandate or renewal thereof in respect of any interested person transaction under Chapter 9 of the Listing Manual, nor accept appointments as proxies unless specific instructions as to voting are given.

Accordingly, CRIG will abstain from voting its shareholding, and undertakes to ensure its Associates (including HRG) will abstain from voting on the resolutions relating to the Proposals at the EGM. Further, CRIG shall undertake to decline and shall ensure that its Associates (including HRG and Directors nominated by HRG) shall decline to accept appointment as proxies to vote at and attend the EGM in respect of the Proposals unless the Shareholder concerned shall have given specific instructions as to the manner in which his/its votes are to be cast at the EGM.

LETTER TO SHAREHOLDERS

9. AUDIT COMMITTEE'S STATEMENTS

9.1. Proposed Ratification of Past Recurrent IPTs

The Audit Committee, having considered and reviewed, *inter alia*, the terms of the Past Recurrent IPTs and the opinion of the IFA, is satisfied that the Past Recurrent IPTs were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its Minority Shareholders.

9.2. Proposed Ratification of the Shareholder's Loan and IPT Interest

The Audit Committee, having considered and reviewed, *inter alia*, the terms and the rationale of the Shareholder's Loan and IPT Interest, and the opinion of the IFA, is satisfied that, IPT Loan Agreements have been entered into (and accordingly, the Shareholder's Loan had been undertaken) on normal commercial terms and is not prejudicial to the interests of the Company and the Minority Shareholders.

9.3. Proposed IPT Mandate

The Audit Committee, having considered and reviewed, the terms of the Proposed IPT Mandate and the opinion of the IFA, is satisfied that, the review procedures of the Recurrent IPTs set up by the Company for determining the terms of the Recurrent IPTs, if adhered to, are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders. If during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and procedures for the Proposed IPT Mandate are no longer appropriate or adequate to ensure that the Recurrent IPTs will be transacted on an arm's length basis and on normal commercial terms and would be prejudicial to the interests of the Company and its Minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new guidelines and procedures.

10. DIRECTOR'S RECOMMENDATIONS

Mr. Sun Weiliang, Mr. Li Xuetao and Mr. Zhang Daqiang, who are nominee Directors of HRG, have abstained from making recommendations to the Shareholders in relation to the adoption of the Proposals.

10.1. The Proposed Ratification of Past Recurrent IPTs

Having considered, *inter alia*, the terms, rationale and benefits of the Past Recurrent IPTs and the opinion of the IFA, the Non-Interested Directors are of the view that the Past Recurrent IPTs had been entered into on normal commercial terms and in the interests of the Company and, accordingly, recommend that the Shareholders who do not have to abstain from voting in the EGM pursuant to Section 8 above ("**Non-Interested Shareholders**") vote in favour of the ordinary resolution relating to the Proposed Ratification of Past Recurrent IPTs as set out in the Notice of EGM.

10.2. The Proposed Ratification of Shareholder's Loan and IPT Interest

Having considered, *inter alia*, the terms, rationale and benefits of the Shareholder's Loan and the opinion of the IFA, the Non-Interested Directors are of the view that IPT Loan Agreements have been entered into (and accordingly, the Shareholder's Loan had been

LETTER TO SHAREHOLDERS

undertaken) in the interests of the Company and, accordingly, recommend that the Non-Interested Shareholders vote in favour of the ordinary resolution relating to the Proposed Ratification of Shareholder's Loan and IPT Interest as set out in the Notice of EGM.

10.3. The Proposed Adoption of the Proposed IPT Mandate

Having considered, *inter alia*, rationale and benefits of the Proposed IPT Mandate, the methods and procedures of the Proposed IPT Mandate and the opinion of the IFA, the Non-Interested Directors are of the view that the Proposed IPT Mandate is in the interests of the Company and, accordingly, recommend that the Non-Interested Shareholders vote in favour of the ordinary resolution relating to the Proposed IPT Mandate as set out in the Notice of EGM.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 60 of this Circular, will be held on 30 November 2023 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions set out in the Notice of EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's registered office at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922 not less than seventy-two (72) hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he subsequently wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

14. CONSENT OF THE IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter reproduced in Appendix 1 to this Circular and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922, during normal business hours from the date hereof up to and including the date of the EGM.

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2022;
- (c) the IPT Loan Agreements referred to in Section 4 of this Circular;
- (d) the IFA Letter; and
- (e) the written consent of the IFA, referred to in Section 14 of this Circular.

Yours faithfully
For and on behalf of the Board
Halcyon Agri Corporation Limited

Eddie Chan Yean Hoe
Independent Director

APPENDIX 1 – LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED



15 November 2023

HALCYON AGRI CORPORATION LIMITED

180 Clemenceau Avenue #05-02

Haw Par Centre

Singapore 239922

Attention: The Non-Interested Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED (THE "COMPANY") IN RESPECT OF:

1. THE PROPOSED SHAREHOLDERS' RATIFICATION OF PAST RECURRENT INTERESTED PERSON TRANSACTIONS;
2. THE PROPOSED SHAREHOLDERS' RATIFICATION OF THE SHAREHOLDER'S LOAN AND INTEREST PAYABLE BETWEEN THE COMPANY AND CHINA HAINAN RUBBER INDUSTRY GROUP CO., LTD.; AND
3. THE PROPOSED ADOPTION OF SHAREHOLDERS' GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS, COLLECTIVELY, THE "PROPOSALS".

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 15 November 2023 (the "Circular").

1. INTRODUCTION

China Rubber Investment Group Company Limited ("**CRIG**", a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. ("**HRG**")) completed its acquisition of 574,204,299 ordinary shares ("**Shares**"), representing 36.0% of the shareholding interest in the Company from Sinochem International (Overseas) Pte Ltd ("**Sinochem**") on 3 February 2023 (the "**Acquisition**").

In connection with the Acquisition, CRIG (as offeror) launched a mandatory conditional cash offer for the remaining Shares not owned by CRIG (the "**Offer**"). Sinochem had provided an irrevocable undertaking to not accept the Offer and maintain its remaining 29.2% shareholding interest in the Company. As at the close of the Offer on 24 April 2023, CRIG held a shareholding interest of approximately 68.1% in the Company. As the 100% holding company of CRIG, HRG has a deemed interest in the 68.1% shareholding interest held by CRIG in the Company.

