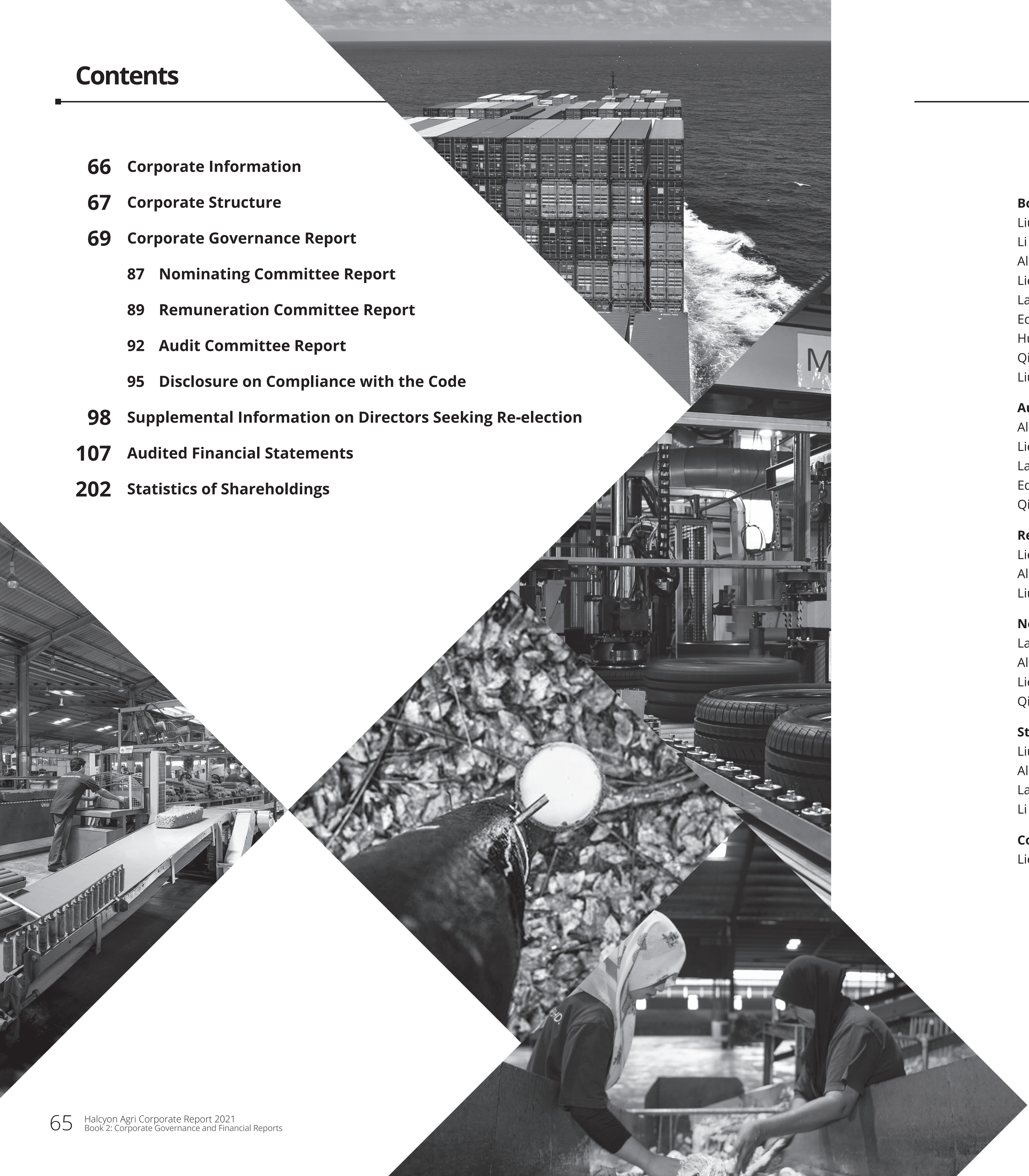
HALCYON

Towards Excellence and Sustained Growth
追求卓越 持续增长

CORPORATE REPORT 2021

Book Two: Corporate Governance and Financial Reports

Contents



Corporate Information

Board of Directors
Liu Hongsheng (Non-Executive Chairman)
Li Xuetao (Executive Director and CEO)
Alan Rupert Nisbet (Lead Independent Director)
Liew Choon Wei (Independent Director)
Lam Chun Kai (Independent Director)
Eddie Chan Yean Hoe (Independent Director)
Huang Xuhua (Independent Director)
Qin Jinke (Non-Executive Director)
Liu Jiannan (Non-Executive Director)

Audit Committee
Alan Rupert Nisbet (Chairman)
Liew Choon Wei
Lam Chun Kai
Eddie Chan Yean Hoe
Qin Jinke

Remuneration Committee
Liew Choon Wei (Chairman)
Alan Rupert Nisbet
Liu Hongsheng

Nominating Committee
Lam Chun Kai (Chairman)
Alan Rupert Nisbet
Liew Choon Wei
Qin Jinke

Strategy and Investment Committee
Liu Hongsheng (Chairman)
Alan Rupert Nisbet
Lam Chun Kai
Li Xuetao

Company Secretary
Liew Guat Yi

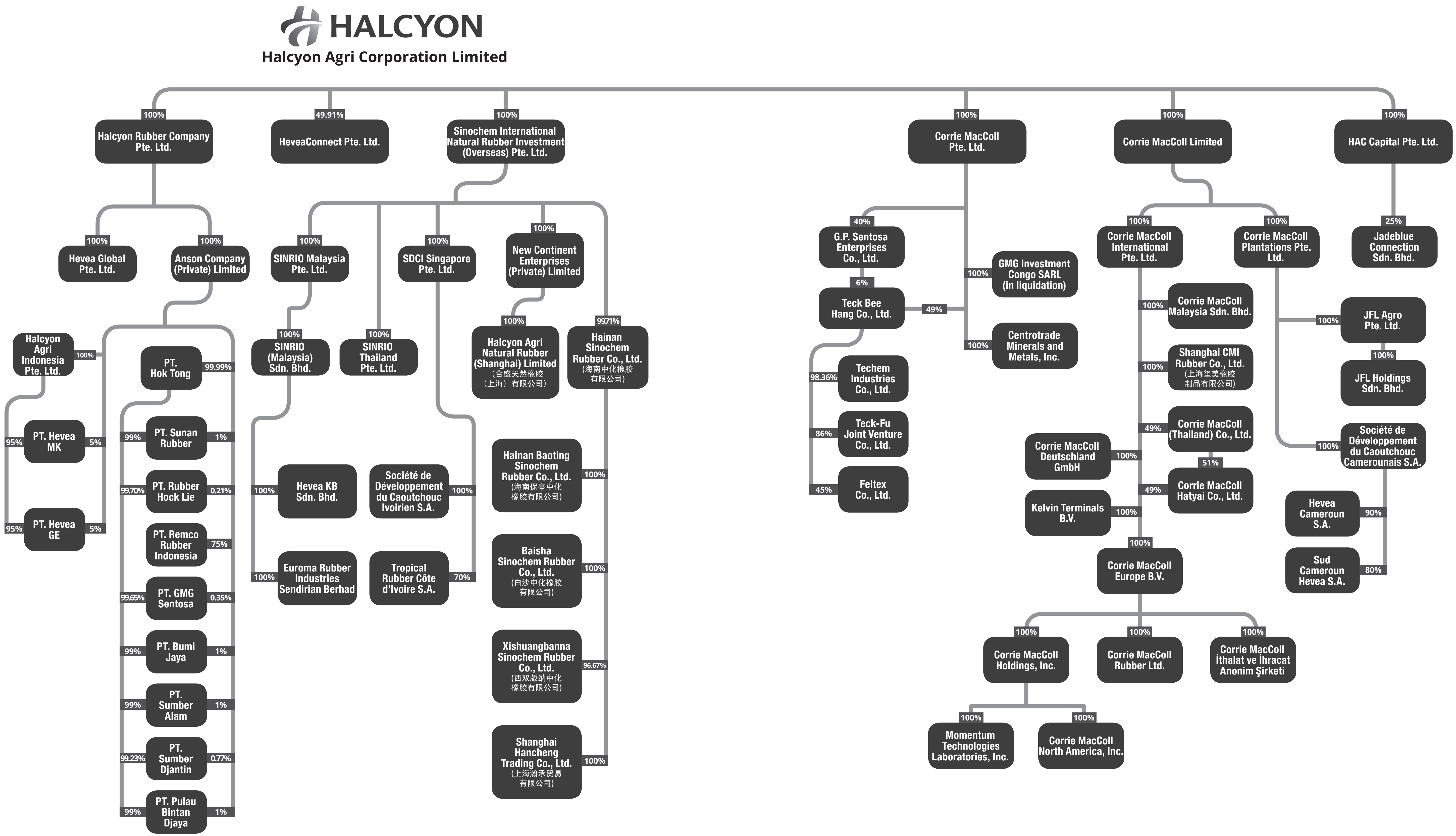
Registered Office and Corporate Headquarters
180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922
Tel: +65 6460 0200
Fax: +65 6460 0850
Website: www.halcyonagri.com

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

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
#14-03/07 Keppel Bay Tower
Singapore 098632
Tel: +65 6536 5355
Fax: +65 6536 1360
Website: www.boardroomlimited.com

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

Principal Bankers
PT. Bank Central Asia Tbk
DBS Bank Ltd.
China Construction Bank Corporation
ING Bank N.V.
Bank of Communications Co., Ltd.
Deutsche Bank AG
Wells Fargo Bank
Crédit Agricole Corporate and Investment Bank
Afriland First Bank
United Overseas Bank Limited


HALCYON
Halcyon Agri Corporation Limited
100%
Halcyon Rubber Company Pte. Ltd.
49.91%
HeveaConnect Pte. Ltd.
100%
Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd.
100%
Corrie MacColl Pte. Ltd.
100%
Corrie MacColl Limited
100%
HAC Capital Pte. Ltd.
100%
Hevea Global Pte. Ltd.
100%
Anson Company (Private) Limited
Halcyon Agri Indonesia Pte. Ltd.
100%
PT. Hok Tong
99.99%
95%
PT. Hevea MK
5%
95%
PT. Hevea GE
5%
99%
PT. Sunan Rubber
1%
99.70%
PT. Rubber Hock Lie
0.21%
PT. Remco Rubber Indonesia
75%
99.65%
PT. GMG Sentosa
0.35%
99%
PT. Bumi Jaya
1%
99%
PT. Sumber Alam
1%
99.23%
PT. Sumber Djantin
0.77%
99%
PT. Pulau Bintan Djaya
1%
100%
SINRIO Malaysia Pte. Ltd.
100%
SINRIO (Malaysia) Sdn. Bhd.
100%
SINRIO Thailand Pte. Ltd.
100%
SDCI Singapore Pte. Ltd.
100%
Hevea KB Sdn. Bhd.
100%
Euroma Rubber Industries Sendirian Berhad
Société de Développement du Caoutchouc Ivoirien S.A.
100%
Tropical Rubber Côte d'Ivoire S.A.
70%
100%
New Continent Enterprises (Private) Limited
100%
Halcyon Agri Natural Rubber (Shanghai) Limited
(合盛天然橡胶（上海）有限公司)
99.71%
Hainan Sinochem Rubber Co., Ltd.
(海南中化橡胶有限公司)
Hainan Baoting Sinochem Rubber Co., Ltd.
(海南保亭中化橡胶有限公司)
100%
Baisha Sinochem Rubber Co., Ltd.
(白沙中化橡胶有限公司)
100%
Xishuangbanna Sinochem Rubber Co., Ltd.
(西双版纳中化橡胶有限公司)
96.67%
Shanghai Hancheng Trading Co., Ltd.
(上海瀚承贸易有限公司)
100%
40%
G.P. Sentosa Enterprises Co., Ltd.
6%
Teck Bee Hang Co., Ltd.
49%
98.36%
Techem Industries Co., Ltd.
86%
Teck-Fu Joint Venture Co., Ltd.
45%
Feltex Co., Ltd.
100%
GMG Investment Congo SARL (in liquidation)
100%
Centrotrade Minerals and Metals, Inc.
100%
Corrie MacColl International Pte. Ltd.
100%
Corrie MacColl Malaysia Sdn. Bhd.
100%
Shanghai CMI Rubber Co., Ltd.
(上海玺美橡胶制品有限公司)
49%
Corrie MacColl (Thailand) Co., Ltd.
51%
49%
Corrie MacColl Hatyai Co., Ltd.
Corrie MacColl Deutschland GmbH
100%
Kelvin Terminals B.V.
100%
100%
Corrie MacColl Europe B.V.
100%
Corrie MacColl Holdings, Inc.
100%
Corrie MacColl Rubber Ltd.
100%
Corrie MacColl İthalat ve İhracat Anonim Şirketi
100%
Momentum Technologies Laboratories, Inc.
100%
Corrie MacColl North America, Inc.
100%
Corrie MacColl Plantations Pte. Ltd.
100%
JFL Agro Pte. Ltd.
100%
JFL Holdings Sdn. Bhd.
100%
Société de Développement du Caoutchouc Camerounais S.A.
Hevea Cameroun S.A.
90%
Sud Cameroun Hevea S.A.
80%
25%
Jadeblue Connection Sdn. Bhd.

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

While the global COVID–19 situation remains fluid due to the emergence of new coronavirus variants, communities and business worldwide have gradually adjusted to living with the pandemic that marks more than two (2) years of its presence. The Group has achieved a high level of business resilience through its robust corporate governance framework which focuses on effective leadership and oversight; transparency and accountability; inclusive and sustainable development; as well as continuous risk management, mitigation and control.

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

The Group's efforts in upholding the highest standards of corporate governance have been acknowledged by the Singapore Exchange Regulation Pte. Ltd. ("SGX RegCo"), with the Company be included in and remained on the SGX Fast Track since 2019. Under this programme, the Company will enjoy prioritised clearance on selected corporate action submissions to SGX RegCo. Recognition from the SGX RegCo is a testament to the Company's good corporate governance standing and compliance track record.

The Company's ongoing efforts to enforce best practices in corporate governance, as well as the practices implemented in all aspects of the Group's operations throughout the financial year ended 31 December 2021 ("FY2021") are highlighted in this report and the Board Committee reports (the "Committee Reports"), as well as the sustainability report embedded in and form part of the Company's annual report for FY2021 (the "Annual Report"). All the following Committee Reports form part of this report:

- Nominating Committee ("NC") Report – pages 87 to 88
- Remunerating Committee ("RC") Report – pages 89 to 91
- Audit Committee ("AC") Report – pages 92 to 94

Compliance with the Code of Corporate Governance

The Company has applied the principles of the Code of Corporate Governance 2018 (the "Code") to its corporate governance structure and practices as described in this report and the Board is pleased to report that the Group has adhered to all material principles and provisions of the Code, and wherever applicable, the disclosure guide developed by the Singapore Exchange Securities Trading Limited ("SGX–ST") in January 2015, together with other applicable laws, rules and regulations, including the Listing Manual (the "Listing Manual") of the SGX–ST.

The disclosure of our corporate governance framework and practices in this report has been approved by the Board. To provide shareholders of the Company (the "Shareholders") a quick access to particular area(s) of interest, a summary disclosure on the Company's compliance with the Code can be found on pages 95 to 97 of this Annual Report.

Independent, Effective Board Oversight

- Separation of the role of Chairman and Chief Executive Officer ("CEO")
- Chairman and CEO are not related to each other, there is no familial relationship between them
- Independent Directors make up a majority of the Board under the leadership of a Lead Independent Director
- The Independent Director who has served the Board for more than nine (9) years has been re–appointed under the two–tier voting process
- Regular board refreshment with independent directors' average tenure of 4.5 years
- Non–executive Directors make up 89% of the Board
- Chairmen and members of all mandatory Board Committees, being AC, NC and RC are non–executive Directors
- To achieve a gender diverse board for female to make up at least 10% of the Board by 2022
- Diversity of skills, knowledge and broad range of experience – the Board comprises members with political or geopolitical savvy, experienced lawyer who is qualified in a number of jurisdictions, retired audit firm partners as well as Directors who have years of experience in formulating corporate strategy and have in–depth knowledge of the rubber business
- Annual performance evaluation on the Board, Board Committees and individual Directors
- None of the Directors hold more than six (6) directorships (without other executive roles) or four (4) directorships (with other executive roles) in listed companies
- No alternate directors appointed
- Each Director has been submitted for re–nomination and re–appointment at least once during the past three (3) years
- None of the Directors had previously served on the board of a company with an adverse track record or with history of irregularities or is or was under investigations by regulators

BOARD STRUCTURE

Board Composition and Diversity Highlights

Board Member	Liu Hongsheng	Alan Rupert Nisbet	Liew Choon Wei	Qin Jinke	Lam Chun Kai	Li Xuetao	Eddie Chan Yean Hoe	Huang Xuhua	Liu Jiannan	Total / Average / Proportion
Tenure and Independence										
Date of Appointment	16 January 2017	7 January 2013	1 October 2014	1 January 2018	23 April 2019	26 June 2020	28 July 2020	18 June 2021	18 June 2021	
Last re–elected date (if applicable)	23 April 2019	15 June 2021	15 June 2021	26 June 2020	15 June 2021	15 June 2021	15 June 2021			
Tenure [1] in year (Y) and month (M)	5Y 3M	9Y 3M[2]	7Y 6M	4Y 3M	3Y	1Y 10M	1Y 9M	10M	10M	3Y 10M
Independence	X [3]	✓[2]	✓	X[3]	✓	X[3]	✓	✓	X[3]	55.6%
Executive	X	X	X	X	X	✓	X	X	X	11.1%
Board Committees Membership										
Audit Committee		✓Chairman	✓	✓	✓		✓			5
Nominating Committee		✓	✓	✓	✓Chairman					4
Remuneration Committee	✓	✓	✓Chairman							3
Strategy and Investment Committee ("StratCom")	✓Chairman	✓			✓	✓				4
Expertise and Experience										
Accounting / Financial		✓	✓	✓			✓		✓	55.6%
International Business Exposure	✓	✓	✓	✓	✓	✓	✓	✓	✓	100.0%
Leadership / Chief Executive	✓	✓	✓	✓	✓	✓	✓		✓	88.9%
Legal / Risk Management		✓	✓		✓	✓	✓	✓		66.7%
Mergers & Acquisitions	✓		✓	✓		✓	✓	✓	✓	77.8%
Rubber / Commodities Business	✓	✓	✓			✓	✓			55.6%
Sustainability			✓	✓	✓	✓			✓	55.6%
Present and past 3 years Directorships in other listed companies (if any)	Note 4	Note 5	Note 6							
Demographics										
Age	55	71	67	51	74	51	66	57	36	58.7 years
Gender Identity	Male	Male	Male	Male	Male	Male	Male	Male	Male	100% Male
Asian	✓		✓	✓	✓	✓	✓	✓	✓	88.9%
Singapore Resident		✓	✓		✓	✓		✓		55.6%

Notes:

(1) For the purpose of Rule 210(5)(d)(iii) of the Listing Manual, the length of a director tenure from the date of his appointment until 30 April 2022, the date by which the Company's annual general meeting ("AGM") in respect of FY2021 (the "2022 AGM") is required by law to be held.

(2) Re–appointed to the Board as an Independent Director in the AGM held on 15 June 2021 (the "2021 AGM") through the two–tiers voting process.

(3) Affiliated with substantial shareholder.

(4) Presently, an Executive Director of Sinochem International Corporation.

(5) Presently, an Independent Director of:
(i) Standard Chartered Bank (Singapore) Limited
(ii) Ascendas Property Fund Trustee Pte Ltd, the trustee–manager of Ascendas India Trust
(iii) Keppel REIT Management Limited, the manager of Keppel REIT
An Independent Director of KrisEnergy Limited until August 2021.

(6) Presently, an Independent Director of:
(i) F J Benjamin Holdings Ltd
(ii) The Hour Glass Limited
(iii) Frasers Hospitality Asset Management Pte Ltd, the manager of Frasers Hospitality Real Estate Investment Trust
(iv) Frasers Hospitality Trust Management Pte Ltd, the trustee–manager of Frasers Hospitality Business Trust

The profile of each Director (including academic and professional qualifications) is presented in this Annual Report under the section "Board of Directors". For shareholdings of Directors in the Company and its related corporations (if any), please refer to page 108 of this Annual Report.

Corporate Governance Report

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

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

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

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

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

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

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

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

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

(j) review and approve the appointment of Directors and key management personnel ("KMP"); and

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

Conflict of Interest. Directors have a duty to act in the best interests of the Company and are required to take all reasonable steps to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Company. The Policy on Director's Conflicts of Interest which was established in 2019, complements the Company's corporate governance practices, and serves to guide the Directors in recognising and handling conflict situations. This policy requires any member of the Board or Board Committees who has an interest in a matter being deliberated upon by the Directors to recuse himself from discussions and abstain from participating in the approval process involving the issue of conflict. The Directors are also obliged to comply with disclosures obligations to avoid any possible conflicts of interest.

Board Access to Information. The Board has unrestricted access to the Company's records and information. Directors are furnished with complete, adequate and timely information, and they are promptly alerted of changes to the Group's business and financial condition, to assist the Board to make a balanced and informed assessment to decide on matters as and when they arise. The CEO and the senior management of the Group (collectively, the "Management") have been maintaining close coordination and open dialogue with the Board on both the business risks and the workplace health and safety issues posed by COVID–19, including the employee vaccination progress, to ensure the Directors are fully cognisant of the decisions and actions of the Management.

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

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

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

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

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

While the Board Committees and Management are tasked with certain responsibilities, all major decision–making remains the ultimate responsibility of the Board as a whole. A written Policy on Board Delegation of Authority (the "Delegation Policy") which sets out the framework and mechanisms by which the Board delegates specific standing powers and limits of authority to specified positions, has been adopted since 2017. The Delegation Policy aims to balance the need to empower and devolve decision–making to appropriate levels for operational efficiency and to ensure proper systems of control are in place. It provides clear directions to Management on matters that are reserved for the Board's decision and approval, which include the followings:

(a) overall Group business and budget strategies;

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

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

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

(e) corporate strategic development and restructuring;

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

(g) risk management strategies.

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

In times of heightened uncertainty, it is vital that the Management with a global vision of Group's operation has the capacity and authority to make timely and agile decisions. Delegation of crisis response to the Management has facilitated the Company's ability to quickly adopt the measures required or restrictions relating to COVID–19 pandemic which are imposed by the governing bodies in the countries where it operates.

