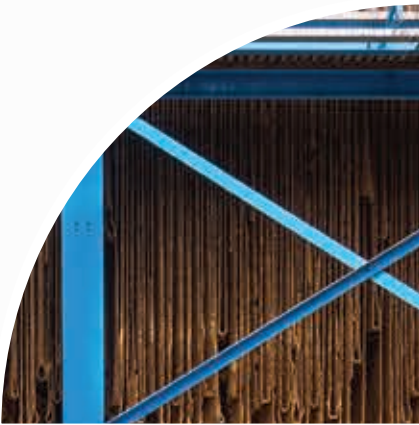




SUSTAINABILITY LEADER IN NATURAL RUBBER

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CORPORATE REPORT
2023



20 23



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About The Report

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

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

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

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Halcyon Agri



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合盛 Halcyon Agri



VISION STATEMENT

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



OUR PILLAR OF 360° EXCELLENCE

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

Customer Excellence

Strengthen our position as preferred supplier to our customers



Operational Excellence

Relentless improvement of quality and efficiency



Corporate Excellence

Establish industry leadership based on ESG principles



Financial Excellence

Facilitate allocation of resources to achieve our corporate objectives and our stakeholders' expectations



Halcyon Agri At A Glance

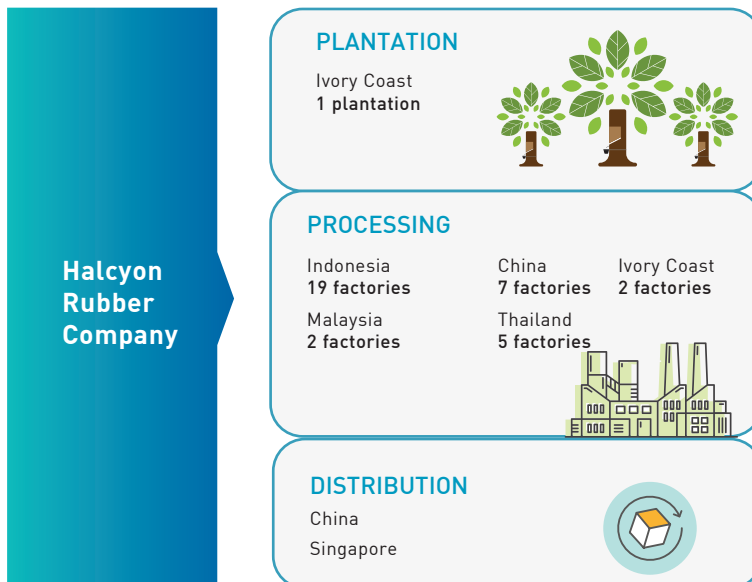
Our Global Franchise



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

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

Halcyon Rubber Company (HRC Group)

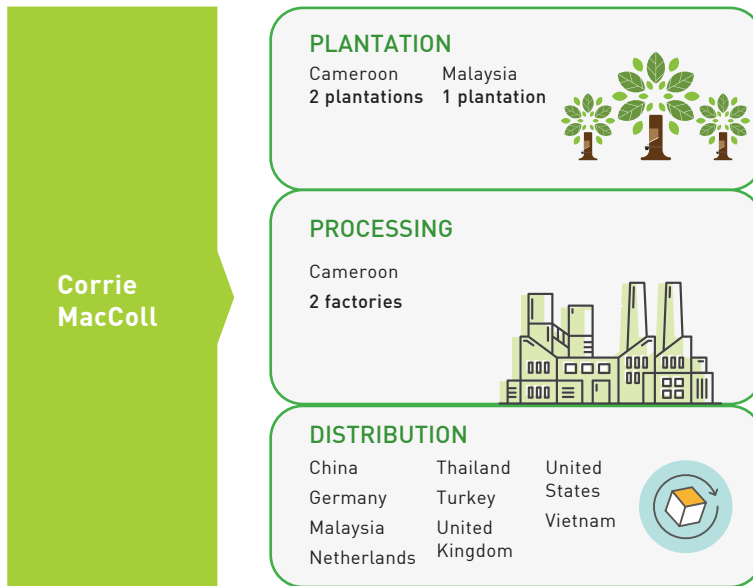


A pre-eminent supplier of natural rubber to the global tyre fraternity, HRC Group owns and operates 35 factories with wide-ranging approvals from the tyre majors. The factories are located across the key rubber origins, including Indonesia, Malaysia, China, Thailand and Ivory Coast, and they have attained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

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

HRC Group also owns a rubber plantation in Ivory Coast which supplies raw material into own factories locally.