Pursuant to the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), as CRIG and HRG hold directly or indirectly 15% or more of the total voting rights in the Company, CRIG and HRG are 'controlling shareholders' of the Company. Pursuant to Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"), HRG and CRIG as well as their associates are 'interested persons' of the Company and transactions between (a) the Company

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APPENDIX 1 – LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED



and its subsidiaries (the “**Group**”) or any entity within the Group; and (b) HRG and its subsidiaries (including CRIG) (the “**HRG Group**”) or any entity within the HRG Group as well as associates of HRG and CRIG, are ‘interested person transactions’.

As the Group and the HRG Group both operate in the rubber industry, the Group has, on a recurrent basis and in the ordinary course of business, been trading with various entities within the HRG Group (which are deemed as the “same interested person” under the Listing Manual) prior to CRIG (and HRG) becoming a ‘controlling shareholder’ of the Company on 3 February 2023. With the completion of the Acquisition, such recurrent transactions became ‘interested person transactions’ pursuant to Chapter 9 of the Listing Manual.

As announced by the Company on 30 August 2023, the aggregate value of the rubber trading transactions (which are the sale and purchase of rubber and rubber-related products including, *inter alia*, natural rubber, latex, synthetic rubber, specialised rubber and other related products and/or derivatives (collectively, the “**Rubber Products**”) between the Group and the HRG Group (the “**Recurrent IPTs**”) had exceeded 3% of the Group’s audited net tangible assets (“**NTA**”) for the financial year ended 31 December (“**FY**”) 2022.

The Company further announced on 25 September 2023 that the aggregate value of such Recurrent IPTs for the period from 3 February 2023 to 25 September 2023 (the “**Past Recurrent IPTs**”) had exceeded 5% of the Group’s latest audited NTA for FY2022.

Pursuant to Rule 906(1) of the Listing Manual, the Company is required to seek the approval of its shareholders (the “**Shareholders**”) for any interested person transaction of a value equal to, or more than five per cent. (5%) of the Group’s latest audited NTA or when aggregated with other transactions entered into with the same interested person during the same financial year, has a value equal to, or more than five per cent. (5%) of the Group’s latest audited NTA. The Company has not obtained Shareholders’ approval for the Past Recurrent IPTs and is seeking Shareholders’ approval to approve, confirm and ratify the Past Recurrent IPTs (the “**Proposed Ratification of Past Recurrent IPTs**”).

In addition, the Company entered into four (4) loan agreements in April 2023, June 2023 and August 2023 (collectively, the “**IPT Loan Agreements**”) with HRG where HRG granted the Company unsecured loan facilities aggregating US\$331,291,302.43 (the “**Shareholder’s Loan**”). As at 20 October 2023, being the Latest Practicable Date, the total outstanding amount due by the Company to HRG amounted to US\$294,985,972 and the interest on such principal drawn down amounted to US\$5,925,525. Assuming that the Shareholder’s Loan was drawn down in full, the maximum amount of the interest payable for the Shareholder’s Loan for FY2023 would be US\$10,828,381. Assuming that the Shareholder’s Loan was drawn down in full, the maximum amount of the interest payable for the Shareholder’s Loan over the maximum five (5) year tenure would be US\$114,465,155.85. Further details of the IPT Loan Agreements, the Shareholder’s Loan and the interest on the Shareholder’s Loan (the “**IPT Interest**”) can be found in Section 4 of the Circular.

As the IPT Loan Agreements were also entered into with entities within the HRG Group, the IPT Interest, which is the amount at risk to the Group under the IPT Loan Agreements, should be aggregated with the Past Recurrent IPTs. Accordingly, the Company is also required to seek the approval of its Shareholders for the IPT Loan Agreements. The Company has also not obtained Shareholders’ approval for the IPT Loan Agreements and is seeking Shareholders’ approval to

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approve, confirm and ratify the IPT Loan Agreements and the IPT Interest (the **“Proposed Ratification of Shareholder’s Loan and IPT Interest”**).

The Company is also seeking Shareholders’ approval for the adoption of a general mandate pursuant to Rule 920 of the Listing Manual (the **“Proposed IPT Mandate”**), to authorise the Group in its ordinary course of business to enter into the Recurrent IPTs with specific entities within the HRG Group (the **“Mandated Persons”**, further details as set out in Section 5.2 of the Circular), provided that such Recurrent IPTs are entered into on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Pursuant to Chapter 9 of the Listing Manual, Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser (**“IFA”**) to advise the directors of the Company (the **“Directors”**) who are deemed to be independent for the purposes of making a recommendation on the Proposed Ratification of Past Recurrent IPTs, the Proposed Ratification of Shareholder’s Loan and IPT Interest and the Proposed IPT Mandate, namely, Eddie Chan Yean Hoe, Huang Xuhua, Latha Eapen K Mathew, Qin Jinke and Liu Yongsheng (collectively, the **“Non-Interested Directors”**) and to opine on whether:

- (a) the terms of the Past Recurrent IPTs had been carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority Shareholders;
- (b) the IPT Loan Agreements (pursuant to which the Shareholder’s Loan was granted) have been entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders; and
- (c) the methods and procedures for determining the transaction prices are sufficient to ensure that the Recurrent IPTs with the Mandated Persons under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter sets out our evaluation of, and opinion on, the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate (this **“IFA Letter”**). This IFA Letter forms part of the Circular.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Non-Interested Directors as to whether (a) the terms of the Past Recurrent IPTs had been carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority Shareholders; (b) the IPT Loan Agreements (pursuant to which the Shareholder’s Loan was granted) have been entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders; and (c) the methods and procedures for determining the transaction prices are sufficient to ensure that the Recurrent IPTs with the Mandated Persons under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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We are not and were not involved in any aspect of the negotiations of the terms and/or methods and procedures pertaining to the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decisions on the part of the Company to agree on the terms of Past Recurrent IPTs and the IPT Loan Agreements as well as the adoption of the Proposed IPT Mandate. Our evaluation is limited to the terms and/or methods and procedures pertaining to the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate and the Recurrent IPTs, are solely the responsibility of the Directors. Likewise, we are not expressing herein as to the prices at which the Shares may trade whether with or without the independent Shareholders' approval for the Past Recurrent IPTs, the IPT Loan Agreements, the Proposed IPT Mandate or the Recurrent IPTs. We are also not addressing the relative merits of the Past Recurrent IPTs, the IPT Loan Agreements, the Proposed IPT Mandate and/or the Recurrent IPTs, as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Directors and the management of the Company.