Board Meetings. The Board meets on a quarterly basis and as warranted by particular circumstances. Four (4) meetings were scheduled and held in FY2021 to review, discuss and receive updates from Management on the Group's financial performance, annual budget, sustainability issues, corporate strategy, business plans, potential corporate actions, capital plans, risk management policies, appointment and re–appointment of Directors, executive remuneration, significant operational matters and development of corporate actions that took place during the year.

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

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

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

Social distancing measures and travel restrictions to curb the spread of coronavirus have made virtual Board meeting a necessity. As the Board has employed board portal technologies since 2014, it is technologically equipped to have virtual meetings. All the Company's Board and Board Committee meetings held since the onset of the COVID–19 pandemic were conducted remotely via electronic means, and all meetings materials continued to be disseminated through the encrypted, secured board portal. The switch from the regular physical meetings to virtual ones does not affect the effectiveness of the Board process and all meeting materials continued to be readily accessible in a timely manner on Directors' tablet devices, laptops or desktop computers. The digital board portal enhances effectiveness in the boardroom and is especially important to facilitate information flow to and amongst Board members during this pandemic.

The record of Directors' attendance at the Board and Board Committee meetings as well as at general meeting in FY2021 is set out below:

	Meeting Attendance (Number of scheduled meetings held between 1 January to 31 December 2021)						
	AGM	**Board**	**AC**	**NC**	**RC**	**StratCom**	**ID**
Director	**1**	**4**	**4**	**1**	**2**	**1**	**1**
Liu Hongsheng	1	4	–	–	2	1	–
Alan Rupert Nisbet	1	4	4	1	2	1	1
Liew Choon Wei	1	4	4	1	2	–	1
Qin Jinke	1	3	4	1	–	–	–
Lam Chun Kai	1	4	4	1	–	1	1
Li Xuetao	1	4	4 (1)	–	–	1	–
Eddie Chan Yean Hoe	1	4	4 (1)	–	–	–	1
Huang Xuhua *(Appointed on 18 June 2021)*	–	2	–	–	–	–	–
Liu Jiannan *(Appointed on 18 June 2021)*	–	3 (1)	–	–	–	–	–
Wang Wei *(Resigned on 18 June 2021)*	–	1	–	–	–	–	–
Attendance Rate *(Exclude attendance by invitation)*	**87.5%**	**94.1%**	**100%**	**100%**	**100%**	**100%**	**100%**

Note:

(1) Including attendance by invitation

BOARD GOVERNANCE FRAMEWORK AND LEADERSHIP STRUCTURE

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

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

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

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

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

Board Committee	Composition	Key Areas of Oversight Delegated to it by the Board (Not exhaustive)
Audit Committee ("AC")	**Five (5) members:** • Alan Rupert Nisbet (Chairman) • Liew Choon Wei • Lam Chun Kai • Qin Jinke • Eddie Chan Yean Hoe Four (4) out of five (5) members are Independent Directors All members are Non–executive Directors	• Financial reporting • Internal and external audit processes • Interested person transactions • Internal controls and risk management systems • Whistleblowing arrangements
Nominating Committee ("NC")	**Four (4) members:** • Lam Chun Kai (Chairman) • Alan Rupert Nisbet • Liew Choon Wei • Qin Jinke Three (3) out of four (4) members are Independent Directors Lead Independent Director is a member of NC All members are Non–executive Directors	• Board structure and composition • Succession plans for Directors, in particular the appointment and/or replacement of the Chairman, Directors, the CEO and KMP • Performance of the Board • Board and Director independence • Board orientation, training and development
Remuneration Committee ("RC")	**Three (3) members:** • Liew Choon Wei (Chairman) • Alan Rupert Nisbet • Liu Hongsheng Two (2) out of three (3) are Independent Directors All members are Non–executive Directors	• Remuneration policies and framework • Remuneration for the Board and KMP • Specific remuneration packages for each Director and KMP
Strategy and Investment Committee ("StratCom")	**Four (4) members:** • Liu Hongsheng (Chairman) • Alan Rupert Nisbet • Lam Chun Kai • Li Xuetao Three (3) out of four (4) members are Non–executive Directors	• Strategy development and strategic direction • Major investment or divestment plans • Capital and assets management

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

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

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

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

Mr Nisbet has sat on the Board for a continuous period of nine (9) years since 7 January 2013 and was re–appointed to the Board as an Independent Director in the 2021 AGM through the two–tiers voting process. He has however, expressed his intention to retire at the 2022 AGM and will not be seeking re–election as a Director of the Company. Consequently, Mr Lam Chun Kai will be appointed as the Lead Independent Director in Mr Nisbet's place, effective from the conclusion of the 2022 AGM.

Board Composition and Performance Evaluation

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

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

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

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

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

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

Board Composition. Upon the recommendation of the NC to appoint a new independent director with legal expertise to enhance heterogeneity in the boardroom, the Company's board size has increased from eight (8) members to nine (9) members in FY2021, with a majority of the Directors are independent from management and business relationships with the Company. The Board presently consists a non–executive non–independent Chairman, one (1) executive director, five (5) independent directors and two (2) non–executive non–independent directors. All disclosures relating to the appointment and departure of Directors in FY2021 have been announced to the public through SGXNet, in a timely manner.

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

At the recommendation of the NC and with the approval of the Board, resolutions for the re–appointment of Mr Huang Xuhua, Mr Liu Jiannan, Mr Liu Hongsheng ("Chairman Liu") and Mr Qin Jinke as Directors of the Company will be tabled at the 2022 AGM for Shareholders' approval. They will, upon re–appointment as Directors, hold the same office in the Board and Board Committees immediately held before their re–appointment. Each of the Directors who is subject to re–election at the forthcoming AGM has abstained himself from making any recommendation and/or participating in any deliberation in respect of the assessment of his own re–election as the Directors. For information required under Rule 720(6) and Appendix 7.4.1 of the Listing Manual in respect of the Directors seeking re–election at the AGM, please refer to pages 98 to 106 of this Annual Report.

Board Diversity. The Company views diversity at the Board level as an essential element to build an open, inclusive and collaborative boardroom culture to support its strategic objectives and sustainable development. The Policy on Board Diversity (the "Diversity Policy") adopted by the Company since 2019 endorses the principle that diverse Board should include and make good use of differences between the Directors in terms of professional experience, skills, knowledge, length of service, discipline, cultural and educational background, gender, age, ethnicity and other relevant factors including distinctions between directors such as cognitive and personal strengths (the "Diversity Objectives"). Different social constructs and diversity in thoughts allow the Board to consider issues more holistically and creatively during periods of uncertainty, which is important given the various emerging trends and business disruptions that may come up from time to time, such as COVID–19 pandemic.

The inaugural report of a study developed and led by National University of Singapore Business School's Centre for Governance and Sustainability issued in March 2022 confirmed the positive relationship between board gender diversity and company performance, and it shows that the companies with higher gender diversity, age diversity and education diversity among leadership have higher return on assets. The Board recognised that gender as one of the key elements of diversity can widen the depth and breadth of its collective skills and perspectives and it has intentionally included female candidates in the search for board candidate. Where the candidates for appointment as director are relatively equivalent in their levels of required skills and experience, the Board is committed to advancing female candidates, in order to achieve gender diversity and add a broader perspective on the Board. Skill sets and competencies have been the dominant factors that drive the Board's decision for candidate to join the Board in the most recent appointment.

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

Core Diversity Characteristic	Target	Progress
(a) **Demographic diversity including gender, age, ethnic/cultural group**	• At least 10% female representation on Board by 2022, and reach the ambitious target of 20% by 2025	The NC has intentionally included female candidates in the search for board candidate and is committed to advancing female candidates where the candidates for appointment as director are relatively equivalent in their levels of required skills and experience
	• Average age of Board should be less than the prevailing retirement age in Singapore, preferably represented by at least three (3) different age groups (defined by decades)	Presently, the retirement age in Singapore is 62. The average age of the Board members is 58.7 years with four (4) decades represented on Board
(b) **Professional experience, education, talents, skills and knowledge**	• Diverse range of academic qualifications or professional experience backgrounds with at least two (2) Board members have accounting or related financial management expertise or experience	The Board comprises members with political or geopolitical savvy, an experienced lawyer who is qualified in a number of jurisdictions, two (2) retired audit firm partners as well as Directors who have years of experience in formulating corporate strategy and have in–depth knowledge of the rubber business Specific expertise and experience of Directors are set forth in Board Composition and Diversity Highlights under page 70 of this Annual Report
(c) **Board refreshment**	• Average tenure for Independent Directors as a group shall be less than seven (7) years	Average tenure for Independent Directors as a group is 4.5 years

Corporate Governance Report

Board Independence. Having considered the scope and nature of the Group's operations, the composition of the Board as well as its governance framework, the Board concluded that it is well–constituted with the right structure as the current board composition (board size of nine (9) members with a majority of independent directors and 89% of non–executive directors) has a high level of independence, with the Independent Directors constructively challenge and assist in developing proposals on strategies. The strong and independent element on the Board continued to allow the Board function effectively at optimum levels during the year and exercise objective judgement on corporate affairs independently.

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

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

The induction programme is tailored for each new Director (depending on his or her requirements, skills, qualifications and experience) and will, as a mandatory requirement, request the new Director who has no prior experience as a director of a listed company to attend pre–requisite course for first–time appointee on boards of listed company, to familiarise himself or herself with the roles and responsibilities of a director of a public listed company. Mr Huang Xuhua and Mr Liu Jiannan, being the new directors appointed in FY2021, have completed the core Listed Entity Director (LED) Programme of the Singapore Institute of Directors ("SID") organised with the support of the SGX–ST, within three (3) months of their appointment as Directors of the Company.

The Board welcomes the recent amendments to the Listing Manual which enhance, among others, the sustainability reporting for financial years beginning on or after 1 January 2022 and believes that these changes improve the quality of disclosures. The Company has arranged for all its Board members to undergo training on sustainability matters, the Environmental, Social and Governance Essentials programme organised by the SID.

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

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

Board and Management Succession. The NC is also tasked to recommend and review succession plans for the Company's Directors and senior management, in particular for the Chairman, the CEO and the KMP, taking into account the Company's strategic priorities, the challenges and opportunities facing the Group, the factors affecting its long-term success and the skills and experience needed in the future. In reviewing succession plans, the NC constantly ensures that the Board and Management have the right and needed competencies for the Company's long-term strategy and objectives. For orderly replacement of KMP, the Company integrates executive development programme into CEO and KMP succession planning, and builds talent internally through training, so that the best internal candidates are identified early and flagged at the Board level. Such executive development programme also allows the Company prepared for sudden and unforeseen changes. Where necessary or appropriate, the NC may tap on its networks and/or engage external professional headhunters to assist with identifying and shortlisting candidates. The NC can also approach relevant institutions such as SID, professional organisations or business federations to source for suitable candidates.

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

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

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

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

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

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

(a) Board size and composition;

(b) Board governance processes;

(c) Board information and accountability;

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

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

(f) Board Committees' performance, qualification and effectiveness in relation to discharging their responsibilities set out in their respective TOR.

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

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

Following the review for FY2021, the NC and the Board are satisfied that the Chairman as well as each Director has contributed to the overall effectiveness of the Board and demonstrates commitment to his roles on the Board, and that the Board and Board Committees operate effectively and have met their respective performance objectives. Notwithstanding that certain Directors have multiple board representations, these multiple directorships are not in conflict with the interests of the Company, and are within the maximum number of listed company board representations each Director of the Company is allowed to hold. No external facilitator was used in the evaluation process.

Taking into account the performance evaluation results, scope and nature of the Group's operations as well as its strategic direction, the Company and the Board are satisfied that the Board and Board Committees are of the right size for effective decision–making, has the appropriate balance and mix of skills, expertise, knowledge, experience and collectively possesses the necessary core competencies in diverse areas that are relevant to the Company's strategy, governance and business. The accounting, finance, political or geopolitical savvy, business and management, strategic planning and global business experience underpin boardroom's effectiveness and efficiency, enable the Board to effectively discharge its duties. The collective skillset and global business experience of the Board support the Company to emerge from the COVID–19 crisis and push forward into a new era of economic recovery and opportunity for the benefit of all stakeholders.

Strategy and Investment Committee

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

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

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

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

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

One (1) StratCom meeting was held in FY2021 to review the Group's prospects and long–term development strategic planning.

REMUNERATION MATTERS

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

Reviewing and making recommendations to the Board on the framework of remuneration for the Board and KMP as well as the specific packages for each Director and the KMP, are the key functions of the RC. Information about the Remuneration Committee, including its work in FY2021, is set out in the Remuneration Committee Report.

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

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

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

The remuneration of Directors and KMP as well as RC's consideration on the remuneration package of each Director and KMP in respect of FY2021 have been agreed and approved by the Board, and are explicitly disclosed on a named basis, in the RC Report.

Overview on FY2021 Remuneration Programme. The Group's remuneration policies are appropriate, effective, meet the commercial requirements to remain competitive, are sensitive to the time horizon of risk and allow flexibility in response to prevailing circumstances, and align with the long–term interest of the Group. Currently, there are no employee share schemes provided by the Company or the Group, and the Company does not have any long–term incentive plans. None of the Directors and KMP received any termination, retirement and post–employment benefits. All Directors and the KMP are remunerated on an earned basis. There is no employee in the Group who is a substantial shareholder of the Company or immediate family member of a Director or the CEO or substantial shareholders.

Due to the vast number of countries that have been affected, the ongoing COVID–19 pandemic has brought about a devastating impact on economic, social and environmental sustainability globally. The highly volatile business environment during the pandemic increased credit, operational, liquidity and market risks. Performance targets or the key performance indicators ("KPIs") for the Management and KMP have been re–assessed and re–evaluated to keep up with the changes amid the crisis. While the Group's revenue, profitability and growth targets remain important, KPIs for the KMP during these challenging times are also focus on operational resilience, on being agile and on business continuity.

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

Corporate Governance Report

In light of the above, the Board believes that the Company's remuneration decision for FY2021 aligns with the long–term interests of Shareholders and other stakeholders, as well as the risk management policy of the Company. The Company did not engage any remuneration consultants or professional firms in FY2021.

ACCOUNTABILITY AND AUDIT

The Board is accountable and answerable to the Shareholders for all aspects of the Company. It endeavours to ensure that Shareholders are furnished with timely information, full disclosure of material information and aims to present a balanced and understandable assessment of the Company's performance, position and prospects to the Shareholders. It is imperative that the Shareholders are kept informed of the impact of COVID–19 on the Group's operating environment, performance as well as management of sustainability issues. Its function relating to overseeing both internal and external audits is delegated to the AC. The main responsibility and objective of the AC is to assist the Board in fulfilling its financial and other oversight responsibilities by serving as an independent and objective party to oversee, monitor and appraise the integrity of the Company's financial reporting process, the internal controls and risk management systems as well as the audits processes. Significant findings in the course of its reviews are reported to the Board.

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

Risk Management and Internal Controls. The Board as a whole is responsible for the governance of risk and ensuring that an effective system of risk management and overall internal controls framework are in place. It determines the nature and extent of the significant risks which is appropriate for the Company in achieving its strategic objection and creating value for the Shareholders. The Board oversees the design, implementation and monitoring of the risk management framework and policies, as well as the system of internal controls. It has significantly heightened vigilance on how the control environment is adapted to the new operating environment, including the information technology ("IT") controls related to telecommuting, workplace safety, alternate capacities and procedures for continued auditing work, and placed close scrutiny on high–risk areas in the wake of COVID–19 crisis.

The Board reviews the effectiveness of internal controls and ensures that Management puts in place action plans to mitigate the risks identified, and undertake remedial actions to rectify any control lapses. It devotes significant attention to maintaining an effective system of risk management and internal controls, to safeguard the investment of the Company and its Shareholders, and ensure that risks are managed in the best interests of the Group. The principal risks facing the Company and the mitigation measures are described under the Risk Management section on pages 27 to 28 of this Annual Report.

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

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

The internal controls practice of each of the Group's functions is reviewed annually or when circumstances warrant the review process. The Management constantly review the control environment including the legal and regulatory developments regarding COVID–19 as well as the Company's risk–mitigation policies and protocols, and adjust such protocols as necessary to conform to developing regulatory circumstances, especially if a particular regulatory scheme relates to activities that are core to the Group's operations, to enhance the standard operating procedures and ensure the business is fully compliant with the applicable regulations and Group's policies. The Board's commentary on the Company's risk management and internal controls is set out on page 83 of this Annual Report.

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

Globally, there continues to be a high degree of uncertainty over the length of COVID–19 disruption, as well as the trajectory of the economic recovery. The Management continues to adopt a prudent and disciplined approach in its capital management strategy to monitor its cashflow and ensure sufficient liquidity headroom. The impact of the crisis on the Company's cash flow, status of upcoming maturities of outstanding indebtedness as well as compliance with financial covenants are reported to the AC regularly.

External Audits. The scope and results of auditing by the Company's external auditors, EY, its cost effectiveness, as well as its independence and objectivity are reviewed by the AC annually. The AC and the Board are satisfied that the aggregate amount of audit fees paid and/or payable to EY in connection with the audit as well as non–audit services for FY2021 is appropriate. Having considered the relevant provisions under the applicable regulations, the cooperation extended by the Management and the fact that the non–audit services were provided by a separate team from EY, AC is of the view that the independence or objectivity of EY is not impaired. For details of fees paid and/or payable to EY in respect of audit and non–audit services, please refer to Note 8 of the Notes to the Financial Statements on page 147 of this Annual Report. The appointment of external auditors of the Group complies with Rules 712 and 715 of the Listing Manual.

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

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

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

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

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

Internal audits are performed accordingly to the audit plan and scope agreed between the internal auditor, Nexia TS Risk Advisory Pte Ltd ("Nexia") and the AC. Nexia reviews, then evaluates and tests the effectiveness of the internal controls on material business process including financial, operational, compliance, IT controls and the management of ESG–related risks that are in place in each of the Group's key operating units.

Governance of Risk. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including ESG–related risks) it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems (including those for ESG–related risks) and reviewing their effectiveness to safeguard Shareholders' investment and the Group's assets. The AC is tasked to assist the Board to oversee Management in the design, implementation and monitoring of the internal controls and risk management systems. This includes identifying weaknesses, assessing risks of the new possesses relating to COVID–19 measures, and recommending areas for improvement and additional risk mitigations, where necessary. The Management reviews the conditions of the industry and any factors or events that may affect the Group's operations, ensures that new risks and impacts from the crisis are appropriately detected and remediated, and presents its observation of the potential risks and mitigation action to the AC during quarterly meetings. Any material changes to the key risks areas are also reported to the AC as soon as they are identified. The AC reports annually to the Board, its view on the effectiveness and adequacy of the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems.

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

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

The Company's whistleblower mechanism supplements its fraud and corruption control system to prevent, detect and respond to incidents of fraud, bribery and corruption, and there have been no established incidents pertaining to bribery and corruption in the Group.

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

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

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

Summary of the Board and AC's Observations for FY2021. The Board is of the view that the AC comprises members with requisite qualifications and sufficient financial management expertise to discharge the AC's functions competently. It has received assurances from the CEO and CFO that for FY2021:

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

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

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

(a) the reviews of the reports of Nexia;

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

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

(d) reports from EY,

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

MATERIAL CONTRACT

Other than the service agreement entered into with the CEO and the IPTs as disclosed in this Annual Report and/or through SGXNet announcements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

Shareholder Rights and Conduct of Shareholder Meetings

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

Shareholders were invited to observe and/or listen to the 2021 AGM proceedings via live audio–visual webcast. In order to understand the view of Shareholders, to gather inputs and address their concerns, Shareholders are encouraged to submit questions in advance of the general meeting. All substantial and relevant questions were addressed prior to the AGM through publication on the Singapore Exchange's website and on the Company's website.

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

The Company notifies the Shareholders on the meeting schedule and the agenda of meeting at least 14 or 21 days (as the case may be) prior to the date appointed for the general meeting. The notice of general meeting issued to all Shareholders is advertised in newspapers (where applicable) and disseminated through SGXNet, as well as published on the Company's website. The notice convening the 2021 AGM was published 31 days in advance of the date of the 2021 AGM, to allow ample time for the dissemination of details relating to the alternative arrangements for the 2021 AGM, considering that the Shareholders could have more questions on the impact of the COVID–19 disruptions to the Company.

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

Sufficient and necessary information required for Shareholders to make informed decisions is provided or accompanied by the notice convening each general meeting. At general meetings, each issue is proposed as a separate resolution. The Company continued to adopt and comply with the voting process stipulated under the Guidance on the Conduct of General Meetings amid Evolving COVID–19 Situation, for the unconventional AGM held in year 2021. Shareholders (whether individual or corporate) who wish to vote on the resolutions tabled at the AGM have to appoint the chairman of the AGM as their proxy to vote on their behalf. The voting outcomes including the number of votes cast for and against were validated by the polling agent prior to the 2021 AGM, and results of the poll are displayed on–screen during the virtual meeting proceeding. The poll results also be announced to the public through SGXNet in accordance with the format prescribed under the Listing Manual.

The proceedings of general meetings are properly recorded and the minutes of the 2021 AGM are published on SGXNet and on the Company's website within one (1) month after the meeting.

The record of Directors' attendance at the general meeting held in FY2021 is set out on page 73 of this Annual Report.

Dividend Policy

The Company did not have a fixed dividend policy since it was listed in 2013. It continually reviews strategic options to enhance shareholder value, including potential acquisitions or realisation of assets. Notwithstanding that any strategic action that could affect the allocation of funds, to promote a more transparent, long–term approach, the Company decided to adopt a dividend policy to clearly set out its approach to dividends as the Board recognises that dividends are one of the most efficient ways of returning capital to Shareholders.

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

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

For FY2021, the Board does not recommend dividend as the amount of Core PATMI is not substantial. The Company believes that it is appropriate to retain and reinvest such earnings in the Group, to allow greater flexibility on capital management and ensure availability of financial resources to respond to temporary disruptions and to aid in medium–term recovery.

Engagement with Shareholders

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

(a) SGXNet announcements and news release;

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

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

(d) the Company's general meeting; and

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

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

Apart from statutory announcements, the Company's website is also regularly updated with business operations, important dates and recapitulate any major announcements. Materials relating to the Group including the financial results, press releases, annual reports and various other investor–related information are also available on the corporate website.

ENGAGEMENT WITH STAKEHOLDERS

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

HeveaConnect, a joint venture between the Company, ITOCHU Corporation, DBS Bank Ltd. and Asian Gateway Investments Pte. Ltd., a wholly–owned subsidiary of the Singapore Exchange Limited, is one of the Company's major initiatives which aims to connect natural rubber stakeholders in the rubber industry and supports the Company's commitment towards a more sustainable rubber industry. HeveaConnect digital marketplace aims to promote greater price transparency in the natural rubber market, and serves as an all–inclusive platform for farmers, producers, tyre manufacturers, as well as facilitators such as financial institutions, logistics and warehousing suppliers. Its goal is to be the leading digital marketplace for sustainable natural rubber, which promotes eco–friendly practices and embraces supply chain transparency.

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

The COVID–19 pandemic has created significant environmental, health and safety and social impacts, risks and challenges for workforces across the economies where the Group operates, disrupting supply chain and affecting considerations for stakeholder engagement. The Company remains committed to working with stakeholders and engages them at all levels including customers, competitors, industry associations, employees, regulators, and suppliers, to combat the COVID–19 impact and navigate the challenges.

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

DEALING IN SECURITIES

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

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

INTERESTED PERSON TRANSACTIONS ("IPT")

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

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

The Company does not have a general mandate from Shareholders for IPT. Consequently, there have been no IPT conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual. The details of the IPT transacted by the Group during FY2021 (excluding transactions less than $100,000) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2021 (US$)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920
Sinochem International (Overseas) Pte. Ltd.	Controlling shareholder who owns 54.99% shares in the Company	1,785,000	Not applicable
	Total	**1,785,000**	**–**

The aggregate value of abovementioned IPTs represent approximately 0.40% of the Group's audited consolidated net tangible assets for the financial year ended 31 December 2020, and is not subject to Rules 905 and 906 of the Listing Manual. With reference to the assessment and evaluation conducted by a qualified independent financial advisor received by the AC in December 2020, the AC believes that these IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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

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

Summary of NC's principal activities during FY2021

- Reviewed the composition of the Board and Board Committees
- Recommended the appointment of new Director as well as the appointment of Director to the Board Committees
- Nominated Directors for re–election by Shareholders at the 2022 AGM
- Managed the board performance evaluation process and reviewed the results of the evaluations
- Reviewed the independence of the Independent Directors
- Reviewed the time commitment of Directors for performance of their responsibilities
- Reviewed succession planning of the Board and the senior executives
- Reviewed the training and continued professional development of the Directors
- Formulated the Policy on Board Nomination (the "Nomination Policy")
- Reviewed and recommended amendments to the Policy on Board Diversity (the "Diversity Policy")
- Endorsed the FY2021 Corporate Governance Report

Changes in Directors during FY2021

The NC reviewed the structure, size, and diversity of the Board to ensure that its composition complies with the Code and reflects an appropriate mix of skills, experience, and diversity objectives that are relevant to the Company's strategy, governance, businesses, and contributes to the Board's effectiveness and efficiency. To further enhance Board independence and diversity, NC has determined the appointment of a new independent director with legal expertise is beneficial to the Board.

During its search and evaluation process for the new independent director, the NC has considered various factors and intentionally included female candidate in order to achieve the Board's gender diversity target. In its evaluation of potential candidates for nomination, the NC has considers the specific needs of the Board. As the skill sets and competencies were the dominant factors for the selection of the new independent director, NC has recommended and the Board has approved the appointment of Mr Huang Xuhua ("Mr Huang"), an experienced lawyer who is qualified in a number of jurisdictions, as an Independent Director of the Company in June 2021.

At the same time, Mr Liu Jiannan ('Mr Liu") was appointed to the Board as proposed by China–Africa Development Fund ("CADF"), the parent company of the Company's substantial shareholder, in place of Mr Wang Wei, its nominee director who has resigned from CADF to pursue professional and personal interests.

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

Nomination for Re–election

Pursuant to the Company's Constitution, at least three (3) Board members shall retire by rotation and that the Directors appointed after the 2021 AGM to fill the casual vacancies, namely Mr Huang and Mr Liu, shall hold office only until the forthcoming AGM ("2022 AGM").

The NC has identified Mr Liu Hongsheng ("Chairman Liu") and Mr Qin Jinke, being the Directors who have been longest in office since their last election, together with Mr Alan Rupert Nisbet ("Mr Nisbet"), shall retire by rotation at the 2022 AGM. Mr Nisbet has served on the Board for a continuous period of more than nine (9) years. He has decided to retire at the conclusion of the 2022 AGM to support progressive renewal of the Board.

Given the expertise and past experience of the four (4) Directors who have offered themselves for re–election at the 2022 AGM, NC considered that their appointment would ensure the Board's diversity and benefit the future development of the Company. Accordingly, the NC has nominated Mr Huang, Mr Liu, Chairman Liu and Mr Qin to the Board, for it to recommend to Shareholders for re–election at the 2022 AGM.

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

Upcoming Changes in Board

Mr Nisbet, the Lead Independent Director who was re–appointed to the Board as an Independent Director through the two–tiers voting process in the last annual general meeting, has expressed his intention to retire at the 2022 AGM and will not be seeking re–election. The details relating to the cessation of Mr Nisbet's service have been disclosed via an SGXNet filing published on 25 February 2022.

To fill the vacancy following the retirement of Mr Nisbet, the NC has initiated the process to identify potential candidates for the appointment as Independent Director. The NC will review the profiles of the candidates, having regard to the Board's current composition, the Directors' skill matrix, the list of selection criteria for Independent Director, the Nomination Policy, the Diversity Policy, and will arrange interviews with the shortlisted candidates individually. The appointment of Director will be announced to the public through SGXNet in a timely manner.

Independence of Director

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

It was also noted that none of the Independent Directors or their family members was employed by, or received significant payment from or provided material services to the Group in FY2021 or in any of the past three (3) financial years.

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

Board Performance Evaluation

Based on the assessment criteria[2] determined by the NC, the formal evaluation questionnaires were tabulated and circulated to all Directors via the board portal, for Directors to rate and provide feedback on the performance of the Board, the Board Committees, the Chairman and each Director for FY2021. The findings of the Board evaluation (including feedback and comments received from the Directors) have been analysed and discussed during the NC meeting, in consultation with the Chairman of the Board to identify areas for improvement and any training required to further enhance the effectiveness of the Board. The Board reviewed feedback from the NC collectively and will decide and agree on action plans, if required.

The FY2021 evaluation results indicated that the Board operates effectively, and the Board was satisfied with the operational effectiveness of the Board committees as well as the competencies of each Director.

2 Evaluation criteria is described under the Corporate Governance Report.

Remuneration Committee Report

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

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

The RC held two (2) meetings in FY2021. Members' attendance records are disclosed in the Corporate Governance Report contained in this Annual Report.

Summary of RC's principal activities during FY2021

- Reviewed the directors' fees structure
- Reviewed and approved the performance scorecard for the CEO and KMP
- Reviewed and recommended to the Board, the remuneration of each Director
- Evaluated the performance of the CEO and KMP, and recommended their remuneration package to the Board
- Endorsed the FY2021 Corporate Governance Report

Developing Group Remuneration Framework

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

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

Where applicable, the RC will also review annually the remuneration of employees related to the Directors, the CEO and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees, if any.

Agreeing the Level and Mix of Remuneration

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

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

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

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

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

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

Reviewing Non–executive Directors' Fees Structure

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

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

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

The RC has commissioned an experienced external consultant to conduct a benchmarking exercise to assess the appropriateness of the existing remuneration components for the non–executive Directors based on industry benchmarks and accepted methodologies. RC will review and determine the Directors' Fees structure for the financial year ending 31 December 2022 ("FY2022") after it receives the benchmarking report from the consultant.

The Company submits the quantum of Directors' Fees of each financial year, which is to be paid quarterly in arrears, to Shareholders for approval at its annual general meeting. Shareholders' approval will be sought at the 2022 AGM in respect of the proposed payment of Directors' fees of up to S$750,000 (payable quarterly in arrears) for FY2022.

Remuneration of Directors

Name	Position Held	Directors' Fee / Fixed Salary (S$)	Variable Bonus / Other Compensation (S$)	Total (S$)
Liu Hongsheng	Non–Executive Chairman, Chairman of StratCom, and member of RC	118,500.00	0	118,500.00
Alan Rupert Nisbet	Lead Independent Director, Chairman of AC, member of RC, NC and StratCom	109,125.00	0	109,125.00
Liew Choon Wei	Independent Director, Chairman of RC, member of AC and NC	87,250.00	0	87,250.00
Qin Jinke	Non–executive Non–independent Director, Member of AC and NC	73,750.00	0	73,750.00
Lam Chun Kai	Independent Director, Chairman of NC, member of AC and StratCom	83,125.00	0	83,125.00
Eddie Chan Yean Hoe	Independent Director, Member of AC	64,208.33	0	64,208.33
Huang Xuhua *(Appointed on 18 June 2021)*	Independent Director	28,785.71	0	28,785.71
Liu Jiannan *(Appointed on 18 June 2021)*	Non–executive Non–independent Director	28,785.71	0	28,785.71
Wang Wei *(Resigned on 18 June 2021)*	Non–executive Non–independent Director	13,500.00	0	13,500.00
	Total Directors' Fees for Non–executive Directors	**607,029.75**	**0**	**607,029.75**
Li Xuetao	Executive Director, CEO and member of StratCom	600,000.00	200,000.00	800,000.00
	Total Remuneration of All Directors	**1,207,029.75**	**200,000.00**	**1,407,029.75**

Notes:

(1) Non–executive Directors are not paid salary, allowance and bonus.

(2) Executive Director is not paid director's fee.

The aggregate remuneration of S$607,029.75 paid to the non–executive Directors (the "Directors' Fees") for FY2021 is within the threshold limit of S$750,000 approved by Shareholders on 15 June 2021. The non–executive Directors were remunerated according to the Directors' Fee structure disclosed in the annual report for the financial year ended 31 December 2020.

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

Remuneration of KMP

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

Name	Position Held	Salary (%)	Allowance/ Benefit (%)	Variable Bonus (%)	Remuneration Band
Andrew Trevatt	Chief Commercial Officer, Corrie MacColl Group	80.00	–	20.00	Band 3
Ng Eng Kiat	Managing Director, HRC Group	92.31	–	7.69	Band 2
Loh Jui Hau	Chief Financial Officer	85.71	–	14.29	Band 1

Note:

Remuneration Bands are as follows:

Band 1 : From S$250,000 up to S$500,000

Band 2 : From S$500,001 up to S$750,000

Band 3 : From S$750,001 up to S$1,000,000

The total remuneration paid to the three (3) KMP (who are not Directors or the CEO) for FY2021 was approximately S$1,737,000, and has been approved by the Board.

Remuneration Consideration for Executive Director and KMP

Performance measures and remuneration packages of the Executive Director and KMP emphasise on value creation and are principally based on the achievement of the objectives of their functions as set up in the key performance indicators ("KPIs") agreed by each individual. These KPIs take into consideration the performance of the Company, the Management's performance in light of COVID–19, scope of work, overall organisational health, potential and responsibilities of these individuals, and leadership in the face of unexpected challenges. Qualitative evaluation, such as vocational competence, responsibility at work and activity in the workplace, as well as the quality of work in relation to the demands and goals of duties, have also been used to evaluate and assess the Management's performance in FY2021.

RC is satisfied that the Executive Director and KMP devoted the necessary time and energy to fulfilling its commitments, and have met the aforementioned performance conditions in FY2021.

Specific remuneration packages for the Executive Director and KMP in respect of FY2021 have been reviewed by the RC and approved by the Board.

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

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

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

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

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

(c) review and recommend to the Board, the appointment or re–appointment of the external auditors and matters relating to their removal, remuneration and terms of engagement;

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

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

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

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

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

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

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

Summary of AC's principal activities during FY2021

- Reviewed the Group's quarterly, half–yearly, and annual financial results
- Reviewed, with both the external auditor and management, the audit approach and methodology applied, in particular to the key audit matters ("KAMs") included in the Auditor's Report
- Approved the internal audit plan
- Reviewed significant internal and external audit findings, and monitored Management's response to their recommendations
- Reviewed updates on legal and regulatory compliance matters, including anti–corruption matters and whistleblowing disclosures
- Reviewed the adequacy and effectiveness of the Group's internal control systems and its accounting, financial reporting, and internal audit functions
- Reviewed the interested person transactions
- Reviewed and monitored the external auditor's independence and reviewed the engagement to perform non–audit services
- Reviewed and recommended the re–appointment of external auditor
- Reviewed and recommended amendments to the Anti–Corruption and Anti–Bribery Policy
- Endorsed the FY2021 Corporate Governance Report

Review of Financial Results

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

The AC reviewed the FY2021 audited financial statements in conjunction with the external auditor. Based on this review and discussions with Management, the AC was satisfied that the financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2021.

Review of External Audits and Re–appointment of External Auditor

AC reviews the overall scope of external audits prior to each audit process, to ensure material areas are covered and sufficient attention is dedicated to emerging and existential risk. During the course of review of the Company's financial statements for FY2021, the AC has reviewed and discussed each of the KAMs with the Management as well as the external auditor, Ernst & Young LLP ("EY"). The AC has assessed and considered the Management's approach, methodology and assumptions applied to each of the KAMs, and was satisfied with the appropriateness of the analyses performed by the Management. The AC agrees and concurs with the basis and conclusions included in EY's report with respect to the KAMs. For more information on the KAMs, please refer to page 111 of this Annual Report.

Taking into consideration all relevant factors (with reference to the audit quality indicators as published by the Accounting and Regulatory Authority) including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit process, the quality of work carried out by EY, the size and complexity of the Group, its businesses and operations, AC was satisfied with EY's work, its independence, and its objectivity, and therefore recommended the re–appointment of EY (which has indicated its willingness to continue in office) as the Group's external auditor for Shareholders' approval at the 2022 AGM. The appointment of external auditors of the Group complies with Rules 712 and 715 of the Listing Manual.

Review of Internal Audit Functions

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

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

The AC reviews the adequacy, effectiveness, independence and scope of the internal audit function annually, including the internal audit plans, activities, budget for internal audit and organisational structure of Nexia. It is satisfied that the internal audit function is independent, effective and that the internal audit activity conducted by Nexia for FY2021 attained professional standards, including those promulgated by The Institute of Internal Auditors. Given that there is a team of 11 members assigned to the Company's internal audits and led by Ms Pamela Chen who has 15 years of relevant experience, the AC believes that the internal audit function is adequately resourced and has appropriate standing within the Group during FY2021. It is also of the view that the quantum of fee paid or payable to Nexia should not put its objectivity at risk.

Review of Risk management and Internal Control Systems

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

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

The AC is satisfied that the Group has adequate and effective risk management and internal control systems, and that the Group has satisfactorily managed the impact of the COVID–19 pandemic.

Review of Whistleblowing Framework

The AC is responsible for the overall oversight and monitoring of the whistleblowing framework and its implementation. In particular, the AC considers all whistleblowing complaints and reviews them at its quarterly meetings to ensure independent, thorough investigation and appropriate follow–up actions. The outcome of each investigation is reported to the AC. There have been no established incidents pertaining to malpractice and improprieties in FY2021.

The Whistleblowing Policy and its effectiveness will be reviewed by the AC periodically, with any recommendations regarding updates or amendments being made to the Board as required.

Review of Interested Person Transactions ("IPT")

The AC reviews IPTs at its quarterly meetings, to ensure that established procedures for monitoring the IPTs have been complied with. The AC is satisfied that the guidelines and review procedures established to review IPTs have been complied with in FY2021. Further information relating to the IPTs entered into during FY2021 is provided under the section "Interested Person Transactions" on page 86 of this Annual Report.

DISCLOSURE ON COMPLIANCE WITH THE CODE

Summary disclosure of key corporate governance practices pursuant to Rule 710 of the Listing Manual, with specific reference to the principles and provisions of the Code, and wherever applicable, the disclosure guide developed by the SGX-ST in January 2015 (the "Disclosure Guide").

Principles and Provisions	Page reference in this Annual Report
General Compliance with all the principles and provisions of the Code	Yes. Page 69
Key information on each Director ● Background of Directors ● Age, designation, roles, appointment dates, length of directorship, present and pass three (3) years directorship in other listed companies (if any), meeting attendance and remuneration ● Supplemental information on Directors seeking re-election at AGM ● Director's shareholding	Pages 10 to 12 Pages 70, 73 and 90 Pages 98 to 106 Page 108
Provision 1.2 The induction, training and development provided to new and existing directors	Page 78
Disclosure Guide Types of information and training provided to new directors and existing directors to keep them up-to-date	Pages 71, 72 and 78
Disclosure Guide Types of information which the company provides to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the company, and the frequency of such information provided	Pages 71 to 72
Provision 1.3 Matters that require board approval	Page 72
Provision 1.4 Names of the members of the board committees, the terms of reference, any delegation of the board's authority to make decisions, and a summary of each board committee's activities	Pages 72, 74 and 87 to 94
Provision 1.5 The number of meetings of the board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 73
Provision 2.4 The board diversity and progress made towards implementing the board diversity policy, including objectives	Pages 70 and 77
Practice Guidance 4 How the board, with its collection of skills, experience and diversity, meets the needs of the company	Pages 69 and 79
Disclosure Guide (a) The board's policy with regard to diversity in identifying director nominees (b) Whether the current composition of the board provides diversity on each of the following – skills, experience, gender and knowledge of the company, and elaborate with numerical data where appropriate (c) Steps that the board has taken to achieve the balance and diversity necessary to maximise its effectiveness	Pages 76, 77 and 79
Listing Rule 710A Board diversity disclosure	Pages 70 and 77
Provision 4.1(a) Succession planning for directors as well as key management personnel	Page 78

Principles and Provisions	Page reference in this Annual Report
Provision 4.3 Process for the selection, appointment and re-appointment of directors to the board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidate	Pages 76, 77 and 87 to 88
Provision 4.4 The board should identify in the company's annual report each director it considers to be independent. Where the board considers a director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the director's relationship and the reasons for considering him or her as independent should be disclosed	Pages 70, 78 and 88
Disclosure Guide Compliance with the guideline on the proportion of independent directors on the board	Pages 69, 70, 76, 78 and 88
Disclosure Guide Identify the independent director who has served on the board for more than nine years from the date of his first appointment, and set out the board's reasons for considering him or her independent	Pages 70, 75 and 88
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the nominating committee's and board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed	Pages 69, 70, 79 and 88
Disclosure Guide (a) Maximum number of listed company board representations which directors may hold, and the reasons for this number should be disclosed (b) Specific considerations in deciding on the capacity of directors	Page 79
Provision 5.2 How the assessments of the board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors	Pages 79 and 88
Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence	Pages 81 and 90
Principle 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation	Pages 80, 81 and 89 to 91
Provision 8.1 The company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	Pages 80, 81 and 89 to 91
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder	Not Applicable Page 80

Principles and Provisions	Page reference in this Annual Report
Provision 8.3 The company discloses all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, and also discloses details of employee share schemes	Pages 80 and 89 to 91
Practice Guidance 8 The aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and at least the top five key management personnel (who are not directors or the CEO)	Not Applicable Page 80
Provision 9.2 Whether the board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems	Page 83
Practice Guidance 9 The board should comment on the adequacy and effectiveness of the company's risk management and internal control system	Pages 83 and 94
Disclosure Guide Whether the company have an internal audit function	Pages 82 and 94
Disclosure Guide Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Pages 82 and 147
Listing Rule 1207 (18A) (18B) Whistleblowing disclosure	Pages 83 and 94
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year	Page 73
Provision 12.1 The steps taken by the company to solicit and understand the views of shareholders	Page 85
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Pages 85 to 86
Disclosure Guide Where dividends are not paid, company should disclose their reasons	Pages 84 to 85

The information required under Rule 720(6) and Appendix 7.4.1 of the SGX–ST Listing Manual in respect of Directors seeking re–election at the Annual General Meeting on 27 April 2022 is set out below.