In the course of our evaluation and for the purpose of providing our opinion in relation to the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, we have held discussions with certain senior management of the Group and have examined information provided by such senior management of the Group and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Past Recurrent IPTs, the IPT Loan Agreements, the Proposed IPT Mandate, the Company, its subsidiaries and its associated companies, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and

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context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group, to the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our assessment does not require us to make any independent evaluation or appraisal of the assets or liabilities (including without limitation, real properties) of the Company and/or Group and we have not been furnished with any evaluation or appraisal of any assets of the Company and/or the Group.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

We have been appointed pursuant to Rule 920(1)(b)(v) of the Listing Manual (which requires the independent financial adviser's opinion on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders) and Rule 921(4)(a) (which requires an opinion in a separate letter from an independent financial adviser who is acceptable to the SGX-ST stating whether the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906): (i) is on normal commercial terms, and (ii) is prejudicial to the interests of the issuer and its minority shareholders) of the Listing Manual, as well as to advise the Non-Interested Directors in their deliberation of the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, and the recommendations made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Past Recurrent IPTs, the IPT Loan Agreements and the Proposed IPT Mandate, should be considered in the context of the entirety of this IFA Letter and the Circular.

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We recommend that the Directors advise Shareholders to read these pages carefully.

3. THE PAST RECURRENT IPTs

Information on the Past Recurrent IPTs is set out in Section 3 of the Circular. Shareholders are advised to read the information carefully.

As set out in Section 3.1 of the Circular, the total value of the Past Recurrent IPTs of US\$21.44 million represents approximately 5.94% of the latest audited NTA for FY2022.

All Past Recurrent IPTs are sale and purchase of Rubber Products on a recurrent basis and in the ordinary course of business.

We calculate that the total value of the Past Recurrent IPTs in relation to sale of approximately US\$8.20 million represents approximately 0.30% of the total revenue of the Group for FY2022 while the total value of the Past Recurrent IPTs in relation to purchase of approximately US\$13.24 million represents approximately 0.52% of the total cost of sales of the Group for FY2022.

4. EVALUATION OF THE PAST RECURRENT IPTs

- 4.1 We have reviewed the register of interested person transactions (the “**IPT Register**”) prepared by the Company and noted that, there were a total of 130 Past Recurrent IPTs for the period from 3 February 2023 to the Latest Practicable Date.
- 4.2 The Proposed IPT Mandate provides for quarterly review of the register of interested person transactions by the Audit Committee. We note that the cumulative transaction value of the Past Recurrent IPTs for each quarter amounted to less than 5% of the latest audited NTA of the Group and the highest single value of the Past Recurrent IPTs amounted to less than 1% of the latest audited NTA of the Group.
- 4.3 Out of the 130 Past Recurrent IPTs, there were 35 transactions relating to the sale of Rubber Products by the Group to the HRG Group (“**Past Recurrent Sales**”).
- (a) We have compared the selling price per tonnage of each of such Past Recurrent Sales with at least **two similar and contemporaneous** sale transactions between the Group and unrelated third parties.
 - (b) We note that the selling prices charged by the Group to the HRG Group were mostly within the range or higher than the similar and contemporaneous third party sale transactions.
 - (c) For transactions where the selling prices were lower than the similar and contemporaneous third party sale transactions, we have enquired and understand that the Group had extended a slight discount to higher volume sale and transactions on cash terms. We have also compared the discounts extended by the Group to unrelated third party customers with comparable higher volume sale and transactions on cash terms,

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and noted that the discounts extended to the HRG Group for comparable higher volume sale and transactions on cash terms are within the range of discount extended by the Group to unrelated third party customers.

- 4.4 95 out of the 130 Past Recurrent IPTs were transactions relating to the purchase of Rubber Products by the Group from the HRG Group (“**Past Recurrent Purchases**”).
- (a) We have compared the purchase price per tonnage of each of such Past Recurrent Purchases with at least **two similar and contemporaneous** purchase transactions between the Group and unrelated third parties.
- (b) We note that the purchase prices paid by the Group to the HRG Group were mostly lower or the same as the similar and contemporaneous third party purchase transactions.
- (c) For transactions where the purchase prices were slightly higher than the similar and contemporaneous third party purchase transactions, we have enquired and understand that the differences were due to currency fluctuations (in particular, appreciation and/or depreciation of the United States dollars against Thai Baht and Chinese Yuan) which resulted in a slight difference of approximately 1% as compared to the most competitive purchase price for the month.
- 4.5 All the Past Recurrent IPTs were undertaken and approved by the Group’s employees (comprising the head of the respective commercial teams or chief executive officer/general manager of the respective subsidiaries) who are not related to HRG, CRIG and their Associates.
- 4.6 The Company has implemented interim actions to monitor and review the Past Recurrent IPTs.

5. THE IPT LOAN AGREEMENTS

We summarised the key terms of the IPT Loan Agreements as follows:

Date of agreement	27 April 2023	25 June 2023	1 August 2023	2 August 2023
Loan facilities (US\$)	106,200,000	65,091,302.43	125,000,000	35,000,000
Interest rate	3-month LIBOR + 150 basis points (“ bps ”) (that is, 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time.	3-month LIBOR + 150 bps per annum or such other rate as may be agreed in writing between the parties from time to time.	3-month SOFR + 150bps per annum or such other rate as may be agreed in writing between the parties from time to time.	3-month SOFR + 150bps per annum or such other rate as may be agreed in writing between the parties from time to time.

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Date of agreement	27 April 2023	25 June 2023	1 August 2023	2 August 2023
Tenure	Up to 2 February 2024 and may be extended for a maximum of 5 years	Initial repayment date of 24 September 2023 which has been extended to 24 December 2023, and may be extended for a maximum of 5 years.	3 months or upon the completion and drawdown of the loan and may be extended for a maximum of 5 years	3 months or upon the completion and drawdown of the loan and may be extended for a maximum of 5 years
Repayment terms	The Company shall pay the principal amount together with the accrued interest (a) when in the opinion of HRG, the Company has improved and resumed its overall financial capabilities or (b) on the expiry of the loan tenure of the loan agreement whichever the earlier.			

As at the Latest Practicable Date, the total outstanding amount due by the Company to HRG amounted to US\$294,985,972 and the IPT Interest on such principal drawn down amounted to US\$5,925,525, representing 1.64% of the Group's latest audited NTA for FY2022.

Assuming that the Company drawn down the Shareholder's Loan in full from the first available date, the maximum IPT interest for the Shareholder's Loan for FY2023 would be approximately US\$10.83 million, representing approximately 3.00% of the Group's latest audited NTA for FY2022.

Assuming that the Company drawn down the Shareholder's Loan in full from the first available date, the maximum IPT interest for the Shareholder's Loan (assuming no material fluctuations to the relevant interest reference rates (namely, LIBOR and SOFR)) for the maximum five (5) year tenure would be approximately US\$114.47 million, representing approximately 31.69% of the Group's latest audited NTA for FY2022.

6. EVALUATION OF THE IPT LOAN AGREEMENTS

Although the Company has entered into four (4) IPT Loan Agreements with HRG, the terms of the Shareholder's Loan are exactly the same except the quantum of the loan facilities extended under each IPT Loan Agreement. Accordingly, the principal under the IPT Loan Agreements we aggregated as one "Shareholder's Loan" and we have evaluated the terms of the IPT Loan Agreements collectively as one Shareholder's Loan.

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the IPT Loan Agreements:

- (a) the effective interest rates of the existing outstanding borrowings of the Group;
- (b) the lending rates of United States Dollars;

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- (c) the financial performance, cash flows and financial position of the Group; and
- (d) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 THE EFFECTIVE INTEREST RATES OF THE EXISTING OUTSTANDING BORROWINGS OF THE GROUP

To evaluate if the terms of the IPT Loan Agreements are on normal commercial terms, we have compared the terms of the Shareholder's Loan against the terms of the existing borrowings drawn down and/or facilities available to the Group as at 31 December 2022 as follows:

Loan payables	Outstanding amount as at 31 December 2022 (US\$'000)	Effective interest rate for FY2022 (%)	Tenure	Security
Working capital loan	679,124	3.43	Comprising current portion of US\$661,298,000 and non-current portion of US\$17,826,000	Charge over certain of the Group's inventories, property, plant and equipment, certain cash and bank balances, and certain trade receivables
Term loan	13,889	6.00	Repayable on monthly instalments until 2026	Unsecured
Term loan	282,000	4.17	Repayable on half yearly instalments with final settlement due in June 2024	Unsecured
Term loan	11,578	7.75	Repayment on quarterly instalments until 2026	Secured by certain property, plant and equipment and inventories
Term loan	59,456	4.47	Repayable in 2026	Secured by certain property, plant and equipment, pledged deposit, trade receivables and inventories
Sustainability linked term loan	23,616	4.40	Repayable in 2023	Unsecured
Term loan	63,702	7.50	Repayable in 2027	Secured by certain property, plant and equipment

Source: Annual report of the Company for FY2022.

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Our observations as follows:

- (a) the effective interest rates of the Shareholder's Loan for the period from the draw down date to the Latest Practicable Date (calculated based on the interest expenses accrued during the period divided by the principal drawn down) ranged from 6.72% to 7.00%, and are within the effective interest rates of the outstanding loan payables of the Group as at 31 December 2022;
- (b) while the Shareholder's Loan are for initial tenures of between three (3) to nine (9) months, the Company may request and HRG may approve the extension of the tenures to a maximum of 5 years, which will be longer than the tenures of the outstanding loan payables of the Group as at 31 December 2022; and
- (c) the quantum of the Shareholder's Loan of US\$331.29 million is also higher than the highest quantum of the respective outstanding term loans of the Group as at 31 December 2022. This is relevant because the quantum of the Shareholder's Loan demonstrates the support the Group receives from HRG in short notice.

In addition, we note that the Company obtained a US\$120,000,000 loan facility from a third party banking syndicate (the "Lender") in July 2023. The applicable interest rate is a margin of 1.7% (which may be adjusted downwards by up to 0.1% if the Company achieves sustainability performance targets) and 'compounded reference rate' for that day. 'Compounded reference rate' means the percentage rate per annum which is the aggregate of the daily non-cumulative compounded risk-free rate ("RFR") for that RFR banking day as calculated by the agent, based on a prescribed formula. In the absence of RFR or central bank rate, the Lender's cost of funds will apply. While the Lender's RFR and cost of funds are not available publicly and as at the Latest Practicable Date, the Group had not completed its first interest period for this latest third party loan facility to determine its effective interest rate, we note from the website of the Lender that its USD prime lending rate as at the Latest Practicable Date is 8.5%. Prime lending rates are the rates utilised by banks to determine the interest rates they wish to impose on loans extended to a selected group of corporate clients with good credit standing which are usually determined based on cost of funds, plus a spread to cover relevant risks and generate profit from the loan extended. Had the Lender extended the US\$120,000,000 loan facility based on its USD prime lending rate of 8.5%, the interest rate of the Shareholder's Loan of between 6.72% and 7.00% will be lower than the interest rate of the latest US\$120,000,000 loan facility.

6.2 THE LENDING RATES OF UNITED STATES DOLLARS

As mentioned above, prime lending rates are the rates utilised by banks to determine the interest rates they wish to impose on loans extended to a selected group of corporate clients with good credit standing. Prime lending rates are usually determined by banks based on their cost of funds, plus a spread to cover relevant risks and generate profit from the loan extended. This means that borrowers which are deemed to have lower credit standing by the bank will generally be offered a higher interest rate and/or the banks may impose more conditions (such as but not limited to

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mortgage, charges, pledge, guarantee or other security to ensure the recoverability of loans) when extending loans to such borrowers.

As the Shareholder's Loan is denominated in USD and the interest will be determined based on 3-month SOFR + 150bps (or 1.5%) per annum or such other rate as may be agreed in writing between the parties from time to time, we have compared the effective interest rates of the Shareholder's Loan as at the Latest Practicable Date with the prime lending rates of USD-denominated loans as at the Latest Practicable Date.