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
1.	**Date of appointment**	16 January 2017	1 January 2018	18 June 2021	18 June 2021
2.	**Date of last re–appointment**	23 April 2019	26 June 2020	Not applicable	Not applicable
3.	**Age**	55	51	56	36
4.	**Country of principal residence**	China	China	Singapore	China
5.	**The Board's comments on this re–election** *(including rationale, selection criteria, and the search and nomination process)*	The Board, after reviewed the recommendation from the Nominating Committee and Mr Liu Hongsheng's professional expertise and experience (as set out below), the Board approved that Mr Liu stands for re–election as a Non–executive Director of the Company. Process for the selection and re–appointment of Directors to the Board is set out on page 88 of the Annual Report.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Qin Jinke's professional expertise and experience (as set out below), the Board approved that Mr Qin stands for re–election as a Non–executive Director of the Company. Process for the selection and re–appointment of Directors to the Board is set out on page 88 of the Annual Report.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Huang Xuhua's professional expertise and experience (as set out below), the Board approved that Mr Huang stands for re–election as an Independent Director of the Company. Process for the selection and re–appointment of Directors to the Board is set out on page 88 of the Annual Report.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Liu Jiannan's professional expertise and experience (as set out below), the Board approved that Mr Liu stands for re–election as a Non–executive Director of the Company. Process for the selection and re–appointment of Directors to the Board is set out on page 88 of the Annual Report.
6.	**Whether appointment is executive, and if so, the area of responsibility**	Non–executive Non–independent	Non–executive Non–independent	Independent and Non–executive	Non–executive Non–independent
7.	**Job title (e.g. Lead ID, AC Chairman, AC Member etc.)**	Non–Executive Chairman, Chairman of Strategy and Investment Committee and a Member of Remuneration Committee	Non–executive Director, Member of Audit and Nominating Committees	Independent Director	Non–executive Director

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
8.	**Professional qualifications**	• Bachelor Degree in Philosophy from Peking University • Executive Master Degree in Business Administration from Shanghai Maritime University	• Bachelor Degree in Accounting from Central University of Finance and Economics • Executive Master of Business Administration from China Europe International Business School	• Master of Law Degree from Columbia University School of Law • Postgraduate Diploma (Civil Law) from Renmin University of China • Bachelor of Law Degree from Renmin University of China • Member of the New York State Bar Association and the Law Society of Hong Kong • Foreign Lawyer registered with the Law Society of Singapore	• Master of Arts in Economics (Financial Economics) from California State University Los Angeles • Bachelor of Science in Business Administration (Finance) from California State University Los Angeles
9.	**Working experience and occupation(s) during the past 10 years**	Mr Liu has been with Sinochem International Co., Ltd. ("Sinochem"), a company listed on the Shanghai Stock Exchange for more than 10 years. His current position and roles with Sinochem during the past 10 years are as follows: • December 2016 to Present – Director and Chief Executive Officer • June 2012 to December 2016 – Senior Vice President • April 2012 to June 2012 – General Manager of Logistics Business Unit	Mr Qin has been with Sinochem International Co., Ltd. ("Sinochem"), a company listed on the Shanghai Stock Exchange for more than 10 years. His current position and roles with Sinochem during the past 10 years are as follows: • September 2014 to Present – Chief Financial Officer • June 2012 to September 2014 – Vice Chief Financial Officer • January 2010 to June 2012 – General Manager of Financial Headquarter	• 2022 to Present – Senior Adviser, China Practice, Allen & Gledhill • 2018 to 2021 – Head, China Practice, Allen & Gledhill • 2003 to 2017 – Partner, King & Wood Mallesons	Mr Liu has been with China–Africa Development Fund ("CADF") since he graduated from university in 2014. His current position and previous roles with CADF are as follows: • December 2020 to Present – Executive Director, Investment Department • September 2015 to December 2020 – Manager, Investment Banking Department • September 2014 to September 2015 – Investment Department

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
10.	**Shareholding interest in the listed issuer and its subsidiaries**	Nil	Nil	Nil	Nil
11.	**Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries**	Nil	Nil	Nil	Nil
12.	**Conflict of interests (including any competing business)**	Nil	Nil	Nil	Nil
13.	**Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer**	Yes	Yes	Yes	Yes

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
14.	**Other Principal Commitments including Directorships**				
(a)	*Past (for the last 5 years)*	• Director, Sinochem International Logistics Co., Ltd. • Director, Sinochem Shipping (Shanghai) Co., Ltd. • Director, Newport Tank Containers, LLC • Director, Newport China Tank Containers Co., Ltd. • Director, Stoltchem Ship Management (Shanghai) Co., Ltd. • Director, Shanghai SAFE–Transport Chemical Logistics Co., Ltd. • Director, Sinochem International FZE • Director, Sinochem Isotank FZE • Director, Sinochem Intertrans Co., Ltd. • Director, Lianyungang Port International Petrochemical Storage Co., Ltd. • Director, Lianyungang Port International Petrochemical Co., Ltd. • Director, Qingdao Ganghua Logistics Co., Ltd. • Chairman, Sinochem (Ningbo) Runwo Membrane Technology Co., Ltd.	• Director, Nantong Jiangshan Agrochemical & Chemicals Co., Ltd. • Director, Sinochem International Logistics Co., Ltd. • Director, Shanghai Dehuan Real Estate Co., Ltd. • Director, Shanghai WenChuang Trade Co., Ltd. • Director, SC Petrochemical (HK) Co., Limited • Director, Jiangsu HuaYuan Coking Co., Ltd.	None	None

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
(b)	*Present*	• Non–Executive Director and Chairman, Halcyon Agri Corporation Limited • Director, Sinochem • Director, Sinochem International (Hong Kong) Chemical Investment Co., Limited • Chairman, Sinorgchem Technology Co., Ltd. • Director, Jiangsu Yangnong Chemical Group Co., Ltd. • Chairman, Huaian Junsheng New Energy Technology Co., Ltd. • Chairman, Sinochem Yangzhou Lithium Battery Technology Co., Ltd. • Director, Luxi Group Co., Ltd. • Chairman, Sinochem (Zhejiang) Membrane Industry Development Co., Ltd.	• Non–executive Director, Halcyon Agri Corporation Limited • Director, Sinorgchem Technology Co., Ltd. • Director, Sinochem International (Overseas) Pte. Ltd. • Director, Shanghai Ventera New Materials Technology Co., Ltd. • Director, Ningxia Sinochem Lithium Battery Materials Co., Ltd. • Director, Sinochem (Ningbo) Runwo Membrane Technology Co., Ltd. • Executive Director, Sinochem Baoli Business Service Co., Ltd. • Director, Shaxi Yaxin Coal Coking Co., Ltd. • Chairman, Shanghai Yinan Equity Investment Management Co., Ltd. • Director, Shanghai Hancheng Trade Co., Ltd. • Executive Director, Sinochem International Chemical Technology (Hainan) Co., Ltd.	• Independent Director, Halcyon Agri Corporation Limited • Senior Adviser, China Practice, Allen & Gledhill	• Non–executive Director, Halcyon Agri Corporation Limited • Executive Director, Investment Department of CADF • Non–executive Director, China–Africa Agrichemical Investment Corporation Limited

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
15.	**Other declarations**				
(a)	*Was there at any time during the last 10 years an application or a petition under any bankruptcy laws of any jurisdiction filed against you, or against a partnership of which you were a partner at the time when you were a partner or at any time within 2 years from the date you ceased to be a partner?*	No	No	No	No
(b)	*Was there at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which you were a director or an equivalent person or a key executive, at the time when you were a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date you ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?*	No	No	No	No
(c)	*Is there any unsatisfied judgment against you?*	No	No	No	No

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
(d)	*Have you been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which you are aware) for such purpose?*	No	No	No	No
(e)	*Have you been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere? Have you ever been the subject of any criminal proceedings (including any pending criminal proceedings of which you are aware) for such breach?*	No	No	No	No
(f)	*Have you, at any time in the last 10 years, had any judgment entered against you in any civil proceedings, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere or a finding of fraud, misrepresentation or dishonesty on your part? Have you been the subject of any civil proceedings (including any pending civil proceedings of which you are aware) involving an allegation of fraud, misrepresentation or dishonesty on your part?*	No	No	No	No

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
(g)	*Have you been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?*	No	No	No	No
(h)	*Have you ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?*	No	No	No	No
(i)	*Have you been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining you from engaging in any type of business practice or activity?*	No	No	No	No
(j)	*Have you ever, to your knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:*				
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;	No	No	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;	No	No	No	No

	Name of Director	LIU HONGSHENG	QIN JINKE	HUANG XUHUA	LIU JIANNAN
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, *in connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?*	No	No	No	No
(k)	*Have you been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, SGX–ST, professional body or government agency, whether in Singapore or elsewhere?*	No	No	No	No
(l)	*Have you, in Singapore or elsewhere, been involved in or linked to any acts of money laundering or organised crime? Are you aware of or do you have reason to believe that you would have been linked to any acts of money laundering or organised crime?*	No	No	No	No

The directors present their statement to the members together with the audited consolidated financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Liu Hongsheng
Alan Rupert Nisbet
Liew Choon Wei
Qin Jinke
Lam Chun Kai
Eddie Chan Yean Hoe
Li Xuetao
Huang Xuhua (Appointed on 18 June 2021)
Liu Jiannan (Appointed on 18 June 2021)

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interest in shares or debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Alan Rupert Nisbet	–	–	400,000	400,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share options

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under option

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

6. Audit committee

The Company's audit committee (AC) carried out its functions in accordance with section 201B (5) of the Companies Act 1967, and it had performed the following core duties and activities (not exhaustive) during the financial year ended 31 December 2021:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Auditor

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

On behalf of the Board of Directors:

Alan Rupert Nisbet
Director

Li Xuetao
Director

Singapore
30 March 2022

Report on the audit of the financial statement

Opinion

We have audited the financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year then ended.

Basis for opinion

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

Key audit matters

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

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

1. *Impairment of goodwill and process know-how*

As at 31 December 2021, the Group's goodwill and process know-how amounted to US$286,379,000 and US$10,000,000 respectively. These represent approximately 41% of the Group's net assets.

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

The Group uses assumptions in respect of future market and economic conditions such as forecasted rubber price, forecasted sales volume and margin, growth rates and pre-tax discount rates. We assessed and tested these assumptions which the outcome of the impairment test is most sensitive and data inputs by comparing them to historical performance of the CGU and industry outlook reports. We engaged our valuation specialists to assist us with the audit of the reasonableness of management's valuation methodologies and certain assumptions used.

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

We also assessed the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on goodwill and process know-how and key assumptions are included in Note 11 to the financial statements.

2. *Measurement of biological assets*

As at 31 December 2021, biological assets of the Group amounted to US$360,863,000 (2020: US$355,384,000). The Group's biological assets, which mainly comprised of latex and rubber trees, are fair valued by professional independent valuers engaged by the Group using industry/market accepted valuation methodology. Due to the measurement of fair value being inherently judgement and significance of the amount as at the year end, we have considered this to be a key audit matter.

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

We have also assessed the adequacy of the disclosures in relation to biological assets included in Note 16 to the financial statements.

3. Expected credit loss for loan to a third party

During the financial year ended 31 December 2021, the Group recognised an allowance of expected credit losses ("ECL") amounted to US$1,440,000 (2020: Nil) for loan to the third party. As at 31 December 2021, the carrying amount of the loan to the third party amounted to US$60,080,000 (2020: US$61,843,000). This amount represents 8% of the Group's net assets.

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

Management has assessed that there was significant increase in credit risk due to the overdue interest payment which has not been settled by the borrower as at 31 December 2021. The Group has assessed the ECL based on the value of the collaterals and the discounted cash inflow from the borrower for the loan repayment.

The Group engaged an independent valuer to determine the fair value of one of the collaterals which comprise of the equity interest held by the borrower in its subsidiary. Given that the subsidiary of the borrower comprises different equity stakes in multiple entities, the fair value of this collateral was determined by the independent valuer using Sum-of-the-Parts ("SOTP") method, based on the underlying financial projections, including but not limited to the projected revenue and profitability relating to that borrower's subsidiary. With regards to the estimation of expected cash inflows from the borrower, management estimates the amount and the timing of recoveries.

For the collaterals held by the Group, we inspected legal agreements and supporting documentation to confirm the existence and the Group's legal right to the collaterals. In assessing the collateral valuation on the equity interest held by the borrower in its subsidiary, we reviewed the independent valuation report and assessed the expertise, objectivity and competence of the independent valuer engaged by the Group. We involved our valuation specialist to review the reasonableness of the valuation methodologies and certain assumptions used by the independent valuer in determining the fair value of the collateral. For the discounted cash inflows, we reviewed the management's forecast of recoverable cash flows, including the basis for the amounts and timing of recoveries. We checked the underlying data to ensure accuracy by agreeing to source documents such as loan agreements. We considered and corroborated the borrower's latest developments through adverse news search and/or publicly available information, where applicable.

We also reviewed the adequacy of the note disclosures in relation to the allowance of ECL. The Group's disclosures on loan to a third party and its corresponding ECL are in Note 20 to the financial statements.

Other information

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

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

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

Independent Auditor's Report

To the members of Halcyon Agri Corporation Limited

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 March 2022

Consolidated Income Statement

For the financial year ended 31 December 2021

	Note	2021	2020
		US$'000	US$'000
Revenue	4	2,459,821	1,708,786
Cost of sales		(2,296,948)	(1,607,216)
Gross profit		162,873	101,570
Other income	5	21,421	6,925
Selling expenses		(57,639)	(43,252)
General and administrative expenses		(89,788)	(103,842)
General and administrative expenses – foreign exchange (loss)/gain		(800)	7,328
Operating profit/(loss)		36,067	(31,271)
Finance income	6(a)	6,377	5,829
Finance costs	6(b)	(25,893)	(31,228)
Share of (loss)/profit of associates		(204)	253
Profit/(Loss) before tax	8	16,347	(56,417)
Income tax credit/(expense)	7	701	(4,196)
Profit/(Loss) for the financial year		17,048	(60,613)
Profit/(Loss) attributable to:			
Owners of the Company		11,554	(53,776)
Non-controlling interests		5,494	(6,837)
		17,048	(60,613)
Earnings/(Loss) per share (("EPS")/("LPS")):			
Basic and diluted (US cents per share)	10	0.25	(3.43)

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

Consolidated Statement Of Comprehensive Income

For the financial year ended 31 December 2021

	2021	2020
	US$'000	US$'000
Profit/(Loss) for the financial year	17,048	(60,613)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(34,390)	28,831
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain on retirement benefit obligation (net of tax)	889	532
Other comprehensive (loss)/income for the financial year, net of tax	(33,501)	29,363
Total comprehensive loss for the financial year net of tax	(16,453)	(31,250)
Attributable to:		
- Owners of the Company	(20,546)	(25,396)
- Non-controlling interests	4,093	(5,854)
Total comprehensive loss for the financial year net of tax	(16,453)	(31,250)

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

Statements Of Financial Position

As at 31 December 2021

		Group		Company	
	Note	2021	2020	2021	2020
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Intangible assets	11	299,113	300,439	416	665
Property, plant and equipment	12	268,160	304,263	1,166	2,103
Plantation and biological assets	16	530,671	524,765	–	–
Investment properties	13	42,169	43,584	–	–
Deferred tax assets	15	24,226	17,267	–	–
Deferred charges		496	527	–	–
Other assets		1,232	1,866	–	–
Debt instrument	17	2,417	2,713	–	–
Loans and other receivables	20	51,147	60,224	–	–
Investment in subsidiaries	14(a)	–	–	1,133,074	962,208
Investment in associates	14(b)	9,187	1,298	7,718	–
Total non-current assets		1,228,818	1,256,946	1,142,374	964,976
Current assets					
Cash and bank balances	18	33,396	45,722	391	239
Trade receivables	19	165,059	157,385	–	–
Loans and other receivables	20	104,699	86,586	408,504	651,501
Tax receivables		4,144	5,810	–	–
Derivative financial instruments	21	23,317	15,854	3,976	10,578
Inventories	22	496,976	389,252	–	–
Consumable biological assets	16	83	6	–	–
		827,674	700,615	412,871	662,318
Assets classified as held for sale	23	6,417	6,430	–	–
Total current assets		834,091	707,045	412,871	662,318
Total assets		2,062,909	1,963,991	1,555,245	1,627,294
LIABILITIES AND EQUITY					
Current liabilities					
Derivative financial instruments	21	2,647	7,498	4,300	10,335
Trade payables	24	57,449	33,178	–	–
Other payables	25	96,510	60,871	76,589	183,415
Loan payables	26	634,191	836,715	329,800	574,107
Provision for taxation		4,485	6,692	442	72
Lease liabilities	31	3,286	2,621	698	1,058
Total current liabilities		798,568	947,575	411,829	768,987
Net current assets/(liabilities)		35,523	(240,530)	1,042	(106,669)

Statements Of Financial Position

As at 31 December 2021

	Note	Group 2021	Group 2020	Company 2021	Company 2020
		US$'000	US$'000	US$'000	US$'000
Non-current liabilities					
Loan payables	26	452,727	174,870	282,000	–
Retirement benefit obligations	27	22,338	24,535	–	–
Deferred tax liabilities	15	47,156	45,331	354	260
Lease liabilities	31	7,641	9,389	44	758
Other payables	25	10,329	13,186	33,010	80,458
Total non-current liabilities		540,191	267,311	315,408	81,476
Net assets		724,150	749,105	828,008	776,831
Capital and reserves					
Share capital	28	603,874	603,874	603,874	603,874
Perpetual securities	29	192,640	192,640	192,640	192,640
Capital reserve	30(a)	2,740	2,420	–	–
Other reserves	30(b)	(1,517)	717	(1,310)	(1,310)
(Accumulated losses)/Retained earnings		(112,979)	(114,753)	32,804	(18,373)
Foreign currency translation reserve	30(c)	9,691	42,809	–	–
Equity attributable to owners of the Company		694,449	727,707	828,008	776,831
Non-controlling interests		29,701	21,398	–	–
Total equity		724,150	749,105	828,008	776,831
Total liabilities and equity		2,062,909	1,963,991	1,555,245	1,627,294

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

Statements Of Changes In Equity

For the financial year ended 31 December 2021

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

	Note	Share capital	Perpetual securities	Capital reserve	Other reserve	Accumulated losses	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		Attributable to owners of the Company								
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group										
At 1 January 2020		603,874	–	1,814	(2,952)	(56,162)	14,903	561,477	27,511	588,988
Loss for the year		–	–	–	–	(53,776)	–	(53,776)	(6,837)	(60,613)
Other comprehensive income		–	–	–	–	474	27,906	28,380	983	29,363
Total comprehensive (loss)/income for the year		–	–	–	–	(53,302)	27,906	(25,396)	(5,854)	(31,250)
Contributions by and distributions to owners										
Issuance of perpetual securities, net of transaction costs	29	–	198,640	–	–	–	–	198,640	–	198,640
Guarantee fee capitalised in relation to issuance of perpetual securities		–	(6,000)	–	–	–	–	(6,000)	–	(6,000)
Statutory reserve fund		–	–	606	–	(606)	–	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(83)	(83)
Total contributions by and distributions to owner		–	192,640	606	–	(606)	–	192,640	(83)	192,557
Changes in ownership interests in subsidiaries										
Acquisition of remaining interest in a subsidiary		–	–	–	3,669	(4,683)	–	(1,014)	(176)	(1,190)
Total changes in ownership interests in subsidiaries		–	–	–	3,669	(4,683)	–	(1,014)	(176)	(1,190)
At 31 December 2020		603,874	192,640	2,420	717	(114,753)	42,809	727,707	21,398	749,105

	Note	Share capital	Perpetual securities	Other reserves	(Accumulated losses)/ Retained earnings	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000
Company						
At 1 January 2021		603,874	192,640	(1,310)	(18,373)	776,831
Profit for the year representing total comprehensive income for the year		–	–	–	58,777	58,777
Contributions by and distributions to owners						
Distribution to perpetual securities holders	29	–	–	–	(7,600)	(7,600)
Total transactions with owners in their capacity as owners		–	–	–	(7,600)	(7,600)
At 31 December 2021		603,874	192,640	(1,310)	32,804	828,008
At 1 January 2020		603,874	–	(1,310)	(904)	601,660
Loss for the year representing total comprehensive loss for the year		–	–	–	(17,469)	(17,469)
Contributions by and distributions to owners						
Issuance of perpetual securities, net of transaction costs	29	–	198,640	–	–	198,640
Guarantee fee capitalised in relation to issuance of perpetual securities		–	(6,000)	–	–	(6,000)
Total transactions with owners in their capacity as owners		–	192,640	–	–	192,640
At 31 December 2020		603,874	192,640	(1,310)	(18,373)	776,831

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2021

	Note	2021	2020
		US$'000	US$'000
Operating activities			
Profit/(Loss) before tax		16,347	(56,417)
Adjustments for:			
Depreciation expense	8	29,554	28,797
Amortisation of intangible assets	8	785	909
Amortisation of right-of-use assets	8	3,120	3,066
Retirement benefit expense	8	3,705	4,304
Interest income	6	(6,377)	(5,829)
Interest expense	6	25,893	31,228
Fair value (gain)/loss on open forward commodities contracts and inventories, unrealised	8	(13,911)	13,992
Fair value gain on investment properties	5	(1,651)	(793)
Fair value gain on biological assets	5	(6,777)	(3,454)
Unrealised foreign exchange (gain)/loss		(1,007)	6,123
Reversal of impairment of property, plant and equipment	8	–	(113)
Gain on disposal of property, plant and equipment, plantation and investment properties	8	(1,029)	(43)
Write off of property, plant and equipment	8	137	95
Impairment losses on financial assets	8	1,445	644
Gain on disposal of subsidiaries		(7,763)	–
(Reversal of allowance)/Allowance for doubtful debts	8	(1,837)	5,757
Share of loss/(profit) of associates		204	(253)
Operating cash flows before changes in working capital		40,838	28,013
Trade and other receivables		(14,474)	(16,428)
Inventories		(100,520)	(20,835)
Trade and other payables		41,402	870
Cash used in operations		(32,754)	(8,380)
Interest received		837	1,045
Tax (paid)/refund		(1,639)	5,807
Net cash used in operating activities		(33,556)	(1,528)
Investing activities			
Proceeds from disposal of a subsidiary		600	–
Acquisition of remaining interest in a subsidiary		–	(4,859)
Capital expenditure on property, plant and equipment, and intangible assets		(7,855)	(16,549)
Capital expenditure on plantation and biological assets		(20,252)	(17,839)
Proceeds from disposal of property, plant and equipment, plantation and investment properties		7,374	615
Interest received from loan to a third party		1,420	–
Net cash used in investing activities		(18,713)	(38,632)

	Note	2021	2020
		US$'000	US$'000
Financing activities			
Net proceeds/(repayment) of borrowings		85,054	(124,886)
Net repayment of term loans		(53,967)	(14,160)
Net proceeds/(Repayment) of other working capital loans		139,021	(110,726)
Repayment of obligation under lease arrangements	31	(3,614)	(3,647)
Interest paid		(32,466)	(44,155)
Dividend distributed to perpetual securities holders	29	(7,600)	–
Dividend paid to non-controlling interests		(209)	(83)
Decrease in pledged deposits		1,831	577
Guarantee fee paid in relation to issuance of perpetual securities		(1,200)	–
Net proceeds from issuance of perpetual securities	29	–	198,640
Net cash generated from financing activities		41,796	26,446
Net decrease in cash and cash equivalents		(10,473)	(13,714)
Cash and cash equivalents at the beginning of year		43,892	55,627
Effect of exchange rate changes on the balance of cash held in foreign currencies		(23)	1,979
Cash and cash equivalents at the end of year		33,396	43,892
Cash and bank balances comprise the following:			
Cash and cash equivalents		33,396	43,892
Fixed deposits – pledged		–	1,830
		33,396	45,722

Reconciliation of borrowings arising from financing activities:

	Group	
	Loan payables	**Lease liabilities**
	US$'000	US$'000
	(Note 26)	(Note 31)
At 1 January 2020	1,123,733	13,327
Repayment of borrowings	(124,886)	(3,647)
Non-cash items:		
- Addition on right-of-use assets	–	1,518
- Foreign exchange movement	11,257	235
- Amortisation fee for loan	1,481	–
- Interests expense	–	590
- Derecognition of lease liabilities	–	(13)
Total non-cash items	12,738	2,330
At 31 December 2020	1,011,585	12,010
Proceeds/(repayment) of borrowings	85,054	(3,614)
Non-cash items:		
- Addition on right-of-use assets	–	2,273
- Foreign exchange movement	(11,221)	(37)
- Amortisation fee for loan	1,500	–
- Interests expense	–	528
- Derecognition of lease liabilities	–	(233)
Total non-cash items	(9,721)	2,531
At 31 December 2021	1,086,918	10,927

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

1. Corporate information

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

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

As at 31 December 2021, the Company is 54.99% owned by Sinochem International (Overseas) Pte. Ltd., a company incorporated and domiciled in Singapore. The penultimate holding company is Sinochem International Corporation Co., Ltd. ("SIC"), which is domiciled in the People's Republic of China and listed on the Shanghai Stock Exchange. SIC is owned by Sinochem Holdings Corporation Ltd. ("ultimate holding company"), a state-owned enterprise of the People's Republic of China.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed in Note 14(a) and Note 14(b) to the financial statements respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

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

The Group has adopted all applicable SFRS(I) that are mandatory for financial years beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or financial position of the Group.

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

2.2 (b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS (I) 3: Reference to the Conceptual framework	1 January 2022
Amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2.3 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

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

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

2.4 Transactions with non-controlling interests

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.5 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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

(a) derecognise:

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

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

(b) recognise:

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

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

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

2.6 Associates

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

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

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

2.6 Associates (cont'd)

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

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

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

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

2.7 Foreign currency

The financial statements are presented in United States Dollar ("USD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling as at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the statement of financial position date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2.8 Property, plant and equipment (cont'd)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements and renovation	–	10 years
Office equipment	–	2 years
Computers and software	–	1 to 10 years
Leasehold buildings	–	20 years
Plant and machinery	–	10 years
Vehicles	–	4 to 10 years
Leasehold land	–	20 to 95 years

Freehold land is not depreciated.

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Land use rights

Certain plantation lands in Cameroon were given land use rights by the State of Cameroon in 1996 for a period of 50 years plus 50 years, renewable at a nominal value to the Group. With the Group's continuing investment in replanting and extension on the plantation land, the Group is of the view that it is not likely that the land use rights will not be renewed at the expiring of its current term. The land use rights is depreciated over its remaining useful life of 76 years.

2.10 Investment properties

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

2.10 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2.11 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Process know-how

The useful life of the process know-how was estimated to be indefinite because based on the current demand for rubber, management believes there is no foreseeable limit to the period over which the process know-how are expected to generate net cash inflows for the Group.

(ii) Customer relationship

Customer relationship acquired was initially recognised at cost and was subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 10 years.

(iii) Computer software

Acquired computer software licences are initially capitalised at cost and was subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 5 years.

2.12 Bearer plants and biological assets

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

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

Biological assets consist of rubber latex and rubber trees in the Malaysian and Cameroonian plantations, produce that grow on oil palm trees in the Malaysian plantations and rubber latex in Ivory Coast plantation. These are measured at fair value less estimate costs to sell. Gains or losses arising on initial recognition of plantations at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of plantations at each reporting date are included in profit or loss for the period in which they arise.

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

Further details are disclosed in Note 3.1(a).

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

2.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Subsequent measurement

Debt instrument

(i) Amortised cost

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

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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

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

(iii) Fair value through profit or loss

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

Investments in equity instruments

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

Derivatives

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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

2.14 Financial instruments (cont'd)

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Gain/loss on commodity contracts*

Commodity contracts to buy and sell natural rubber commodities can be subject to net settlement if market conditions are favourable. Such commodity contracts and derivative financial instruments are marked to market at market rates prevailing at the end of the reporting period. Unrealised gains or losses are taken to profit or loss. Market value is generally based on listed market prices. If listed market prices are not available, market value is determined based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and price quotations for similar commodities traded in different markets, including markets located in different geographical areas.

2.15 Impairment of financial assets

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

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

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

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

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

2.15 Impairment of financial assets (cont'd)

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

2.16 Cash and cash equivalents

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

2.17 Inventories

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

Consumables are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.20 Employee benefits

(a) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Service costs which include current service cost, past service cost and gains or losses on non-routine settlement are recognised as expense in profit or loss. Net interest is calculated by applying the discount rate based on high quality long term bonds at the beginning of the period to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Defined benefit costs are categorised as follows:

- Service cost;
- Net interest expense or income of the net retirement benefit obligation; and
- Re-measurements of net retirement benefit obligation

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefit expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) Employee leave entitlement

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

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

2.21 Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

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

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

(ii) Lease liabilities

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

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

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

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

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

2.21 Leases (cont'd)

Group as a lessor

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

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

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

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

2.23 Revenue

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

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

(a) Sale of goods

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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

2.26 Perpetual securities

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

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

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

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

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

2.27 Contingencies (cont'd)

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their business units. Management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Government grant

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

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

3.1 *Judgements made in applying accounting policies (cont'd)*

(a) *Classification of rubber trees as bearer plants or non-bearer plants*

The Group has rubber plantations in Malaysia and Cameroon.

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

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

Further details are disclosed in Note 2.12.

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

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

3.2 *Key sources of estimation uncertainty*

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

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

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

The value in use calculation requires the Group to estimate the future cash flows that is expected to arise, the growth rate used for extrapolation purposes and a suitable discount rate in order to calculate present value. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 11 to the financial statements. The Group's carrying amount of goodwill and process know-how at 31 December 2021 is US$296,379,000 (2020: US$296,379,000).

(b) *Measurement of biological assets*

The fair value of biological assets is estimated using the discounted cash flow model ("DCF") by independent professional valuers. This requires an estimate of the expected future cash flows from the biological assets to be made and a suitable discount rate to be chosen, in order to calculate the present value of future cash flows. The valuation of these biological assets is particularly sensitive to discount rates as disclosed in Note 36(d)(i).

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

3.2 *Key sources of estimation uncertainty (cont'd)*

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

The interest repayment from the borrower was overdue as at 31 December 2021 and this indicated a significant increase in the credit risk since the initial recognition of the financial assets. The Group has performed specific credit risk assessment on the loan to the borrower to determine the expected credit losses ("ECL"). The Group changed the impairment loss allowance from 12-month ECL to lifetime ECL and provided an ECL of US$1,440,000 for the financial year ended 31 December 2021. Further details of the assessment are disclosed in Note 20.

4. Revenue

	Group	
	2021	**2020**
	US$'000	US$'000
Sale of goods	2,459,821	1,708,786

Sales is recognised at point in time. Please refer to Note 35 for disaggregation of revenue.

Advances related to contracted sales (Note 25)	33,448	8,273

5. Other income

	Group	
	2021	**2020**
	US$'000	US$'000
Gain on disposal of subsidiaries	7,763	–
Gain on disposal of land	938	–
Fair value gain on investment properties (Note 13)	1,651	793
Fair value gain on biological assets (Note 16)	6,777	3,454
Reversal of allowance for deposit	3,156	–
Government grants	355	1,510
Others	781	1,168
	21,421	6,925

6. (a) Finance income

	Group 2021 US$'000	Group 2020 US$'000
Interest income:		
- Loans and receivables	5,751	4,898
- Deposits	626	931
	6,377	5,829

(b) Finance costs

	Group 2021 US$'000	Group 2020 US$'000
Interest expense on:		
- Term loans	14,123	18,372
- Working capital loans	20,554	22,306
- Lease liabilities (Note 31)	528	590
	35,205	41,268
Less: interest expense capitalised in:		
- Plantation and biological assets (Note 16)	(9,312)	(10,040)
Total finance costs	25,893	31,228

7. Income tax credit/(expense)

	Group 2021 US$'000	Group 2020 US$'000
Consolidated income statement		
Current tax		
Current tax expense	(8,118)	(3,339)
Over provision in prior years	3,410	255
Deferred tax		
Tax credit/(expense) relating to the origination and reversal of temporary differences (Note 15)	5,409	(1,112)
Income tax credit/(expense) recognised in consolidated income statement	701	(4,196)

Notes To The Financial Statements

For the financial year ended 31 December 2021

7. Income tax credit/(expense) (cont'd)

Relationship between tax expense and accounting profit/(loss)

Reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Group 2021 US$'000	Group 2020 US$'000
Profit/(Loss) before tax	16,347	(56,417)
Tax at the domestic income tax rate of 17% (2020: 17%)	(2,779)	9,591
Effect of non-deductible expenses	(7,429)	(11,620)
Effect of non-taxable income	6,718	5,113
Effect of tax exempt income	590	584
Interest income deducted at source	72	583
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,010	6,658
Deferred tax asset not recognised	(5,690)	(8,758)
Utilisation of previously unrecognised deferred tax asset	1,566	1,064
Recognition of deferred tax assets not recognised in prior years	8,321	342
Effect of tax incentive at lower rate	(3,695)	(3,671)
Share of result of associates	82	22
Over provision in prior years	3,410	255
Tax on revenue	(961)	(720)
Change of tax rates of subsidiaries operating in other jurisdictions	273	(491)
Reversal of deferred tax assets previously recognised	(275)	(4,159)
Reversal of temporary difference relating to deferred tax liabilities	–	847
Others	(512)	164
Income tax credit/(expense) recognised in consolidated income statement	701	(4,196)

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

8. Profit/(Loss) before tax

	Group 2021 US$'000	Group 2020 US$'000
(a) Profit/(Loss) before tax has been arrived at after charging/(crediting):		
Non-recurring expenses/(income):		
- Business rationalisation expenses	4,192	7,836
- One-off professional expenses	766	–
- Professional fees relating to issuance of perpetual securities	–	827
	4,958	8,663
- (Reversal)/Allowance for advances to suppliers	(1,837)	1,704
- Reversal of allowance for deposit	(3,156)	–
- Allowance for other tax receivables	–	4,053
	(4,993)	5,757

8. Profit/(Loss) before tax (cont'd)

	Group 2021 US$'000	Group 2020 US$'000
(a) Profit/(Loss) before tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment, plantation and biological assets included in:		
- Cost of sales	22,480	21,894
- Selling expenses	33	38
- Administrative expenses	8,699	8,606
	31,212	30,538
Less: Depreciation of property, plant and equipment being capitalised in plantation and biological assets (Note 12)	(1,658)	(1,741)
	29,554	28,797
Foreign exchange (gain)/loss included in:		
- Cost of sales	(4,119)	(8,934)
- Administrative expenses	800	(7,328)
	(3,319)	(16,262)
Amortisation:		
- Intangible assets (Note 11)	785	909
- Right-of-use assets (Note 12b)	3,120	3,066
	3,905	3,975
Professional fees	5,273	6,190
Audit fees:		
- Paid/payable to auditors of the Company	1,411	1,280
- Paid/payable to other auditors	115	97
Non-audit fees:		
- Paid/payable to auditors of the Company	72	16
Gain on disposal of property, plant and equipment, plantation and investment properties	(1,029)	(43)
Lease expenses on short-term leases and low-value assets	1,243	1,029
Write off of property, plant and equipment	137	95
Reversal of impairment of property, plant and equipment (Note 12)	–	(113)
Impairment losses on financial assets	1,445	644
Inventories recognised as an expense in cost of sales [1]	2,296,948	1,607,216

(1) Included unrealised fair value (gain)/loss on open forward commodity contracts and inventories for gain of US$13,911,000 (2020: loss of US$13,992,000).

	Group 2021 US$'000	Group 2020 US$'000
(b) Employee benefits expenses (including directors' remuneration):		
- Defined benefit plans	3,705	4,304
- Defined contribution plans	2,756	2,636
- Staff welfare	2,442	2,145
- Staff salaries	99,159	91,494
	108,062	100,579
Included in:		
- Cost of sales	65,361	58,072
- Selling expenses	4,597	4,689
- Administrative expenses	38,104	37,818
	108,062	100,579

9. Earnings before interest, tax, depreciation and amortisation ("EBITDA")

	Group 2021 US$'000	Group 2020 US$'000
Profit/(Loss) before tax	16,347	(56,417)
Adjustments for:		
Depreciation expense (Note 8)	29,554	28,797
Finance costs (Note 6(b))	25,893	31,228
Interest income (Note 6(a))	(6,377)	(5,829)
Amortisation of intangible assets (Note 8)	785	909
Amortisation of right-of-use assets (Note 8)	3,120	3,066
EBITDA	69,322	1,754
Non-recurring expenses (Note 8)	4,958	8,663
Share of loss/(profit) of associates	204	(253)
Fair value gain on investment properties (Note 5)	(1,651)	(793)
(Gain)/loss on disposal of investment properties, plantation and property, plant and equipment and write off of property, plant and equipment, net	(892)	52
Gain on disposal of subsidiaries (Note 5)	(7,763)	–
Adjusted EBITDA	64,178	9,423

EBITDA of the Group has been computed by using the profit before tax of the Group less finance income and finance costs, depreciation expenses and amortization expenses.

Adjusted EBITDA of the Group has been computed by using EBITDA mentioned above less share of results of associates, non-operational expenses, fair value gain on non-current assets, and gains or losses on disposal of non-current assets.

10. Earnings/(Loss) per share (("EPS")/("LPS"))

	Group Basic and diluted 2021 US$'000	Group Basic and diluted 2020 US$'000
Profit/(Loss) for the year attributable to owners of the Company	11,554	(53,776)
Dividend on perpetual securities	(7,600)	(895)*
Adjusted profit/(loss) for the year attributable to owners of the Company	3,954	(54,671)
	Number of ordinary shares '000 Basic and diluted	
Weighted average number of ordinary shares used to compute earnings per share	1,595,012	1,595,012
Earnings/(Loss) per share (US Cents)	0.25	(3.43)

* This amount represents pro-rated dividend reserved for distribution to perpetual securities holders from the issuance date of the perpetual securities until 31 December 2020.

11. Intangible assets

Group	Process know-how	Goodwill	Customer related intangibles	Trademark	Computer software	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:						
At 1 January 2020	10,000	286,379	2,800	34	4,287	303,500
Additions	–	–	–	–	330	330
Transfer from property, plant and equipment (Note 12)	–	–	–	–	85	85
Exchange difference	–	–	–	2	(8)	(6)
At 31 December 2020 and 1 January 2021	10,000	286,379	2,800	36	4,694	303,909
Disposal of a subsidiary	–	–	–	–	(706)	(706)
Exchange difference	–	–	–	–	17	17
At 31 December 2021	10,000	286,379	2,800	36	4,005	303,220
Accumulated amortisation:						
At 1 January 2020	–	–	753	29	1,777	2,559
Amortisation for the year (Note 8)	–	–	280	5	624	909
Exchange difference	–	–	–	2	–	2
As at 31 December 2020 and 1 January 2021	–	–	1,033	36	2,401	3,470
Amortisation for the year (Note 8)	–	–	279	–	506	785
Disposal of a subsidiary	–	–	–	–	(144)	(144)
Exchange difference	–	–	–	–	(4)	(4)
At 31 December 2021	–	–	1,312	36	2,759	4,107
Net carrying amount:						
At 31 December 2020	10,000	286,379	1,767	–	2,293	300,439
At 31 December 2021	10,000	286,379	1,488	–	1,246	299,113

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

11. Intangible assets (cont'd)

Company	Computer software
	US$'000
Cost:	
At 1 January 2020, 31 December 2020 and 31 December 2021	1,247
Accumulated amortisation:	
At 1 January 2020	333
Amortisation for the year	249
At 31 December 2020 and 1 January 2021	582
Amortisation for the year	249
At 31 December 2021	831
Net carrying amount:	
At 31 December 2020	665
At 31 December 2021	416

Process know-how

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

Goodwill

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

	Group 2021
	US$'000
A CGU within HRC business segment (known as HRC Group)	252,110
A CGU within HRC business segment (known as SINRIO Group)	4,491
A CGU within Corrie MacColl Group business segment (known as Corrie MacColl Group)	29,778
	286,379

Customer related intangibles

Customer related intangibles relates to non-contractual customer relationships acquired through business combination. The intangible asset has a remaining amortisation period of 3 to 6 years (2020: 4 to 7 years).

Computer software

Computer software has a remaining amortisation period of 2 to 4 years (2020: 3 to 5 years).

Trademark

Trademark has been fully amortised since previous financial year.

11. Intangible assets (cont'd)

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

The above goodwill and process know-how was tested for impairment as at 31 December 2021. No impairment loss was recognised as at 31 December 2021 as the recoverable amounts of the respective CGU to which goodwill and process know-how have been allocated to were in excess of their respective carrying values. The recoverable amount of the CGUs has been determined based on value in use calculations using five years cash flow projections from financial budgets approved by management and assumed a terminal growth rate thereafter.

Key assumptions used in the value in use calculations

Cash generating units/intangible assets	Carrying amount as at 31 December 2021	Discount rate (pre-tax)	Growth rate
	US$'000		
HRC Group:			
- Goodwill	252,110	10%	3%
- Process know-how	10,000	10%	3%
SINRIO Group:			
- Goodwill	4,491	10%	4%
Corrie MacColl Group:			
- Goodwill	29,778	10%	3%
Total	296,379		

Cash generating units/intangible assets	Carrying amount as at 31 December 2020	Discount rate (pre-tax)	Growth rate
	US$'000		
HRC Group:			
- Goodwill	252,110	10%	3%
- Process know-how	10,000	10%	3%
SINRIO Group:			
- Goodwill	4,491	10%	4%
Corrie MacColl Group:			
- Goodwill	29,778	10%	3%
Total	296,379		

11. Intangible assets (cont'd)

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

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

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

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

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

Sensitivity to changes in assumptions

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

For HRC Group, assuming that gross profit per metric tonne deviates from budget by 29%, there will be an impairment loss of US$4,000,000 to the goodwill.

12. Property, plant and equipment

	Group		Company	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Property, plant and equipment (Note 12(a))	257,920	292,573	466	390
Right-of-use assets (Note 12(b))	10,240	11,690	700	1,713
	268,160	304,263	1,166	2,103

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

(a) *Property, plant and equipment*

Group	Leasehold improvements and renovation	Office equipment	Computers and software	Leasehold buildings	Plant and machinery	Vehicles	Leasehold land	Freehold land	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:										
At 1 January 2020	3,414	21,056	2,568	146,875	100,899	7,580	70,699	10,313	31,521	394,925
Additions	260	856	393	1,504	2,451	599	82	–	10,074	16,219
Disposals	(65)	(251)	(58)	–	(686)	(205)	–	–	–	(1,265)
Write offs	–	(328)	–	(78)	(5,425)	(3,226)	–	–	(1)	(9,058)
Transfer to plantation related properties (Note 16)	–	–	–	–	–	–	–	–	(1,733)	(1,733)
Transfer to intangible assets (Note 11)	–	–	–	–	–	–	–	–	(85)	(85)
Transfer to deferred charges	–	–	–	–	–	–	–	–	(79)	(79)
Reclassifications	1,848	184	(68)	3,377	7,484	13	–	–	(12,838)	–
Exchange differences	130	1,677	178	6,519	4,369	1,781	1,023	(386)	1,801	17,092
At 31 December 2020 and 1 January 2021	5,587	23,194	3,013	158,197	109,092	6,542	71,804	9,927	28,660	416,016
Additions	229	378	221	586	1,460	1,005	12	–	3,964	7,855
Disposals	(6,233)	(573)	(199)	(1,126)	(1,325)	(191)	(24)	–	(443)	(10,114)
Write offs	(4)	(20)	(7)	(1)	(493)	(49)	–	–	(103)	(677)
Reclassifications	1,818	(1,172)	17	11,290	2,559	568	20	–	(15,100)	–
Exchange differences	306	(1,222)	(71)	(5,999)	(3,283)	(301)	(1,923)	(60)	(1,576)	(14,129)
At 31 December 2021	1,703	20,585	2,974	162,947	108,010	7,574	69,889	9,867	15,402	398,951

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

(a) *Property, plant and equipment*

Group	Leasehold improvements and renovation	Office equipment	Computers and software	Leasehold buildings	Plant and machinery	Vehicles	Leasehold land	Freehold land	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation and impairment:										
At 1 January 2020	2,703	8,226	1,283	30,070	41,302	2,419	10,403	–	–	96,406
Disposals	–	(213)	(33)	–	(305)	(142)	–	–	–	(693)
Depreciation for the year (Note 8)	1,003	1,893	526	8,210	10,983	1,366	2,037	–	–	26,018
Reversal of impairment	–	–	–	–	(113)	–	–	–	–	(113)
Write offs	–	(323)	–	(30)	(5,389)	(3,221)	–	–	–	(8,963)
Transfer to plantation related properties (Note 16)	–	277	–	452	658	354	–	–	–	1,741
Exchange differences	203	823	153	2,358	3,594	1,865	51	–	–	9,047
At 31 December 2020 and 1 January 2021	3,909	10,683	1,929	41,060	50,730	2,641	12,491	–	–	123,443
Disposals	(3,552)	(372)	(152)	(65)	(773)	(187)	–	–	–	(5,101)
Depreciation for the year (Note 8)	941	1,416	530	8,669	11,116	1,240	2,102	–	–	26,014
Write offs	(1)	(20)	(5)	–	(512)	(1)	–	–	–	(539)
Transfer to plantation related properties (Note 16)	–	102	20	958	331	247	–	–	–	1,658
Exchange differences	(122)	(670)	(15)	(1,863)	(1,491)	(198)	(85)	–	–	(4,444)
At 31 December 2021	1,175	11,139	2,307	48,759	59,401	3,742	14,508	–	–	141,031
Net carrying amount:										
At 31 December 2020	1,678	12,511	1,084	117,137	58,362	3,901	59,313	9,927	28,660	292,573
At 31 December 2021	528	9,446	667	114,188	48,609	3,832	55,381	9,867	15,402	257,920

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

(a) *Property, plant and equipment*

Company	Renovation	Computers	Office equipment	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:					
At 1 January 2020	293	527	13	–	833
Additions	–	7	–	–	7
Disposal	–	(6)	–	–	(6)
At 31 December 2020 and 1 January 2021	293	528	13	–	834
Additions	5	33	31	156	225
Disposal	–	(21)	–	–	(21)
Write-off	–	(5)	–	–	(5)
At 31 December 2021	298	535	44	156	1,033
Accumulated depreciation:					
At 1 January 2020	138	169	6	–	313
Depreciation for the year	41	92	4	–	137
Disposal	–	(6)	–	–	(6)
At 31 December 2020 and 1 January 2021	179	255	10	–	444
Depreciation for the year	43	92	4	–	139
Disposal	–	(12)	–	–	(12)
Write-off	–	(4)	–	–	(4)
At 31 December 2021	222	331	14	–	567
Net carrying amount:					
At 31 December 2020	114	273	3	–	390
At 31 December 2021	76	204	30	156	466

Assets pledged as security

In addition to assets held under lease obligation, the Group has pledged certain property, plant and equipment with a carrying amount of US$60,654,000 (2020: US$47,067,000) to secure the Group's and the Company's loans and borrowings (Note 26).

(b) *Right-of-use assets*

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

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

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

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

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

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

	Land and office	Office equipment and motor vehicles	Total
	US$'000	US$'000	US$'000
Group			
At 1 January 2020	12,547	586	13,133
Additions	1,284	233	1,517
Amortisation for the year	(2,831)	(235)	(3,066)
Exchange differences	136	(30)	106
At 31 December 2020 and 1 January 2021	11,136	554	11,690
Additions	2,244	29	2,273
Amortisation for the year	(2,897)	(223)	(3,120)
Disposal of a subsidiary	(227)	–	(227)
Exchange differences	(357)	(19)	(376)
At 31 December 2021	9,899	341	10,240
Net carrying amount:			
At 31 December 2020	11,136	554	11,690
At 31 December 2021	9,899	341	10,240
Company			
At 1 January 2020	2,645	155	2,800
Amortisation for the year	(969)	(36)	(1,005)
Exchange differences	(77)	(5)	(82)
At 31 December 2020 and 1 January 2021	1,599	114	1,713
Amortisation for the year	(978)	(38)	(1,016)
Exchange differences	3	–	3
At 31 December 2021	624	76	700
Net carrying amount:			
At 31 December 2020	1,599	114	1,713
At 31 December 2021	624	76	700

Motor vehicles with carrying amount of US$66,000 (2020: US$118,000) is secured over the lease liabilities of US$44,000 (2020: US$98,000) as at 31 December 2021.