The following are the prime lending rates of USD as at the Latest Practicable Date:

Bank of America USD Prime Lending Rate	8.50%
Citibank USD Prime Lending Rate	8.50%
JPMorgan Chase Bank USD Prime Lending Rate	8.50%

Source: Bloomberg L.L.P

The effective interest rates of the Shareholder's Loan are lower than the prime lending rates for USD as at the Latest Practicable Date which are rates offered by banks to borrowers with good credit standing.

6.3 THE FINANCIAL PERFORMANCE, CASH FLOWS AND FINANCIAL POSITION OF THE GROUP

6.3.1 The financial performance of the Group

We set out below the financial performance of the Group for the last five (5) financial years ended 31 December ("FY") 2022 and the six months ended 30 June ("HY") 2022 and 2023 (collectively, the "Track Record Period"):

US\$'000	Audited FY2018	Audited FY2019	Audited FY2020	Audited FY2021	Audited FY2022	Unaudited HY2022	Unaudited HY2023
Revenue	2,141,034	1,907,747	1,708,786	2,459,821	2,692,830	1,291,403	1,212,671
Gross profit	118,443	107,352	101,570	162,873	170,812	85,946	60,889
(Loss) / Profit before tax	(16,964)	3,311	(56,417)	16,347	7,122	12,060	(53,539)
(Loss) / Profit for the financial year/period	(13,413)	(3,730)	(60,613)	17,048	(14,071)	4,301	(62,656)
(Loss) / Profit attributable to Shareholders	(8,484)	(1,633)	(53,776)	11,554	(17,968)	1,042	(62,118)

Notes:

- (1) EBITDA was obtained by adding depreciation, amortisation and interest expenses back to, and deducting interest income from, the Group's profit before tax.

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- (2) Adjusted EBITDA was obtained by adding back share of loss of associates, fair value loss, impairment losses and loss on disposal, and deducting share of profit, fair value gain and gain on disposal to the Group's EBITDA.

As set out in the table above, the Group generated losses for HY2023, which is the most recent six months financial results of the Group. The Group only reported profits for FY2021 and HY2022 during the Track Record Period. We also note that the Group's losses for HY2023 were higher than the losses reported by the Group for the preceding financial years set out above.

6.3.2 The statement of cash flows of the Group

We summarise the Group's consolidated statement of cash flows for the Track Record Period as follows:

US\$'000	Audited FY2018	Audited FY2019	Audited FY2020	Audited FY2021	Audited FY2022	Unaudited HY2022	Unaudited HY2023
Net cash (used in)/generated from operating activities	(52,932)	(41,617)	(1,528)	(33,556)	69,632	(23,530)	16,514
Net cash (used in)/generated from investing activities	(201,244)	(65,522)	(38,632)	(18,713)	5,353	9,256	16,880
Net cash generated from/(used in) financing activities	228,445	38,672	26,446	41,796	12,158	32,617	(40,856)
Cash and cash equivalents at end of year/period	122,931	55,627	43,892	33,396	118,682	49,919	111,312

We note from the table above that the Group had net cash used in operating activities and had relied on net cash generated from financing activities for most of the Track Record Period.

6.3.3 The financial position of the Group

We set out the latest financial position of the Group as at 30 June 2023 as follows:

S\$'000	Unaudited as at 30 June 2023
Current assets	871,348
Current liabilities	(1,211,849)
Net current liabilities	(340,501)
Non-current assets	1,146,198

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S\$'000	Unaudited as at 30 June 2023
Non-current liabilities	(206,231)
Net asset value (" NAV ")	<u>599,466</u>

As set out above, the Group had negative working capital position as at 30 June 2023.

We also calculate that the Group had high gearing ratio (being total loan payables and lease liabilities over NAV) of 1.91 times as at 30 June 2023.

Financial indicators (such as working capital, gearing ratio, cash flow from operations as well as the latest profit/loss) form part of the banks' credit profile assessment of potential borrowers, alongside other factors such as but not limited to the security provided for the loans and credit rating of its parent company(ies), where available.

In general, companies with better financial indicators (such as positive working capital, low gearing ratio, positive cash flow from operations and reported profits) are deemed to be of better credit standing and would be offered better financing terms as compared to companies with less favourable financial indicators (such as negative working capital, high gearing ratio, negative cash flow from operations and reported losses).

6.4 OTHER CONSIDERATIONS

We have also considered the following:

(a) Abstention from recommendation and voting

We note that Mr. Sun Weiliang, Mr. Li Xuetao and Mr. Zhang Daqiang, who are nominee Directors of HRG, have abstained from making recommendations to the Shareholders in relation to the adoption of the IPT Loan Agreements.

CRIG will also abstain from voting its shareholding, and undertakes to ensure its Associates (including HRG) will abstain from voting on the resolutions relating to the Shareholder's Loan and IPT Interest. Further, CRIG shall undertake to decline and shall ensure that its Associates (including HRG and Directors nominated by HRG) shall decline to accept appointment as proxies to vote at and attend the EGM in respect of the Shareholder's Loan and IPT Interest unless the Shareholder concerned shall have given specific instructions as to the manner in which his/its votes are to be cast at the EGM.

(b) No preferential ranking of the Shareholder's Loan

We note that, despite the quantum, the Shareholder's Loan has no preferential ranking as compared to other borrowings of the Group.

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7. THE PROPOSED IPT MANDATE

7.1 THE PROPOSED IPT MANDATE

Information on the Proposed IPT Mandate is set out in Section 5 of the Circular.

7.2 THE MANDATED PERSONS

Information on the Mandated Persons under the Proposed IPT Mandate is set out in Section 5.2 of the Circular.

We note that there are, in total, eight (8) Mandated Persons, all of which are corporate entities of HRG which are engaged in rubber processing and/or trading.

7.3 CATEGORIES OF RECURRENT IPTs

Information on the categories of Recurrent IPTs is set out in Section 5.3 of the Circular.

We note that there is only one category of Recurrent IPTs which is the sale and purchase of Rubber Products.

7.4 RATIONALE FOR AND BENEFITS OF THE PROPOSED IPT MANDATE

Information on the rationale for and benefits of the Proposed IPT Mandate is set out in Section 5.4 of the Circular.

We note that the Proposed IPT Mandate is to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Mandated Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

7.5 METHODS AND PROCEDURES FOR THE RECURRENT IPTs

Detailed information on the methods and procedures is set out in Section 5.5 of the Circular.