The carrying amounts of lease liabilities are disclosed in Note 31.

13. Investment properties

	Group 2021 US$'000	Group 2020 US$'000
Statement of financial position:		
At 1 January	43,584	44,718
Fair value gain recognised in profit or loss (Note 5)	1,651	793
Reclassification to assets of disposal group classified as held-for-sale	–	(1,680)
Disposals	(815)	–
Exchange differences	(2,251)	(247)
At 31 December	42,169	43,584
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	19	19
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	–	10

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

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2021 and 31 December 2020. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 36.

Notes To The Financial Statements

For the financial year ended 31 December 2021

13. Investment properties (cont'd)

The investment properties held by the Group as at 31 December 2021 are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
Residential house in Palembang, Indonesia	Residential	Leasehold	18 years
Land in Palembang, Indonesia	Vacant land	Leasehold	10-18 years
Offices in Palembang, Indonesia	Offices	Leasehold	12-20 years
Shophouses in Medan, Indonesia	Shophouse	Leasehold	11 years
Shophouse in Jakarta, Indonesia	Shophouse	Leasehold	2 years
Residential house in Banjarmasin, Indonesia	Residential	Leasehold	8 years
Shophouse in Jambi, Indonesia	Shophouse	Leasehold	17 years
Land in Pontianak, Indonesia	Vacant land	Leasehold	17 years
Shophouse in Rantau, Indonesia	Shophouse	Leasehold	20 years
Land in Riau, Indonesia	Vacant land	Leasehold	3 years
Shophouse in Riau, Indonesia	Shophouse	Leasehold	13 years
Shophouses in Pontianak, Indonesia	Shophouse	Leasehold	1-5 years
Land in Songkhla, Thailand	Vacant land	Freehold	–
Land in Pattani, Thailand	Vacant land	Freehold	–
Residential houses and offices in Pattani, Thailand	House and office	Freehold	–
Land in Chantaburi, Thailand	Vacant land	Freehold	–
Factory buildings in Chantaburi, Thailand	Vacant factory	Freehold	–
Land in Nakornsri, Thailand	Vacant land	Freehold	–
Factory buildings in Nakornsri, Thailand	Vacant factory	Freehold	–
Land in Krabi, Thailand	Vacant land	Freehold	–
Land in Trang, Thailand	Vacant land	Freehold	–
Land in Yala, Thailand	Vacant land	Freehold	–
Land in Narathiwas, Thailand	Vacant land	Freehold	–
Residential houses and offices in Narathiwas, Thailand	House and office	Freehold	–

14. Investment in subsidiaries and associates

(a) Investment in subsidiaries

	Company 2021 US$'000	Company 2020 US$'000
Unquoted ordinary shares, at cost	502,547	680,010
Amount due from subsidiaries	630,527	282,198
	1,133,074	962,208

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

During the year, one of the subsidiaries has exercised capital reduction which has resulted in the unquoted ordinary shares to be reduced by US$177,213,000.

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

(a) *Investment in subsidiaries (cont'd)*

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2021	2020
Held by the Company				
Halcyon Rubber Company Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Corrie MacColl Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd. (1)	Singapore	Natural rubber trading and investment holding	100.00	100.00
HAC Capital Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Corrie MacColl Limited (3)	United Kingdom	Investment holding	100.00	100.00
HeveaConnect Pte. Ltd. (1), (5)	Singapore	Natural rubber supply chain and trading platform	49.91	71.09
Subsidiaries of Halcyon Rubber Company Pte. Ltd.				
Anson Company (Private) Limited (1)	Singapore	Investment holding	100.00	100.00
Hevea Global Pte. Ltd. (1)	Singapore	Natural rubber trading	100.00	100.00
Subsidiaries of Anson Company (Private) Limited				
Halcyon Agri Indonesia Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
PT. Hok Tong (2)	Indonesia	Natural rubber processing	99.99	99.99
PT. Remco Rubber Indonesia (formerly known as PT. Remco) (2)	Indonesia	Natural rubber processing	75.00	75.00
Subsidiaries of Halcyon Agri Indonesia Pte. Ltd.				
PT. Hevea MK (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Hevea GE (2)	Indonesia	Natural rubber processing	100.00	100.00
Subsidiaries of PT. Hok Tong				
PT. Bumi Jaya (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Sunan Rubber (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Rubber Hock Lie (2)	Indonesia	Natural rubber processing	99.91	99.91
PT. GMG Sentosa (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Pulau Bintan Djaya (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Alam (2)	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Djantin (2)	Indonesia	Natural rubber processing	100.00	100.00

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

(a) *Investment in subsidiaries (cont'd)*

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2021	2020
Subsidiaries of Corrie MacColl Pte. Ltd.				
G.P. Sentosa Enterprises Co., Ltd. (2)	Thailand	Investment holding	100.00	100.00
Teck Bee Hang Co., Ltd. (2)	Thailand	Natural rubber processing	55.00	55.00
Ivoirienne de Traitement du Caoutchouc S.A. (2)	Ivory Coast	Disposed during the year	–	60.00
GMG Investment Congo SARL (4)	Democratic Republic of Congo	In liquidation	100.00	100.00
JFL Agro Sdn. Bhd. (2)	Malaysia	Struck off during the year	–	100.00
Centrotrade Minerals and Metals, Inc. (3)	United States	Dormant	100.00	100.00
Subsidiaries of Teck Bee Hang Co., Ltd.				
Techem Industries Co., Ltd. (3)	Thailand	Manufacture & distribution of plastic products	54.10	54.10
Teck-Fu Joint Venture Co., Ltd. (3)	Thailand	Natural rubber processing	47.30	47.30
Subsidiaries of Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd.				
New Continent Enterprises (Private) Limited (1)	Singapore	Natural rubber trading and distribution	100.00	100.00
SINRIO Malaysia Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Hainan Sinochem Rubber Co., Ltd. (2)	People's Republic of China	Natural rubber processing	99.71	99.71
SDCI Singapore Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
SINRIO Thailand Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Subsidiary of New Continent Enterprises (Private) Limited				
Halcyon Agri Natural Rubber (Shanghai) Limited (2)	People's Republic of China	Natural rubber trading and distribution	100.00	100.00
Subsidiary of SINRIO Malaysia Pte. Ltd.				
SINRIO (Malaysia) Sdn. Bhd. (2)	Malaysia	Investment holding	100.00	100.00
Subsidiaries of SINRIO (Malaysia) Sdn. Bhd.				
Hevea KB Sdn. Bhd. (2)	Malaysia	Natural rubber processing	100.00	100.00
Euroma Rubber Industries Sendirian Berhad (2)	Malaysia	Natural rubber processing	100.00	100.00

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

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2021	2020
Subsidiaries of Hainan Sinochem Rubber Co., Ltd.				
Xishuangbanna Sinochem Rubber Co., Ltd. (2)	People's Republic of China	Natural rubber processing	96.67	96.67
Baisha Sinochem Rubber Co., Ltd. (2)	People's Republic of China	Natural rubber procurement	100.00	100.00
Hainan Baoting Sinochem Rubber Co., Ltd. (2)	People's Republic of China	Natural rubber processing	100.00	100.00
Shanghai Hancheng Trading Co., Ltd. (2)	People's Republic of China	Dormant	100.00	100.00
Subsidiaries of SDCI Singapore Pte. Ltd.				
Société de Développement du Caoutchouc Ivoirien S.A. (2)	Ivory Coast	Natural rubber processing	100.00	100.00
Tropical Rubber Côte d'Ivoire S.A. (2)	Ivory Coast	Natural rubber plantation	70.00	70.00
Subsidiaries of Corrie MacColl Limited				
Corrie MacColl International Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Corrie MacColl Plantations Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Subsidiaries of Corrie MacColl International Pte. Ltd.				
Corrie MacColl Deutschland GmbH (formerly known as Centrotrade Deutschland GmbH) (3)	Germany	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Malaysia Sdn. Bhd. (formerly known as Centrotrade Commodities Malaysia Sdn. Bhd.) (2)	Malaysia	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Europe B.V. (formerly known as Wurfbain Polymer B.V.) (2)	The Netherlands	Investment holding, trading and distribution of natural rubber and latex	100.00	100.00
Kelvin Terminals B.V. (4)	The Netherlands	Storage and trading of natural rubber, latex and synthetic rubber	100.00	100.00
Corrie MacColl (Thailand) Co., Ltd. (formerly known as Centrotrade (Thailand) Co., Ltd.) (3)	Thailand	Investment holding	49.00	49.00
Shanghai CMI Rubber Co., Ltd. (3)	People's Republic of China	Trading and distribution of natural rubber and rubber related products	100.00	100.00

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

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest 2021	2020
Subsidiaries of Corrie MacColl Europe B.V. (formerly known as Wurfbain Polymer B.V.)				
Corrie MacColl Rubber Ltd. (3)	United Kingdom	Other business support service activities	100.00	100.00
Corrie MacColl Holdings, Inc. (formerly known as Corrie MacColl North America, Inc.) (2)	United States	Investment holding	100.00	100.00
Corrie MacColl İthalat ve İhracat Anonim Şirketi (formerly known as Wurfbain Polymer İthalat ve İhracat Anonim Şirketi) (4)	Republic of Turkey	Trading and distribution of natural rubber	100.00	100.00
Subsidiaries of Corrie MacColl Holdings, Inc. (formerly known as Corrie MacColl North America, Inc.)				
Corrie MacColl North America, Inc. (formerly known as Alan L Grant Polymer, Inc.) (2)	United States	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00
Momentum Technologies Laboratories, Inc. (2)	United States	Ceased operations during the year	100.00	100.00
Subsidiary of Corrie MacColl (Thailand) Co., Ltd. (formerly known as Centrotrade (Thailand) Co., Ltd.)				
Corrie MacColl Hatyai Co., Ltd. (formerly known as Centrotrade Hatyai Co., Ltd.) (3)	Thailand	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00
Subsidiaries of Corrie MacColl Plantations Pte. Ltd.				
Société de Développement du Caoutchouc Camerounais S.A. (2)	Cameroon	Investment holding	100.00	100.00
JFL Agro Pte. Ltd. (1)	Singapore	Investment holding	100.00	100.00
Subsidiaries of Société de Développement du Caoutchouc Camerounais S.A.				
Hevea Cameroun S.A. (2)	Cameroon	Natural rubber plantation and processing	90.00	90.00
Sud Cameroun Hevea S.A. (2)	Cameroon	Natural rubber plantation and processing	80.00	80.00
Subsidiary of JFL Agro Pte. Ltd.				
JFL Holdings Sdn. Bhd. (2)	Malaysia	Natural rubber and oil palm plantation	100.00	100.00

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of EY Global in the respective countries.

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

(4) No statutory audit required in the country of incorporation.

(5) During the year, HeveaConnect Pte. Ltd. became an associate, as disclosed in note 14(a)(iii).

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

(a) Investment in subsidiaries (cont'd)

(i) Striking-off a subsidiary

During the year, the Group struck off its wholly-owned dormant subsidiary, JFL Agro Sdn. Bhd. The deregistration did not result in any profit or loss impact.

(ii) Disposal of a subsidiary

In December 2021, the Group disposed its entire shareholding interest, representing 60% of the issued and paid-up share capital in Ivoirienne de Traitement du Caoutchouc S.A. ("ITCA") for a total cash consideration of US$600,000 (the "Disposal").

The consideration was arrived at on a willing-seller and willing-buyer basis, taking into consideration of the financial position of ITCA. Following the Disposal, ITCA has ceased to be a subsidiary of the Group.

The Disposal did not have any material impact on the consolidated net tangible assets per share or earnings per share of the Group for the financial year ended 31 December 2021.

As at date of disposal, ITCA owed various companies within the Group. These group of companies deem the recoverability of balance owed by ITCA is low, hence these balances had been written down in the respective companies' accounts. The effect of this write down has resulted to a transfer of US$4,755,000 from retained earnings to non-controlling interest, reflected in the Statements of changes in equity.

(iii) Deemed disposal of a subsidiary due to dilution of interest

In March 2021, a subsidiary of the Group, HeveaConnect Pte. Ltd. ("HeveaConnect") issued 35,162 new ordinary shares ("HC shares") to a third party ("Investor") for US$1,500,000 and the Company transferred 56,962 HC shares (the "Trust Shares") into a trust managed and administered by an independent trustee. Trust Shares will be eventually distributed to eligible organisations involved in promoting the sustainability agenda in the natural rubber industry.

Subsequent to the issuance of new HC shares and transfer of the Trust Shares, the Company's effective shareholding in HeveaConnect has reduced from 71.09% to 49.91% and the Group no longer has control over majority of the HeveaConnect's board. Accordingly, HeveaConnect ceased to be a subsidiary and it has been equity-accounted for as an associate.

As part of the initial recognition of investment in associate, the Group has engaged an independent valuer to carry out a purchase price allocation review ("PPA"). Based on the PPA exercise, the Group concluded that the investment amount includes US$2,039,000 of intangible assets and US$5,123,000 of goodwill, classified as interest in associates as of the date of initial recognition.

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

(a) Investment in subsidiaries (cont'd)

(iii) Deemed disposal of a subsidiary due to dilution of interest (cont'd)

The value of assets and liabilities of HeveaConnect recorded in the consolidated financial statements as at the date of disposal, and the effects of the disposal were as follows:

	Group
	US$'000
Non-current assets	781
Working capital assets	849
Total assets	1,630
Other tax payables	3
Working capital liabilities	462
Total liabilities	465
Net assets derecognised pre Investor investment	1,165
Add: Investor investment	1,500
Net assets derecognised post Investor investment	2,665
Share of net assets derecognised post Investor investment	1,330

	Group
	US$'000
Dilution of interest	
Share of disposal consideration (US$1,500,000 X 49.91%)	749
Less: Carrying amount of diluted interest (US$1,165,000 X 5%)	(59)
Gain on dilution of interest	690
Retained interest	
Fair value of retained interest (US$16,500,000 X 49.91%)	8,235
Less: Share of net assets post Investor investment (US$2,665,000 X 49.91%)	(1,330)
Gain on interest retained	6,905
Gain on disposal of a subsidiary	
Gain on dilution of interest	690
Add: Gain on interest retained	6,905
Total gain on disposal	7,595

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

(b) *Investment in associates*

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

	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Feltex Co., Ltd.	1,469	1,298	–	–
HeveaConnect Pte. Ltd.	7,718	–	7,718	–
	9,187	1,298	7,718	–

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2021	2020
Held through a subsidiary				
Feltex Co., Ltd. [1]	Thailand	Natural rubber processing	24.80	24.80
Held by the Company				
HeveaConnect Pte. Ltd.[2,3]	Singapore	Natural rubber supply chain and trading platform	49.91	71.09

(1) Audited by other firms of Certified Public Accountants, and it is not a significant associated company for the purpose of Listing Rule 715(2) of the Singapore Exchange Securities Trading Limited.

(2) Audited by Ernst & Young LLP, Singapore.

(3) During the year, HeveaConnect Pte Ltd. become an associate, as disclosed in note 14(a)(iii).

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

	Group 2021 US$'000	Group 2020 US$'000
Current assets	5,683	4,967
Non-current assets	1,903	1,195
Current liabilities	(1,886)	(2,561)
Non-current liabilities	(2)	(1)
Equity	5,698	3,600
Total comprehensive (loss)/income, net of tax	(331)	589

15. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group: Statement of financial position 2021 US$'000	2020 US$'000	Group: Consolidated income statement 2021 US$'000	2020 US$'000	Company: Statement of financial position 2021 US$'000	2020 US$'000
Differences in depreciation for tax purposes	664	1,297	(691)	3,351	(119)	(178)
Tax losses carry forward	27,372	18,529	9,504	(4,591)	–	–
Retirement benefit liabilities	3,436	3,569	220	(219)	–	–
Fair value uplift of biological assets	(11,370)	(10,519)	(908)	(421)	–	–
Fair value uplift of investment properties	(9,747)	(9,774)	(198)	(47)	–	–
Fair value uplift of property, plant and equipment acquired in business combination	(22,523)	(23,212)	284	438	–	–
Unremitted foreign source income	(10,252)	(7,355)	(2,874)	(1,389)	(235)	(82)
Forward currency contracts	(1,935)	(1,235)	(415)	1,420	–	–
Others	1,425	636	487	346	–	–
Tax expense			5,409	(1,112)		
Net deferred tax liabilities	(22,930)	(28,064)			(354)	(260)
Reflected in the statement of financial position as follows:						
Deferred tax assets	24,226	17,267			–	–
Deferred tax liabilities	(47,156)	(45,331)			(354)	(260)
Deferred tax liabilities, net	(22,930)	(28,064)			(354)	(260)

	Group 2021 US$'000	Group 2020 US$'000
Reconciliation of deferred tax liabilities, net		
At 1 January	(28,064)	(26,753)
Tax credit/(expense) during the year recognised in profit or loss	5,409	(1,112)
Tax expense during the year recognised in other comprehensive income	(243)	(204)
Exchange difference	(32)	5
At 31 December	(22,930)	(28,064)

Unrecognised tax losses and unabsorbed capital allowances

At the end of reporting period, the Group has tax losses and unabsorbed capital allowances amounting to US$126,368,000 and US$51,663,000 (2020: US$149,144,000 and US$66,133,000) respectively that are available for offset against future taxable profits. The tax losses have no expiry date except for an amount of US$112,125,000 (2020: US$134,233,000) which will expire in five years and US$2,856,000 (2020: US$8,267,000) which will expire after five years.

The related deferred tax benefits of US$35,707,000 (2020: US$47,284,000) were not recognised as the recoverability was considered not probable.

15. Deferred tax (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

A deferred tax liability of US$33,072,000 (2020: US$28,284,000) that could arise upon the distribution of profit at certain subsidiaries has not been provided for as at 31 December 2021 as the distributable profits is within the Group's control and there is currently no intention for the profits to be remitted to Singapore.

16. Plantation and biological assets

	Plantation related properties								
	Leasehold land use rights	Freehold land use rights	Plantation	Plantation establishment costs	Other plantation related costs	Total plantation related properties	Non-current biological assets	Consumable biological assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Cost									
At 1 January 2020	85,984	58,108	5,767	5,120	15,108	170,087	305,102	6	475,195
Additions	–	–	9	1,930	338	2,277	25,602	–	27,879
Capitalisation of depreciation	–	–	–	–	342	342	–	–	342
Reclassification	585	–	–	(499)	(259)	(173)	173	–	–
Transfer from property, plant and equipment (Note 12)	–	–	–	–	–	–	3,474	–	3,474
Fair value adjustment (Note 5)	–	–	–	–	–	–	3,454	–	3,454
Exchange difference	669	–	360	375	307	1,711	26,501	–	28,212
At 31 December 2020	87,238	58,108	6,136	6,926	15,836	174,244	364,306	6	538,556
Additions	–	–	2,722	1,196	478	4,396	25,167	–	29,563
Capitalisation of depreciation	–	–	–	–	347	347	–	–	347
Reclassification	–	–	980	(980)	–	–	(14)	14	–
Transfer from property, plant and equipment (Note 12)	–	–	–	–	–	–	1,658	–	1,658
Fair value adjustment (Note 5)	–	–	–	–	–	–	6,714	63	6,777
Disposals	–	–	(404)	–	–	(404)	–	–	(404)
Exchange difference	(1,350)	–	(525)	(424)	(619)	(2,918)	(25,494)	–	(28,412)
At 31 December 2021	85,888	58,108	8,909	6,718	16,042	175,665	372,337	83	548,085

16. Plantation and biological assets (cont'd)

	Plantation related properties								
	Leasehold land use rights	Freehold land use rights	Plantation	Plantation establishment costs	Other plantation related costs	Total plantation related properties	Non-current biological assets	Consumable biological assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation									
At 1 January 2020	2,748	–	720	–	–	3,468	5,642	–	9,110
Depreciation for the year (Note 8)	1,007	–	252	–	–	1,259	1,862	–	3,121
Transfer to inventory	–	–	–	–	–	–	500	–	500
Exchange difference	58	–	72	–	–	130	924	–	1,054
At 31 December 2020	3,813	–	1,044	–	–	4,857	8,928	–	13,785
Depreciation for the year (Note 8)	1,012	–	276	–	–	1,288	2,599	–	3,887
Transfer to inventory	–	–	–	–	–	–	879	–	879
Disposals	–	–	(204)	–	–	(204)	–	–	(204)
Exchange difference	(97)	–	(70)	–	–	(167)	(849)	–	(1,016)
At 31 December 2021	4,728	–	1,046	–	–	5,774	11,557	–	17,331
Carrying amount									
At 31 December 2020	83,425	58,108	5,092	6,926	15,836	169,387	355,378	6	524,771
At 31 December 2021	81,160	58,108	7,863	6,718	16,042	169,891	360,780	83	530,754

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

Country	Malaysia	Cameroon	Cameroon	Ivory Coast
Type of ownership	Leasehold	Freehold	Land use rights	Land use rights/ Freehold
Total land area (hectares)	9,844	45,198	52,607	1,578

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

In February 2018, the government has granted a provisional concession land (13,731 hectare) to Sud Cameroun Hevea S.A., a non-wholly owned subsidiary of the Group. As the Group has adopted a zero deforestation policy in 2018, Sudcam has decided to return the concession land to the government in February 2021. This has resulted the land area to reduce from 58,929 hectares to 45,198 hectares. There is no material impact to the Group as the land was undeveloped.

In December 2021, Tropical Rubber Cote D'ivoire S.A. ("TRCI"), a subsidiary of the Group has successfully applied for and converted its 206 hectares of land use rights to freehold land titles (Arrete de Concession Definitive). TRCI has entered into various sale and purchase agreements for the disposal of an aggregate of 54.5 hectares of plantation land. As at 31 December 2021, TRCI has disposed 3 hectares of freehold land for a consideration of US$1,500,000 and a gain on disposal of US$938,000 has been recognised in profit or loss (Note 5). The disposal of the remaining 51.5 hectares is further disclosed in Note 39.

Interest expense amounting to US$9,312,000 was capitalised in 2021 (2020: US$10,040,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.84% - 7.15% (2020: 2.77% - 7.15%) per annum, which is the effective interest rate of borrowings.

A review of the recoverable amount for the plantation in Cameroon was determined based on the value in use calculation and the discount rate used is 13.0% (2020: 13.0%) per annum.

17. Debt instrument

In 2020, a subsidiary of the Group and a third party entered into an agreement to convert US$3,000,000 of outstanding trade receivables from the third party into an investment of 3,000 Non-voting Class A Preferred Stock of the third party. The Group classified the 3,000 Non-voting Class A Preferred Stock as non-current debt instrument at amortised cost of US$3,000,000 and recognised a fair value adjustment of negative US$287,000 in profit or loss.

As part of the investment arrangement, the Group is entitled to an annual dividend of 5.5%. The third party may redeem Class A preferred stock at any time before November 2023, where the redemption becomes mandatory. During the year, the Group received interest income of US$165,000 related to the 5.5% annual dividend from the Counterparty.

The debt instrument measured at amortised cost as follows:

	Group	
	2021	**2020**
	US$'000	US$'000
3,000 Non-voting Class A Preferred Stock	2,713	3,000
Fair value adjustment at initial recognition	–	(287)
Less: Loss allowance	(296)	–
Debt instrument at amortised cost	2,417	2,713

18. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	31,951	42,594	391	239
Short term deposits	1,445	1,298	–	–
Cash and cash equivalents	33,396	43,892	391	239
Short term deposits – pledged	–	1,830	–	–
Total cash and bank balances	33,396	45,722	391	239

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

Fixed deposits were made for varying periods, depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2021 for the Group is 3.65% per annum (2020: 3.88%).

Cash and bank balances of US$1,123,000 (2020: US$3,132,000) of the Group have been charged as security for the Group's general banking facilities (Note 26) and performance guarantee.

18. Cash and bank balances (cont'd)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000
United States Dollar	6,230	4,765	–	–
Singapore Dollar	975	1,081	305	154
Euro	551	1,960	1	8
Pound Sterling	533	309	4	4
Swedish Krona	–	6	–	–

19. Trade receivables

	Group	
	2021	**2020**
	US$'000	US$'000
External parties	165,059	157,385

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

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

Trade receivables of US$66,720,000 (2020: US$26,777,000) of the Group have been charged as security for the Group's banking facilities (Note 26).

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

	Group	
	2021	**2020**
	US$'000	US$'000
United States Dollar	13,018	14,641
Euro	8,760	13,466
Pound Sterling	580	3,436
Swedish Krona	–	403

19. Trade receivables (cont'd)

Expected credit losses ("ECL")

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

	Group	
	2021	**2020**
	US$'000	US$'000
Loss allowances as at 1 January	607	700
Charge for the year	61	58
Written off	(38)	(142)
Exchange difference	(3)	(9)
At 31 December	627	607

20. Loans and other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Non-current:				
Loan to non-controlling interests of a subsidiary	3,453	3,741	–	–
Loan to a third party	47,694	56,483	–	–
	51,147	60,224	–	–
Current:				
Loan to a third party	12,386	5,814	–	–
Interest-bearing receivable	4,400	–	–	–
Other receivables	25,259	20,729	–	111
Amounts due from subsidiaries	–	–	407,880	650,668
Deposits	14,645	10,852	306	306
	56,690	37,395	408,186	651,085
Non-financial assets				
Current:				
Prepayments	22,593	21,981	250	267
Other tax receivables	25,416	27,210	68	149
	48,009	49,191	318	416
Total current financial and non-financial assets	104,699	86,586	408,504	651,501
Total non-current financial and non-financial assets	51,147	60,224	–	–

20. Loans and other receivables (cont'd)

The loan to non-controlling interests of a subsidiary is secured, repayable in 2025 and earns interest at 5% per annum (2020: 5%).

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

(i) borrower's equity interest in its subsidiary

(ii) borrower's receivables and bank balances

(iii) certain borrower's investment properties

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

The interest repayment of US$4,471,000 was due on 31 December 2021. The borrower has been requested to repay 50% of the overdue amount by 31 March 2022, with the remaining 50% to be repaid by 30 June 2022. As at the date of this report, this overdue interest remains unpaid and the discussion with the borrower is still ongoing, which we expect the discussion on the collection of overdue interest to be substantially completed on or before 30 June 2022.

The Group has assessed the collateral value to be sufficient to cover the carrying amount of the loan receivables based on the valuation performed by an independent professional valuer.

The Group has assessed the expected credit losses ("ECL") for the loan to the borrower based on the following approaches:

(i) Discounted cash flow

The ECL is estimated based on the present value of cash shortfalls between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive, by taking into account the timing of repayments and assuming that the Group continues to charge interest on the outstanding loan.

(ii) Lifetime ECL

The ECL is estimated based on the formula: Probability of default x Loss given default x Exposure of default.

Based on the assessment above, the Group has recognised a provision of ECL amounting to US$1,440,000 for the financial year ended 2021 (2020: Nil). The ECL is sensitive to the timing of repayments.

Included in the loans and other receivables is an interest-bearing receivable of US$4,400,000. A subsidiary of the Group entered into a contractual agreement with a third party which bears an interest of 4.2% per annum and due within a year.

Included within other receivables are corporate social responsibility receivable ("CSR receivable") amounting to US$8,479,000 (2020: US$9,043,000) and interest receivables amounting to US$7,674,000 (2020: US$6,948,000). CSR receivable relates to receivable from a local government of a country where the Group's subsidiaries operate in. The receivable arose from the costs incurred by the Group in building community for its workforce, such as: costs incurred in building hospital or school, which is co-funded by the local government.

Included within deposits is a deposit amounting to US$3,501,000 which was placed with a local government of a country where the Group's subsidiary operate in to contest in court for tax assessments of prior years. The court has ruled in the Group's favour in the Group's contest for these tax assessments and ordered the local government to refund the deposit. As such, the Group has reversed the allowance for the deposit of US$3,156,000 during the year.

The Group had assessed the recoverability of other tax receivables which relates to value-added tax receivables from certain local governments of countries where the Group's subsidiaries operate in. As at 31 December 2021, the allowance provided for other tax receivables amounted to US$3,308,000 (2020: US$4,053,000).

20. Loans and other receivables (cont'd)

As at 31 December 2021, amounts due from subsidiaries amounting to US$124,614,000 (2020: US$81,338,700) are unsecured, bears an average interest of 2.50% (2020: 2.25%) per annum, repayable on demand and are expected to be settled in cash. The remaining amounts are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Expected credit losses ("ECL")

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000
Opening loss allowance as at 1 January	8,687	6,549	99	166
(Reversal)/Charge for the year	(3,905)	2,007	(12)	(67)
Exchange difference	(162)	131	–	–
At 31 December	4,620	8,687	87	99

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000
United States Dollar	1,133	1,097	–	–
Singapore Dollar	120	218	70	149
Euro	63,378	63,849	–	–
Chinese Yuan Renminbi	506	2,732	–	–
Japanese Yen	566	771	–	–

21. Derivative financial instruments

	Group			
	2021		**2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	5,570	(2,647)	8,032	(7,498)
Forward commodity (natural rubber) contracts	17,747	–	7,822	–
Total	23,317	(2,647)	15,854	(7,498)

	Company			
	2021		**2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	3,976	(4,300)	10,578	(10,335)

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

Notes To The Financial Statements

For the financial year ended 31 December 2021

21. Derivative financial instruments (cont'd)

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

	Notional amount		Positive fair value		Negative fair value	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward contracts on commodity (natural rubber):						
- Sales	626,636	611,058	3,152	2,290	–	–
- Purchases	226,389	252,212	14,595	5,532	–	–
Forward currency contracts	823,838	896,519	5,570	8,032	(2,647)	(7,498)
			23,317	15,854	(2,647)	(7,498)

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

22. Inventories

	Group	
	2021	**2020**
	US$'000	US$'000
At cost:		
- Consumables	24,433	27,223
At fair value:		
- Raw materials	133,874	128,840
- Work-in-progress	31,439	33,790
- Finished goods held for resale	307,230	199,399
	472,543	362,029
	496,976	389,252

The inventories as at the end of each reporting period in 2021 and 2020 included fair value gains of US$15,474,000 and US$15,040,000 respectively.

Inventories with carrying amount of US$153,523,000 (2020: US$132,231,000) have been pledged as security for a trade financing facility (Note 26).

23. Assets classified as held-for-sale

Non-current asset classified as held-for-sale

a) The Group decided to dispose certain offices located in Indonesia back in 2019. Accordingly, these properties amounting to US$4,695,000 (2020: US$4,750,000) have been reclassified from investment properties to assets classified as held for sale.

The completion of the transaction was delayed due to the COVID-19 situation, and is expected to be completed in 2022. A new buyer has been found as the previous buyer has deceased and no longer able to complete the transaction.

b) The Group decided to dispose certain offices located in China and have listed these offices on a trading exchange in China since 2020. Accordingly, these properties with book value amounting to US$1,722,000 (2020: US$1,680,000) have been reclassified from investment properties to assets classified as held for sale.

24. Trade payables

	Group 2021 US$'000	Group 2020 US$'000
External parties	57,449	33,178

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

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

	Group 2021 US$'000	Group 2020 US$'000
United States Dollar	402	1,569

25. Other payables

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Financial liabilities				
Current:				
Other payables	21,265	18,834	913	790
Accrued operating expenses	29,497	25,207	1,508	1,651
Amounts due to penultimate holding company	1,200	1,200	1,200	1,200
Accrued interest expense	2,437	2,861	399	201
Amounts due to subsidiaries	–	–	72,379	179,488
	54,399	48,102	76,399	183,330
Non-financial liabilities				
Current:				
Other indirect tax payables	8,663	4,496	190	85
Advances related to contracted sales	33,448	8,273	–	–
	42,111	12,769	190	85
Total current other payables	96,510	60,871	76,589	183,415
Financial liabilities				
Non-current:				
Amounts due to penultimate holding company	3,600	4,800	3,600	4,800
Amounts due to subsidiaries	–	–	29,410	75,658
Other payables	5,403	6,945	–	–
	9,003	11,745	33,010	80,458
Non-financial liabilities				
Non-current:				
Government grants	1,326	1,441	–	–
	1,326	1,441	–	–
Total non-current other payables	10,329	13,186	33,010	80,458

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

25. Other payables (cont'd)

As at 31 December 2021, certain amounts due to subsidiaries amounting to US$99,163,000 (2020: US$24,194,000) bears an average interest of 1.68% (2020: 2.98%) per annum, unsecured and repayable on demand. The remaining amounts due to subsidiaries are non-interest bearing, unsecured and repayable on demand.

Amounts due to penultimate holding company are relating to guarantee fee for issuance of perpetual securities (Note 29).

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

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
United States Dollar	3,731	2,194	–	–
Singapore Dollar	126	137	–	–
Euro	6,557	3,962	–	–

26. Loan payables

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current:				
- Working capital loans	601,820	463,524	316,000	215,500
- Term loans	32,371	373,191	13,800	358,607
	634,191	836,715	329,800	574,107
Non-current:				
- Term loans	452,727	174,870	282,000	–
	452,727	174,870	282,000	–
Total loan payables	1,086,918	1,011,585	611,800	574,107

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

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
United States Dollar	18,005	18,105	–	–
Euro	24,956	27,242	–	–

During the year, certain subsidiaries of the Company has entered into a facility agreement with the Company's holding company for a short-term working capital loan for general working capital purposes. As at 31 December 2021, the outstanding balance of the loan is US$31,756,000 and bears an interest rate of 1.8% per annum.

Working capital loans bear average interest rates of 3.42% (2020: 4.81%) per annum. Certain loan payables amounting to US$275,235,000 (2020: US$189,788,000) are secured by a charge over certain of the Group's inventories (Note 22), property, plant and equipment (Note 12), certain cash and bank balances (Note 18), and certain trade receivables (Note 19).

26. Loan payables (cont'd)

The Group and the Company has the following term loans:

	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Current				
Loan A	3,530	2,767	–	–
Loan B	13,800	298,841	13,800	298,841
Loan C	13,539	8,779	–	–
Loan D	1,502	3,038	–	–
Loan F	–	59,766	–	59,766
	32,371	373,191	13,800	358,607
Non-current				
Loan A	14,039	20,655	–	–
Loan B	282,000	–	282,000	–
Loan C	44,604	61,374	–	–
Loan D	14,267	14,433	–	–
Loan E	72,861	51,479	–	–
Loan G	24,956	26,929	–	–
	452,727	174,870	282,000	–

Details of the term loans are as follow:

a) Loan A bears an average effective interest of 6.00% (2020: 6.00%) per annum and repayable on monthly instalments until 2026. This loan is unsecured.

b) Loan B bears an effective interest rate of 2.21% (2020: 2.74%) and is repayable in June 2024. This loan is unsecured and was refinanced during the year.

c) Loan C bears an average effective interest rate of 7.15% (2020: 7.15%) per annum. Repayment commenced in 2020 on semi-annual instalments until 2027. This loan is unsecured.

d) Loan D bears an average effective interest rate of 9.00% (2020: 9.00%) per annum. Repayment has commenced on quarterly instalments until 2026. This loan is secured on certain property, plant and equipment and inventories.

e) Loan E bears an average effective interest rate of 2.11% (2020: 3.60%) per annum and is repayable in 2024. The loan is secured on certain property, plant and equipment, pledged deposit, trade receivables and inventories.

f) Loan F was fully repaid in 2021.

g) Loan G bears an average effective interest rate of 2.08% (2020: 2.95%) per annum and is repayable in 2023. This sustainability linked loan is unsecured.

27. Retirement benefit obligations

The Group provides defined post-employment benefits for its qualifying employees in accordance with relevant labour laws and regulations in Indonesia, Thailand, Cameroon and Ivory Coast.

Changes in retirement benefit obligations are as follows:

	Group 2021 US$'000	Group 2020 US$'000
At 1 January	24,535	22,541
Benefit paid for the year	(3,964)	(2,747)
Changes charged to profit or loss		
- Current service costs	1,900	2,168
- Interest cost on benefit obligations	1,151	1,252
- Past service costs	(70)	25
- Net actuarial gain recognised during the year	284	215
- Provision of long term employee benefit	(114)	(152)
- Excess benefit	554	796
Re-measurement losses/(gain) in other comprehensive income		
- Actuarial changes arising from changes in demographic assumptions	(2)	(194)
- Actuarial changes arising from changes in financial assumptions	(550)	1,095
- Experience adjustments	(469)	(900)
Exchange difference	(917)	436
At 31 December	22,338	24,535

The cost of providing post-employment benefits is calculated by an independent actuary. The actuarial valuation was carried out using the following key assumptions:

	Group 2021 %	Group 2020 %
Indonesia (Headcount: 2021 – 3,986, 2020 – 4,136)		
Discount rate	6.58 – 7.58	6.32 – 7.36
Future salary increment rate	5.00 – 9.00	5.00 – 9.00
Thailand (Headcount: 2021 – 1,041, 2020 – 1,035)		
Discount rate	1.35	0.98
Future salary increment rate	1.00 – 4.00	1.00 – 4.00
Cameroon (Headcount: 2021 – 6,356, 2020 – 6,521)		
Discount rate	3.50	3.50
Future salary increment rate	1.00 – 4.00	2.00 – 4.02
Ivory Coast (Headcount: 2021 – 845, 2020 – 1,268)		
Discount rate	5.80	3.50 – 6.00
Future salary increment rate	2.00	3.50 – 5.00

Three other assumptions: mortality rate, disability rate and voluntary resignation rate are not significant assumptions for these plans as there are insignificant changes in retirement benefit obligations arising from them.

27. Retirement benefit obligations (cont'd)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Increase in assumption 2021 US$'000	Decrease in assumption 2021 US$'000	Increase in assumption 2020 US$'000	Decrease in assumption 2020 US$'000
Group				
One percentage point change in the assumed discount rate:				
- (Decrease)/Increase on the aggregate current service cost and interest cost	(229)	249	(372)	414
- (Decrease)/Increase on retirement benefit obligation	(1,447)	1,687	(1,503)	1,748
One percentage point change in the salary growth rate:				
- (Decrease)/Increase on the aggregate current service cost and interest cost	769	(663)	429	(360)
- Increase/(Decrease) on retirement benefit obligation	1,970	(1,722)	1,748	(1,529)

The above sensitivity analysis is based on a change in an assumption while holding other assumptions constant. Changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions, the same method (present value of the retirement benefit obligations calculated with the Projected Unit Credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligations recognised within the statement of financial position.

Through its retirement benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed as below:

Changes in bond yields
A decrease in government bond yield will increase plan liabilities.

Inflation risk
The majority of the plan's benefit obligations are linked to inflation which higher inflation will lead to higher liabilities.

The weighted average duration of the retirement benefits obligation is 18.0 years (2020: 16.8 years).

28. Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares				
Balance at beginning and end of financial year	1,595,012	603,874	1,595,012	603,874

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. The ordinary shares of the Company have no par value.

29. Perpetual securities

In 2020, the Company issued guaranteed subordinated perpetual securities with principal amount of US$200,000,000 bearing distribution rate of 3.80% per annum. In the event of non-redemption by the Company in November 2025, the distribution rate will be reset and every five calendar years thereafter to a distribution rate equivalent to the sum of (a) the initial spread of 3.345%, (b) the then-prevailing five-year U.S. treasury rate and (c) a margin of 3.00% per annum. The perpetual securities were unconditionally and irrevocably guaranteed by Sinochem International Corporation, the major shareholder of the Company. An amount of US$192,640,000 net of issuance costs and guarantee fees, was recognised in equity.

The perpetual securities bear distributions which are payable semi-annually. Subject to the relevant terms and conditions of the perpetual securities, the Company may elect to defer any scheduled distribution perpetually on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual securities are classified as equity and distributions are treated as dividends. This is on the basis that the Company has no contractual obligations to repay its principal or to pay any distributions. As a result, the instrument does not meet the definition as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*.

30. Other reserves

a) Capital reserve

Capital reserve also includes funds arising from the Group's People's Republic of China ("PRC") subsidiaries which are required to transfer 10% of the net income to the reserve fund in accordance with PRC Articles of Association.

b) Other reserves

Other reserves mainly pertain to transaction cost on the issuance of perpetual securities and the excess of capital paid by a shareholder for the shares in the subsidiary over the capital received from the same shareholder.

c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. Lease liabilities

	Land and office US$'000	Office equipment and motor vehicles US$'000	Total US$'000
Group			
At 1 January 2020	12,807	520	13,327
Additions	1,285	233	1,518
Interest expense (Note 6(b))	576	14	590
Lease payment	(3,383)	(264)	(3,647)
Exchange difference	226	9	235
Derecognition of lease liabilities	–	(13)	(13)
At 31 December 2020 and 1 January 2021	11,511	499	12,010
Additions	2,244	29	2,273
Interest expense (Note 6(b))	511	17	528
Lease payment	(3,363)	(251)	(3,614)
Exchange difference	(8)	(29)	(37)
Derecognition of lease liabilities	(233)	–	(233)
At 31 December 2021	10,662	265	10,927
Company			
At 1 January 2020	2,685	159	2,844
Additions	–	–	–
Interest expense	107	7	114
Lease payment	(1,022)	(41)	(1,063)
Exchange difference	(73)	(6)	(79)
At 31 December 2020 and 1 January 2021	1,697	119	1,816
Interest expense	48	4	52
Lease payment	(1,052)	(43)	(1,095)
Exchange difference	(33)	2	(31)
At 31 December 2021	660	82	742

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current	3,286	2,621	698	1,058
Non-current	7,641	9,389	44	758
	10,927	12,010	742	1,816

As at 31 December 2021, the average incremental borrowing rate applied and average interest rate in the lease were 5.16% and 4.83% (2020: 5.16% and 4.92%) per annum respectively.

The Group lease liabilities of US$44,000 (2020: US$98,000) was secured over motor vehicles (Note 12(b)).

31. Lease liabilities (cont'd)

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

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Singapore Dollar	742	2,059	742	1,816

32. Commitments and contingencies

(a) *Commitment for sales, purchases and forward currency contracts*

The Group has committed sales, purchases and currency contracts that are entered into for the use of the Group. The contractual or notional amounts of the committed contracts with fixed pricing terms that was outstanding as at 31 December 2021 and 31 December 2020 are as disclosed in Note 21.

(b) *Corporate guarantees*

The following are the corporate guarantees given by the Company for the credit facilities extended by banks to:

	Company	
	2021 US$'000	2020 US$'000
Subsidiaries	341,857	380,862

(c) *Commitment for property, plant and equipment*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements relating to purchase of the property, plant and equipment of US$611,000 (2020: Nil).

33. Financial risks and management

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Note	Group		Company	
		2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Financial assets					
Debt instrument	17	2,417	2,713	–	–
Cash and bank balances	18	33,396	45,722	391	239
Trade receivables	19	165,059	157,385	–	–
Loans and other receivables	20	107,837	97,619	408,186	651,085
Derivative financial instruments	21	23,317	15,854	3,976	10,578
		332,026	319,293	412,553	661,902

33. Financial risks and management (cont'd)

(a) *Categories of financial instruments (cont'd)*

	Note	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Financial liabilities					
Trade payables	24	57,449	33,178	–	–
Other payables	25	63,402	59,847	109,409	263,788
Loan payables	26	1,086,918	1,011,585	611,800	574,107
Lease liabilities	31	10,927	12,010	742	1,816
Derivative financial instruments	21	2,647	7,498	4,300	10,335
		1,221,343	1,124,118	726,251	850,046

(b) *Financial risk management policies and objectives*

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and commodity price risk. The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign currency risk

As disclosed in Note 2.7 of the financial statements, the functional currency of the Company is the United States Dollar.

The Group faces foreign exchange risk as its borrowings, export sales and the costs of certain purchases are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar, Euro, Indonesian Rupiah, Malaysian Ringgit, Chinese Yuan Renminbi, CFA Franc and Thai Baht. The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes.

The Group enters into foreign currency forward contracts to hedge the foreign currency exposure for some of its receivables.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

33. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity (cont'd)

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, income will increase/(decrease) by:

	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
United States Dollar	(88)	(68)	–	–
Singapore Dollar	11	(45)	19	15
Euro [1]	(988)	(683)	–	–
Pound Sterling	53	184	–	–
Swedish Krona	–	20	–	–
Chinese Yuan Renminbi	30	143	1	1
Japanese Yen	29	39	–	–

[1] It excludes the effect of foreign currency exposure that has been materially hedged.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's primary interest rate risk arises from its loan payables.

The Group's exposures to interest rates are set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's income for the financial year would decrease/increase by US$3,868,000 (2020: decrease/increase by US$3,848,000). This is mainly attributable to the Group's exposure to interest rates on its balance due to the banks and financial institutions, and certain loan receivables.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

33. Financial risks and management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk (cont'd)

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are creditworthy entities.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days of when they fall due, which are derived based on the Group's historical information.