We highlight the following:

- (a) all purchase of Rubber Products from the Mandated Persons will be carried out after comparing the prices and terms of at least two (2) recently completed purchases of similar Rubber Products from unrelated third party suppliers. The purchase price paid by the Group to the Mandated Persons shall not be higher than the most competitive purchase price of the two (2) comparative prices paid by the Group to unrelated third party suppliers. In determining the most competitive purchase price, the Group may take into consideration all pertinent factors, including but not limited to, the historical track records of the suppliers in particular, quality, the delivery lead time, credit terms, availability of the Rubber Product, and any relevant track record (the "**Purchase Factors**"). In the event where recent unrelated third party purchase transactions are not available for comparison, the Group's key management personnel ⁽¹⁾ (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will assess the purchase price to be

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APPENDIX 1 – LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED



paid to the Mandated Persons based on the publicly available commodity prices of natural rubber, which is the closest benchmark prices of the Rubber Products. When assessing the purchase price to be paid to the Mandated Persons, the Group's key management personnel (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will also take into account the Purchase Factors and ensure that the margin to be made by the Group on the on-sale of such Rubber Products are within the usual margins and on similar commercial terms for transactions of such nature;

- (b) all sale of Rubber Products by the Group to the Mandated Persons will be carried out after comparing the prices and terms of at least two (2) recently completed sale of similar Rubber Products to unrelated third party customers. The sale price charged by the Group to the Mandated Persons shall not be lower than the most competitive sale price of the two (2) comparative prices charged by the Group to unrelated third party customers. In determining the most competitive sale price, the Group may take into consideration all pertinent factors, including but not limited to, the historical track records of the customers in particular, the availability of the Rubber Products required by the Mandated Persons, the production capacity of the Group, the cost of the Group (including cost of production and shipment), the credit worthiness, the credit terms given, the payment track record, and any relevant track record (the "**Sale Factors**"). In the event where recent unrelated third party sale transactions are not available for comparison, the Group's key management personnel (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will assess if the sale price to be charged to the Mandated Persons based on the publicly available commodity prices of natural rubber, which is the closest benchmark prices of the Rubber Products. When assessing the sale price to be charged to the Mandated Persons, the Group's key management personnel (who must have no interest, direct or indirect in the Mandated Persons and/or the Recurrent IPTs) will also take into account the Sale Factors and ensure that the Group will always yield a positive gross profit margin from the transaction with the Mandated Persons; and
- (c) in the event where the Group has to offer a discount to the Mandated Person or a significantly lower sale price for the sale of Rubber Products to the Mandated Persons, for example, due to unusually high volume transaction, such discount will be documented and submitted to the Audit Committee prior to the entering of the transactions. The discount, which will generally be based on discounts extended to unrelated third party customers for similar high volume transactions, shall be determined by the head of the respective commercial teams or chief executive officer/general manager of respective subsidiaries who must have no interest, direct or indirect, in the Recurrent IPTs. The Audit Committee shall have the discretion to approve such discount when both the management and the Audit Committee are of the view that the transaction is in the best interests of the Group.

Note:

- (1) "*key management personnel*" shall refer to chief executive officer and other persons having authority and responsibility for planning, directing and controlling the activities of the Company, as defined in the Code of Corporate Governance 2018. As at the date of the Circular, the key management personnel of the Group comprised the Chief Executive Officer, the Chief Strategy Officer, the Chief Financial Officer, the Chief Commercial Officer of Corrie MacColl Group and the Managing Director of Halcyon Rubber Company. For avoidance of doubt, the current Chief Executive Officer and the current Chief Strategy

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APPENDIX 1 – LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED



Officers of the Company are Mr. Li Xuetao and Mr. Zhang Daqiang, respectively, and they are nominee Directors of HRG. Accordingly, Mr. Li Xuetao and Mr. Zhang Daqiang will not be participating in the approval process under the Proposed IPT Mandate.

The Company will also be implementing the following approval thresholds:

Value of Recurrent IPTs	Approving authority who must have <u>no interest, direct or indirect</u> , in the Recurrent IPTs
All Recurrent IPTs	Head of the respective commercial teams or chief executive officer/general manager of respective subsidiaries
Any single Recurrent IPT with a value equal to or above 1% of the then latest audited NTA of the Group	Additional approval from Chief Financial Officer or any of the key management personnel of the Group (excluding nominees (including nominee directors) of HRG who are also key management personnel of the Group)
Any single Recurrent IPT with a value equal to or above 3% of the then latest audited NTA of the Group	Approval from two key management personnel of the Group (excluding nominees (including nominee directors) of HRG who are also key management personnel of the Group)
Any single Recurrent IPT with a value equal to or above 5% of the then latest audited NTA of the Group	Additional approval from the Audit Committee

The Group will also submit the IPT Register to the Audit Committee for review and approval if the cumulative value of the Recurrent IPTs for the quarter exceeds 5% of the then latest audited NTA of the Group prior to the end of the quarter.

The Company will also implement additional review procedures including the monthly review of the register of IPTs by the Chief Financial Officer, quarterly review of the register of IPTs by the Audit Committee, as well as the annual review of internal audit reports by the Audit Committee to ascertain that the methods and procedures established to monitor interested person transactions (including the Recurrent IPTs) have been adhered to.

7.6 ROLE OF AUDIT COMMITTEE

We note that the Audit Committee will:

- (a) review the register of IPTs quarterly;
- (b) review and approve Recurrent IPTs if the cumulative value of the Recurrent IPTs for the quarter exceeds 5% of the then latest audited NTA of the Group prior to the end of the quarter;

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APPENDIX 1 – LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF HALCYON AGRI CORPORATION LIMITED



- (c) review the annual internal audit reports on whether the methods and procedures established to monitor the Recurrent IPTs have been adhered to; and
- (d) if, during these reviews by the Audit Committee, the Audit Committee is of the view that the established methods and procedures for the Recurrent IPTs with the Mandated Persons are no longer appropriate or sufficient to ensure that the Recurrent IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group will seek a fresh general mandate for Recurrent IPTs based on new methods and procedures so that Recurrent IPTs will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.7 VALIDITY PERIOD OF THE PROPOSED IPT MANDATE

Pursuant to Rule 920(2) of the Listing Manual, the Proposed IPT Mandate will be effective from the date of the passing of the ordinary resolution for the approval of the Proposed IPT Mandate, and will continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting.

Approval from independent Shareholders will be sought for the renewal of the Proposed IPT Mandate at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to the satisfactory review by the Audit Committee of its continued application to the Recurrent IPTs.

7.8 ABSTENTION BY DIRECTORS AND MANDATED PERSONS

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, the Mandated Persons and its Associates shall abstain from voting on resolutions involving themselves and the Group. Furthermore, such Mandated Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder.

We note that Mr. Sun Weiliang, Mr. Li Xuetao and Mr. Zhang Daqiang, who are nominee Directors of HRG, have abstained from making recommendations to the Shareholders in relation to the adoption of the Proposed IPT Mandate.

CRIG will abstain from voting its shareholding, and undertakes to ensure its Associates (including HRG) will abstain from voting on the resolutions relating to the adoption of the Proposed IPT Mandate at the EGM. Further, CRIG shall undertake to decline and shall ensure that its Associates (including HRG and Directors nominated by HRG) shall decline to accept appointment as proxies to vote at and attend the EGM in respect of the adoption of the Proposed IPT Mandate unless the Shareholder concerned shall have given specific instructions as to the manner in which his/its votes are to be cast at the EGM.

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8. OUR OPINIONS

8.1 THE PROPOSED RATIFICATION OF PAST RECURRENT IPTs

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Ratification of Past Recurrent IPTs. We have carefully considered as many factors as we deemed essential and balanced them before reaching our opinion. **Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account as set out in paragraph 4 of this IFA Letter, be read in its entirety.**

We set out below a summary of the key factors we have taken into our consideration:

- (a) for sale transactions, the selling prices charged by the Group to the HRG Group were mostly within the range or higher than the similar and contemporaneous third party sale transactions;
- (b) for purchase transactions, the purchase prices paid by the Group to the HRG Group were mostly lower or the same as the similar and contemporaneous third party purchase transactions; and
- (c) all the Past Recurrent IPTs were undertaken and approved by the Group's employees who are not related to HRG, CRIG and their Associates.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Past Recurrent IPTs had been entered into on normal commercial terms and were not prejudicial to the interests of the Company and its minority Shareholders.

8.2 THE PROPOSED RATIFICATION OF SHAREHOLDER'S LOAN AND IPT INTEREST

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Shareholder's Loan. We have carefully considered as many factors as we deemed essential and balanced them before reaching our opinion. **Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account as set out in paragraph 6 of this IFA Letter, be read in its entirety.**

We set out below a summary of the key factors we have taken into our consideration:

- (a) the effective interest rate of the Shareholder's Loan is within the effective interest rates of the outstanding loan payables of the Group as at 31 December 2022. It should also be noted that the quantum of the Shareholder's Loan is higher than the highest quantum of the respective outstanding term loans of the Group as at 31 December 2022 which demonstrates the support the Group receives from HRG in short notice;

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- (b) the interest rate of the Shareholder's Loan is lower than the latest unrelated third party US\$120 million loan facility of the Group assuming that the Lender has extended the US\$120 million loan facility at its USD prime lending rate which are rates offered to borrowers with good credit standing;
- (c) the effective interest rate of the Shareholder's Loan is lower than the prime lending rates for USD as at the respective dates of the IPT Loan Agreements and the Latest Practicable Date which are rates offered by banks to borrowers with good credit standing;
- (d) the loss reported by the Group for HY2023, as well as the negative working capital and high gearing ratio as at 30 June 2023 would affect the Group's ability to obtain new loan facilities as well as the terms of the loan facilities as banks would generally offer better financing terms to borrowers with better financial indicators; and
- (e) other considerations set out in paragraph 6.4 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the IPT Loan Agreements have been entered into (and accordingly, the Shareholder's Loan had been undertaken) on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

8.3 THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, among other things, (i) the methods and procedures as well as the approval procedures and thresholds set out in the Proposed IPT Mandate; (ii) the frequency of review of Recurrent IPTs by the Audit Committee; (iii) the role of the Audit Committee in relation to the Proposed IPT Mandate; and (iv) the rationale for and benefits of the Proposed IPT Mandate as further detailed in paragraph 7 of this IFA Letter.

Having regard to the considerations set out in this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Recurrent IPTs, if adhered to, are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

9. THIS IFA LETTER

This IFA Letter is prepared pursuant to Rule 920(1)(b)(v) of the Listing Manual (which requires the independent financial adviser's opinion on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders) and Rule 921(4)(a) (which requires an opinion in a separate letter from an independent financial adviser who is acceptable to the SGX-ST stating whether the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906): (i) is on normal commercial

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terms, and (ii) is prejudicial to the interests of the issuer and its minority shareholders) of the Listing Manual, as well as addressed to the Non-Interested Directors in connection with and for the purposes of their consideration of the Proposed Ratification of Past Recurrent IPTs, the Proposed Ratification of Shareholder's Loan and IPT Interest and the Proposed IPT Mandate and forms part of the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, save for the purpose of any matter relating to the Proposed Ratification of Past Recurrent IPTs, the Proposed Ratification of Shareholder's Loan and the Proposed IPT Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein in compliance with the requirements under the Listing Manual.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

HALCYON AGRI CORPORATION LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Halcyon Agri Corporation Limited (the “**Company**”) will be held at 190 Clemenceau Avenue, #02-31, Singapore Shopping Centre, Singapore 239924 on 30 November 2023 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolutions which will each be proposed as an ordinary resolution:

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company’s circular to its shareholders dated 15 November 2023 (the “**Circular**”).*

ORDINARY RESOLUTIONS:

1. THE PROPOSED SHAREHOLDERS’ RATIFICATION OF PAST RECURRENT INTERESTED PERSON TRANSACTIONS

Resolved that:

- (a) the Past Recurrent IPTs entered into between the Group and the HRG Group, up to and including the Latest Practicable Date, being interested person transactions for the purposes of Chapter 9 of Listing Manual, be and are hereby ratified, confirmed and approved (the “**Proposed Ratification of Past Recurrent IPTs**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to do all acts and things (including without limitation, execution of all such documents as may be required) as they or each of them may deem desirable, necessary or expedient in the interests of the Company to give effect to the Proposed Ratification of Past Recurrent IPTs.