To assess whether there is significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligation
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

33. Financial risks and management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation
- There is disappearance of an active market for the financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and qualitative information about amount arising from expected credit losses for each class of financial assets.

(A) Trade receivables

The Group provides for expected credit losses ("ECL") for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analyse in accordance to days past due by grouping of customers which are:

- HRC Group
- Corrie MacColl Group

(B) Other receivables

The Group provides for ECL for all financial assets based on general approach of 12-months ECL either individual or collective basis.

The Group has performed specific credit risk assessment on the loan to a third party. The interest repayment due on 31 December 2021 is now overdue and this indicated a significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group changed the impairment loss allowance from 12-month ECL to lifetime ECL and determined that the ECL of US$1,440,000 is required as at 31 December 2021 (2020: Nil). Further details of the assessment are disclosed in Note 20.

(C) Debt instrument

The non-current debt instrument is recognised initially at fair value. Further details of the initial recognition are disclosed in Note 17. Subsequently, the Group assess and record the ECL for debt instrument based on general approach of 12-months ECL and computes the ECL based on probability-weighted scenario analysis.

33. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of impairment loss on receivables) at the statement of financial position date is as follows:

	Group	
	2021	**2020**
	US$'000	US$'000
By country:		
Asia (excluding Singapore and China)	35,543	33,176
China	36,113	30,998
Singapore	6,196	5,507
United States of America ("USA")/Canada	39,431	36,889
Europe	37,937	43,213
Others	9,839	7,602
	165,059	157,385

The credit risk exposure on the Group's trade receivables is as follow:

31 December 2021		Days past due				
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ECL rate	0.25%	0.29%	0.36%	0.49%	100%	
Total trade receivables	137,938	26,859	691	–	198	165,686
ECL	348	78	3	–	198	627

31 December 2020		Days past due				
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ECL rate	0.25%	0.29%	0.36%	0.49%	61.83%	
Total trade receivables	133,001	23,764	632	272	323	157,992
ECL	335	69	2	1	200	607

Further details of credit risk on trade receivables are disclosed in Note 19 to the financial statements.

33. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains sufficient liquidity at all times by efficient cash and working capital management.

The Group's ability to meet its obligations is managed by maintaining appropriate level of cash balance and working capital balances. During the year, the Group has successfully refinanced an existing term loan of US$300,000,000 that is due in December 2021 with a syndicated loan that carries a tenure of three years.

During the year, certain subsidiaries of the Company have entered into a facility agreement with the Company's parent for a short-term working capital loan for general working capital purposes.

Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future interest cash outflow attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset or liabilities on the statement of financial position.

33. Financial risks and management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk (cont'd)

Non-derivative financial instruments

	2021 US$'000						2020 US$'000					
	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total
Group												
Financial assets:												
Trade and other receivables- interest bearing	10.59	20,886	56,763	4,317	(14,033)	67,933	9.66	6,846	31,622	48,238	(20,668)	66,038
Trade and other receivables- non-interest bearing		204,963	–	–	–	204,963		188,966	–	–	–	188,966
Debt instruments		–	2,417	–	–	2,417		–	2,713	–	–	2,713
Cash at banks and in hand		31,951	–	–	–	31,951		42,594	–	–	–	42,594
Short term deposits	3.65	1,497	–	–	(52)	1,445	3.88	1,349	–	–	(51)	1,298
Total undiscounted financial assets		259,297	59,180	4,317	(14,085)	308,709		239,755	34,335	48,238	(20,719)	301,609
Financial liabilities:												
Trade and other payables- interest bearing	2.33	1,800	–	1,600	(475)	2,925	6.93	–	1,800	1,600	(711)	2,689
Trade and other payables- non-interest bearing		110,048	2,400	5,478	–	117,926		82,483	2,400	5,455	–	90,338
Lease liabilities	4.83	3,820	2,726	24,219	(19,838)	10,927	4.92	3,059	3,632	27,033	(21,714)	12,010
Loan payables- variable rate	1.91	389,903	406,974	–	(21,733)	775,144	2.76	715,157	81,442	–	(25,711)	770,888
Loan payables- fixed rate	6.35	258,656	34,589	55,976	(37,448)	311,773	7.17	161,483	43,019	77,313	(41,118)	240,697
Total undiscounted financial liabilities		764,227	446,689	87,273	(79,494)	1,218,695		962,182	132,293	111,401	(89,254)	1,116,622

33. Financial risks and management (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk (cont'd)

Non-derivative financial instruments

	2021 US$'000						2020 US$'000					
	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total	Weighted average effective interest rate %	On demand or within one year	One to three years	Over three years	Adjustment	Total
Company												
Financial assets:												
Trade and other receivables – non-interest bearing		283,571	–	–	–	283,571		568,446	–	–	–	568,446
Trade and other receivables – interest bearing	2.49	127,721	–	–	(3,107)	124,614	2.91	85,041	–	–	(2,402)	82,639
Cash at banks and in hand		391	–	–	–	391		239	–	–	–	239
Total undiscounted financial assets		411,683	–	–	(3,107)	408,576		653,726	–	–	(2,402)	651,324
Financial liabilities:												
Trade and other payables – non-interest bearing		6,646	2,400	1,200	–	10,246		159,136	2,400	78,058	–	239,594
Trade and other payables – interest bearing	1.91	71,648	–	29,410	(1,896)	99,162	2.98	24,915	–	–	(721)	24,194
Lease liabilities (Note 31)	3.81	711	45	–	(14)	742	3.63	1,107	734	12	(37)	1,816
Loan payables- variable rate	1.88	321,029	306,533	–	(15,762)	611,800	2.70	591,046	–	–	(16,939)	574,107
Total undiscounted financial liabilities		400,034	308,978	30,610	(17,672)	721,950		776,204	3,134	78,070	(17,697)	839,711

33. Financial risks and management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) *Liquidity risk (cont'd)*

Derivative financial instruments

The liquidity analysis for derivative financial instruments has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

Please refer to Note 21 for more details.

(v) *Commodity price risk*

Due to the nature of the Group's operations, the Group is exposed to changes in agricultural commodity prices.

The Group managed the exposure on commodity price risk by utilising forward physical contracts and/or derivatives to manage the Group's open commodity positions. The Group also reviewed daily monitoring reports on market positioning to facilitate decision making process on the Group's exposure.

At the end of the reporting period, a 5% increase/decrease of the commodities price index, with all other variables held constant, would have increased/decreased profit before income tax by US$4,470,000 (2020: increased/decreased profit before income tax by US$430,000) and increased/decreased equity by US$4,470,000 (2020: increased/decreased equity by US$430,000).

34. Related party transactions

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

The Group entities entered into the following transactions with related parties:

	Group	
	2021	**2020**
	US$'000	US$'000
Banking facilities covered by letter of comfort from penultimate holding company	592,600	520,000
Fee charged by penultimate holding company for issuance of letter of comfort	1,376	518
Guarantee fee chargeable by penultimate holding company relating to the issuance of perpetual securities	–	6,000
Loan facility entered with holding company	31,756	–
Interest charged by holding company	97	–

34. Related party transactions (cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	Group	
	2021	**2020**
	US$'000	US$'000
Directors' fees (Note 8)	452	399
Short-term benefits		
- Directors of the Company	447	981
- Other key management personnel	1,099	1,118
	1,998	2,498

35. Segment information

The Group is a global leader in natural rubber industry, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group sources a broad range of grades from all major origins globally, operates 38 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China, Cameroon and Ivory Coast, and distributes to an international customer base through its network of warehouses and sales offices in South East Asia, China, the United States of America and Europe.

The key segments of the Group comprises the following:

(a) Corrie MacColl Group – This Group comprises of CMC Plantation ("CMCP Group") and CMC Distribution ("CMCI Group"). CMCP Group includes plantation and processing business in Cameroon and Malaysia and CMCI Group is the distribution business for industrial and non-tyre applications.

(b) HRC Group – This business segment includes the Group processing factories in Indonesia, China, Malaysia, Thailand and Ivory Coast, and distribution business in Singapore and China, whose customers are predominantly top-tier global tyre makers.

(c) Corporate segment – covers group strategic management, corporate finance, group administration and legal matters, treasury, and taxation.

Segmental performance is continuously monitored to optimise the allocation of resources between segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

35. Segment information (cont'd)

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination			Consolidated	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020		FY 2021	FY 2020
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue to third party	2,309	1,013	711,175	532,282	1,746,292	1,175,290	45	201	–	–		2,459,821	1,708,786
Inter-segment revenue	37,368	25,422	–	1,487	90,603	58,424	10,020	14,014	(137,991)	(99,347)	A	–	–
Total revenue	39,677	26,435	711,175	533,769	1,836,895	1,233,714	10,065	14,215	(137,991)	(99,347)		2,459,821	1,708,786
Gross profit/(loss)	3,811	(5,540)	65,235	27,198	94,077	80,259	10,052	14,062	(10,302)	(14,409)	B	162,873	101,570
Operating (loss)/profit	(6,551)	(28,649)	26,710	(2,407)	14,471	2,311	66,656	(2,410)	(65,219)	(116)		36,067	(31,271)
Finance income												6,377	5,829
Finance costs												(25,893)	(31,228)
Share of result of associates												(204)	253
Profit/(Loss) before tax												16,347	(56,417)
Income tax credit/(expense)												701	(4,196)
Profit/(loss) for the financial year												17,048	(60,613)
Segment assets	892,362	873,113	661,190	647,276	1,107,316	1,025,317	1,568,414	1,637,769	(2,166,373)	(2,219,484)	C	2,062,909	1,963,991
Segment liabilities	631,434	574,583	631,072	635,850	639,925	844,474	731,008	852,352	(1,294,680)	(1,692,373)	D	1,338,759	1,214,886
Other information:													
Management fee expense/ (income)	–	–	120	–	9,828	13,618	(9,948)	(13,618)	–	–		–	–
Depreciation expense (include right-of-use assets)	7,499	6,665	2,941	2,694	20,862	21,240	1,173	1,264	199	–		32,674	31,863
Fair value gain on investment properties	–	–	–	–	(1,651)	(793)	–	–	–	–		(1,651)	(793)
Fair value gain on biological assets	(6,777)	(3,454)	–	–	–	–	–	–	–	–		(6,777)	(3,454)
Unrealised fair value (gain)/ loss on open forward commodity contracts and adjustment on inventories	(1,347)	4,481	(9,022)	7,001	(3,542)	2,510	–	–	–	–		(13,911)	13,992
Capital expenditure on property, plant and equipment	3,143	8,375	91	322	4,397	7,506	224	346	–	–		7,855	16,549
Capital expenditure on plantation assets	17,162	17,518	–	–	3,090	321	–	–	–	–		20,252	17,839

35. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment revenues are eliminated on consolidation.

B. Management fee is eliminated on consolidation.

C. Elimination on investment in subsidiaries and intercompany balances.

D. Elimination on intercompany balances.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets including intangible assets, property, plant and equipment, plantation related properties, biological assets, investment properties, deferred charges and other assets) by geographical location are detailed below:

	Group	
	2021	**2020**
	US$'000	US$'000
Sales of natural rubber		
Singapore	81,245	80,963
Asia (excluding Singapore and China)	687,666	478,505
China	832,072	494,731
USA/Canada	258,644	310,757
Europe	539,329	289,539
Others	60,865	54,291
	2,459,821	1,708,786

The table above shows the Group's revenue by geographical locations based on the origin of the customers' ultimate parent company.

	Group	
	2021	**2020**
	US$'000	US$'000
Non-current assets		
Singapore	72,348	76,761
Asia	538,329	558,238
Africa	552,203	559,722
Europe	26,618	28,001
Others	15,094	16,957
	1,204,592	1,239,679

Non-current assets presented above includes intangible assets, property, plant and equipment, plantation related properties, biological assets, investment properties, deferred charges, loans and other receivables, investment in associates and other assets as presented in the consolidated statement of financial position.

36. Fair value of assets and liabilities

(a) *Fair value hierarchies*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2021 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	23,317	–	–	23,317
Financial assets as at 31 December 2021	**23,317**	**–**	**–**	**23,317**
Non-financial assets:				
Inventories	–	472,543	–	472,543
Biological assets	–	–	360,863	360,863
Investment properties	–	–	42,169	42,169
Non-financial assets as at 31 December 2021	**–**	**472,543**	**403,032**	**875,575**
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	2,647	–	–	2,647
Financial liabilities as at 31 December 2021	**2,647**	**–**	**–**	**2,647**

36. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Group 2020 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	15,854	–	–	15,854
Financial assets as at 31 December 2020	**15,854**	–	–	**15,854**
Non-financial assets:				
Inventories	–	362,029	–	362,029
Biological assets	–	–	355,378	355,378
Investment properties	–	–	43,584	43,584
Non-financial assets as at 31 December 2020	–	**362,029**	**398,962**	**760,991**
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	7,498	–	–	7,498
Financial liabilities as at 31 December 2020	**7,498**	–	–	**7,498**

36. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Company 2021 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	3,976	–	–	3,976
Financial assets as at 31 December 2021	**3,976**	**–**	**–**	**3,976**
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	4,300	–	–	4,300
Financial liabilities as at 31 December 2021	**4,300**	**–**	**–**	**4,300**

	Company 2020 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Assets measured at fair value				
Financial assets:				
Derivative financial instruments	10,578	–	–	10,578
Financial assets as at 31 December 2020	**10,578**	–	–	**10,578**
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial instruments	10,335	–	–	10,335
Financial liabilities as at 31 December 2020	**10,335**	–	–	**10,335**

36. Fair value of assets and liabilities (cont'd)

(c) *Level 2 fair value measurements*

The fair value of inventories (except consumables) are calculated using quoted prices in relevant commodity exchanges at the end of the reporting period, making adjustments according to the stage of production of the inventories, port of loading, and grades of products. Where such prices are not available, the Group uses valuation models to determine the fair values based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period.

(d) *Level 3 fair value measurements*

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Biological assets

The fair value of the Group's major biological assets has been determined based on valuations by an independent professional valuer using the discounted cash flow valuation approach. The most significant inputs into the discounted cash flow valuation approach are the average annual yield and discount rate. The fair value of biological assets is computed using the following:

	2021	**2020**
Malaysia		
Average annual yield for rubber trees in Malaysia plantation (Metric tonne per hectare)	1.2	1.7
Discount rate for rubber trees in Malaysia plantation (%)	11.0	11.0
Cameroon		
Average annual yield for rubber trees in Cameroon plantation (Metric tonne per hectare)	1.7 – 2.0	1.7 – 2.0
Discount rate for rubber trees in Cameroon plantation (%)	13.0	13.0

An increase in average annual yield per hectare will result in an increase to the fair value of biological assets, while an increase in discount rate will result in a decrease of estimated fair value.

At the end of the reporting period, a 1.0% increase/decrease in average annual yield will increase/decrease the fair value of biological asset by US$7,418,000 and a 0.5% increase/decrease in discount rate will decrease/increase the fair value of biological asset by US$20,459,000 for Cameroon plantations.

36. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Investment properties

The fair value of the Group's investment properties has been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property location, accessibility, topography, facilities and utilities, size and date of transaction.

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

		2021	
	Biological assets	**Investment properties**	**Total**
	US$'000	US$'000	US$'000
Group			
Opening balance	355,384	43,584	398,968
Fair value gain recognised in profit or loss	6,777	1,651	8,428
Additions	25,167	–	25,167
Depreciation for the year	(2,599)	–	(2,599)
Disposals	–	(815)	(815)
Reclassification	779	–	779
Exchange differences	(24,645)	(2,251)	(26,896)
Closing balance	360,863	42,169	403,032

		2020	
	Biological assets	**Investment properties**	**Total**
	US$'000	US$'000	US$'000
Group			
Opening balance	299,466	44,718	344,184
Fair value gain recognised in profit or loss	3,454	793	4,247
Additions	25,602	–	25,602
Depreciation for the year	(1,862)	–	(1,862)
Reclassification to assets of disposal classified as held-for-sale (Note 23)	–	(1,680)	(1,680)
Reclassification	3,147	–	3,147
Exchange differences	25,577	(247)	25,330
Closing balance	355,384	43,584	398,968

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2021 and 31 December 2020.

36. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation of biological assets and investment properties. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(e) Fair value of financial instruments not measured at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances (Note 18), trade receivables (Note 19), loans and other receivables (Note 20), trade payables (Note 24), other payables (Note 25), and loan payables (Note 26) approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the statement of financial position date.

37. Dividends on ordinary shares

The Group has not paid dividend on ordinary shares during the Financial Year 2021 and 2020.

38. Capital management

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is required to comply with loan covenants imposed by the lenders, unless it is specifically waived by the lenders. This externally imposed requirement has been complied with by the Group in financial year ended 31 December 2020 and 31 December 2021, with the exception of loans of certain subsidiaries for financial year ended 31 December 2021. As at 31 December 2021, the subsidiaries obtained waivers from the banks for bank loans with carrying amount of US$187,000,000 (2020: US$180,861,000) for the non-fulfilment of financial covenants.

The capital structure of the Group comprises only of issued capital and retained earnings. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The Group is committed to a sustainable dividend policy that ensures its capital allocation is being decided in a way that delivers long-term, sustainable returns. In considering the level of dividend payments, the Board will consider all of the above factors and strive to ensure that its capital allocation are being decided in a way that delivers long-term, sustainable returns. As at 31 December 2021, the Board does not recommend dividend as it deems that it is appropriate to retain and reinvest such earnings in the Group, to allow greater flexibility on capital management and ensure availability of financial resources to respond to temporary disruptions and to aid in medium-term recovery.

38. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net borrowing divided by total equity. The Group includes within net borrowing, loans and borrowings, lease liabilities, adjusted for working capital items.

	Group	
	2021	2020
	US$'000	US$'000
Loan payables (Note 26)	1,086,918	1,011,585
Lease liabilities (Note 31)	10,927	12,010
Total borrowing	1,097,845	1,023,595
Adjust for: Working capital items		
- Trade receivables (Note 19)	(165,059)	(157,385)
- Inventories (Note 22)	(496,976)	(389,252)
- Cash and bank balances (Note 18)	(33,396)	(45,722)
- Trade payables (Note 24)	57,449	33,178
Adjusted net borrowing	459,863	464,414
Total equity	724,150	749,105
Adjusted gearing ratio	0.64	0.62

39. Event occurring after the reporting period

In December 2021, Tropical Rubber Côte d'Ivoire S.A. ("TRCI"), a subsidiary of the Group has entered into various SPA for the disposal of an aggregate of 54.5 hectares of plantation land.

As disclosed in Note 16, TRCI has disposed 3 hectares of the aforementioned plantation land. The disposal of the remaining 51.5 hectares will be completed in the financial year 2022 upon fulfilment of all the terms and conditions of the sale and purchase agreements and expects to realise a gain of approximately US$10.6 million.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 30 March 2022.

Statistics Of Shareholdings

As at 22 March 2022

Issued and paid–up share capital	:	S$952,655,008.46
Number of issued shares	:	1,595,011,941
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights on a poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2,017	19.17	117,426	0.01
100 – 1,000	3,320	31.55	1,422,464	0.09
1,001 – 10,000	3,455	32.83	14,952,238	0.94
10,001 – 1,000,000	1,695	16.11	95,494,431	5.98
1,000,001 and Above	36	0.34	1,483,025,382	92.98
TOTAL	**10,523**	**100.00**	**1,595,011,941**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	SINOCHEM INTERNATIONAL (OVERSEAS) PTE LTD	877,056,655	54.99
2.	UOB KAY HIAN PRIVATE LIMITED	167,673,920	10.51
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	93,740,429	5.88
4.	GMG HOLDING (H.K.) LIMITED	72,922,374	4.57
5.	CREDENCE CAPITAL FUND II (CAYMAN) LIMITED	52,500,000	3.29
6.	DBS NOMINEES (PRIVATE) LIMITED	47,080,570	2.95
7.	OCBC SECURITIES PRIVATE LIMITED	43,468,436	2.73
8.	RAFFLES NOMINEES (PTE.) LIMITED	19,496,094	1.22
9.	PANWELL (PTE) LTD	11,601,183	0.73
10.	NOMURA SINGAPORE LIMITED	11,211,047	0.70
11.	ANDREW TREVATT	9,005,266	0.56
12.	PHILLIP SECURITIES PTE LTD	7,894,295	0.49
13.	CHONG GEORGE	6,328,000	0.40
14.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	5,726,101	0.36
15.	COFFEE EXPRESS 2000 PTE LTD	5,500,000	0.34
16.	ALLPLUS HOLDINGS PTE LTD	5,139,750	0.32
17.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,661,849	0.29
18.	BESCHIZZA LEONARD PETER SILVIO	4,003,000	0.25
19.	MAYBANK SECURITIES PTE. LTD.	3,735,677	0.23
20.	GE JIANMING	3,550,347	0.22
	TOTAL	**1,452,294,993**	**91.03**

Statistics Of Shareholdings

As at 22 March 2022

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Sinochem International (Overseas) Pte. Ltd.	877,056,655	54.99	–	–
Sinochem International Corporation (1)	–	–	877,056,655	54.99
Sinochem Corporation (1)	–	–	877,056,655	54.99
Sinochem Group (1)	–	–	877,056,655	54.99
Sinochem Holdings Corporation Ltd. (1)	–	–	877,056,655	54.99
China–Africa Agrichemical Investment Corporation Limited	162,864,000	10.21	–	–
China–Africa Development Fund (2)	–	–	162,864,000	10.21
Mieke Bintati Gondobintoro	859,329	0.05	84,523,557(3)	5.30
Jeffrey Gondobintoro	639,642	0.04	84,523,557(3)	5.30

Notes:

(1) Each of Sinochem International Corporation, Sinochem Corporation, Sinochem Group and Sinochem Holdings Corporation Ltd. is deemed interested in the shares held by Sinochem International (Overseas) Pte. Ltd. ("SIO"), by virtue of its controlling interest in SIO.

(2) China–Africa Development Fund is deemed interested in the shares held by its wholly owned subsidiary, China–Africa Agrichemical Investment Corporation Limited.

(3) Mieke Bintati Gondobintoro and Jeffrey Gondobintoro are deemed interested in the 11,601,183 shares held by Panwell (Pte) Ltd and 72,922,374 shares held by GMG Holding (H.K.) Limited.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2022, approximately 28.81% of the issued ordinary shares of the Company is held by the public. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

This page has been intentionally left blank.

HALCYON

HALCYON AGRI CORPORATION LIMITED
180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922
www.halcyonagri.com

Halcyon Agri
@HalcyonAgri
合盛 Halcyon Agri

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001507

cre8 Tel: (65) 63278398