2. THE PROPOSED SHAREHOLDERS’ RATIFICATION OF THE SHAREHOLDER’S LOAN AND INTEREST PAYABLE BETWEEN THE COMPANY AND CHINA HAINAN RUBBER INDUSTRY GROUP CO., LTD.

Resolved that:

- (a) the acceptance of Shareholder’s Loan granted pursuant to the IPT Loan Agreements from HRG and any IPT Interest arising from or in connection with the Shareholder’s Loan be and is hereby ratified, approved and confirmed in all respects (the “**Proposed Ratification of Shareholder’s Loan and IPT Interest**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to do all acts and things (including without limitation, execution of all such documents as may be required) as they or each of them may deem desirable, necessary or expedient in the interests of the Company to give effect to the Proposed Ratification of Shareholder’s Loan and IPT Interest.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. THE PROPOSED SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

Resolved that:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company and its subsidiaries that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into Recurrent IPTs with the Mandated Persons provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and the Minority Shareholders and (ii) in accordance with the methods and procedures for such Recurrent IPTs as set out in the Circular (the "**Proposed IPT Mandate**");
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors of the Company and each of them be and are hereby authorised to do all acts and things (including without limitation, execution of all such documents as may be required) as they or each of them may deem desirable, necessary or expedient in the interests of the Company to give effect to the Proposed IPT Mandate.

BY ORDER OF THE BOARD

Wong Teck Kow
Company Secretary
15 November 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

(1) **EGM, Circular and documents related to the EGM**

The members of the Company are invited to attend physically at the EGM. There will be no option for shareholders to participate virtually. Printed copies of the Circular will not be despatched to Shareholders. Printed copies of this Notice of EGM and the proxy form (the “**Proxy Form**”) will be despatched to Members. This Notice of EGM, the Proxy Form and the Circular can be accessed at:

- (a) the **Company’s website** at <https://www.halcyonagri.com/investors-media/agm-egm-announcements>; or
- (b) **SGXNET** at <https://www.sgx.com/securities/company-announcements>.

(2) **Arrangement for participation in the EGM physically**

Members (including CPF and SRS Investors (as defined below)) may participate in the EGM by:

- (a) attending the EGM in person;
- (b) submitting questions to the Chairman of the Meeting in advance of, or at, the EGM; and/or
- (c) voting at the EGM:
 - (i) themselves personally; or
 - (ii) through their duly appointed proxy/ies.

CPF and SRS Investors who wish to appoint the Chairman of the Meeting (and not third party proxy/ies) as proxy are to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 5 below for details.

- (3) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
- (4) Pursuant to Section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967.
- (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) may attend and cast his vote(s) at the EGM in person. CPF Investors and SRS Investors (collectively “**CPF and SRS Investors**”) who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the EGM.
- (6) The completed and signed Proxy Form must be submitted to the Company in the following manner:
 - (a) **by post** and be lodged with the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or
 - (b) **by email** to EGM@halcyonagri.com enclosing a clear scanned copy of the Proxy Form,

and must be received by the Company by 27 November 2023 at 2.30 p.m. (Singapore time) (being 72 hours before the time appointed for the holding of the EGM). 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 21 November 2023 at 2.30 p.m. (Singapore time) (being seven (7) working days before the time appointed for the holding of the EGM). Members are strongly encouraged to submit completed Proxy Forms electronically.

Submission of Questions in Advance:

- (1) Members (including CPF or SRS investors) may submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted and received by the Company by 2.30 p.m. on 22 November 2023 in the following manner:
 - (a) **by post** to the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) **by email** to EGM@halcyonagri.com.

Members are strongly encouraged to submit completed questions electronically.

- (2) Members (including CPF or SRS investors) will need to identify themselves when posing questions by email or by mail by providing the following details:
- (a) the member's full name as it appears on his/her/its CDP/CPF/SRS/Scrip-based share records;
 - (b) the member's NRIC/Passport/UEN number;
 - (c) the member's contact number and email address; and
 - (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, Scrip-based, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

- (3) The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from members either before or during the EGM. The responses to questions from members will be posted on the SGXNET and the Company's website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, or if answered during the EGM, to be included in the minutes of the EGM which will be published on the SGXNET and the Company's website within one (1) month after the date of the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

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 EGM, as certified by The Central Depository (Pte) Limited to the Company

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a member of the Company (i) 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 and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the EGM 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 any of the Purposes.

PROXY FORM

EXTRAORDINARY GENERAL MEETING HALCYON AGRI CORPORATION LIMITED

(Incorporated In The Republic Of Singapore)
(Registration No. 200504595D)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting ("EGM").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors, who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ (Name) *NRIC/Passport/Co. Reg. No. _____

of _____ (address)

being a member(s) of the abovenamed company, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting to be held at 190 Clemenceau Avenue, #02-31, Singapore Shopping Centre, Singapore 239924 on 30 November 2023 at 2.30 p.m..

*I/We direct *my/our *proxy/proxies to vote in the manner indicated below. If no specific direction as to the manner of voting is given, *my/our *proxy/proxies may vote or abstain at his discretion.

ORDINARY RESOLUTIONS		Number of Votes		
		For	Against	Abstain
Resolution 1	To approve the Proposed Ratification of Past Recurrent IPTs			
Resolution 2	To approve the Proposed Ratification of Shareholder's Loan and IPT Interest			
Resolution 3	To approve the Proposed IPT Mandate			

* Please delete as appropriately.

Dated this _____ day of _____ 2023

Shares in:	Total No. of Shares Held
(a) CDP Register	
(b) Register of Members	
Total	

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE OVERLEAF

PROXY FORM

Notes:

1. 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 2001 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.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
3. 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.
4. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.
5. A proxy need not be a member of the Company.
6. 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).
7. 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.
8. The completed and signed proxy form must be submitted to the Company in the following manner:
 - (a) by post and be lodged with the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or
 - (b) by email to EGM@halcyonagri.com enclosing a clear scanned copy of the proxy form,and must be received by the Company by 27 November 2023 at 2.30 p.m. (Singapore time) (being 72 hours before the time appointed for the holding of the EGM).

Members are strongly encouraged to submit completed proxy forms electronically.

9. 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 21 November 2023 at 2.30 p.m. (Singapore time).

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 EGM, 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 EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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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