Corrie MacColl (CMC Group)



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

CMC Plantations (CMCP)

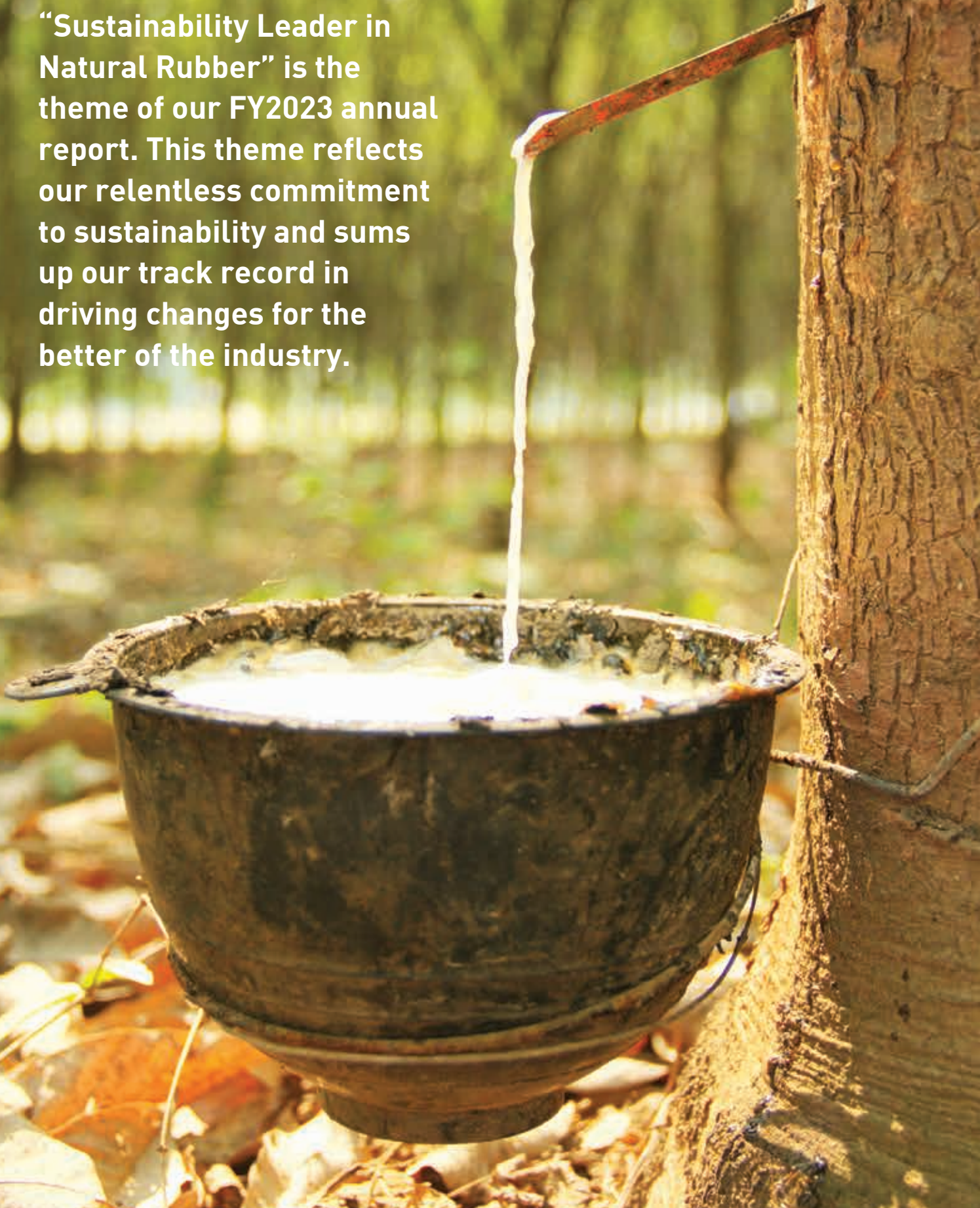
CMCP is the owner of one of the largest commercially owned and operated rubber plantations located in Cameroon, and also another smaller scale plantation in Malaysia. As CMCP progressively opens up its immature areas for tapping, there are less than half of CMCP’s planted areas that remain immature currently. The plantation business is a long-term investment as each planted rubber tree takes an average of five to seven years before yielding the first drop of latex, and will go on to be productive for the next 30 years. As the plantation overheads are mostly fixed in nature, the time passage will lead to the ramping up of plantation yields and improvement in the absorption of fixed costs.

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

CMC International (CMCI)

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

“Sustainability Leader in Natural Rubber” is the theme of our FY2023 annual report. This theme reflects our relentless commitment to sustainability and sums up our track record in driving changes for the better of the industry.



Chief Executive Officer's Review

Dear Stakeholders,

I am pleased to present the annual report of Halcyon Agri Corporation Limited ("Halcyon Agri") for the financial year ended 31 December 2023 ("FY2023").

"Sustainability Leader in Natural Rubber" is the theme of our FY2023 annual report. This theme reflects our relentless commitment to sustainability and sums up our track record in driving changes for the better of the industry. Sustainability has been the core of Halcyon Agri since its establishment and will continue to be the driving force behind the Group's growth in the near future, strengthening our position as the leading natural rubber franchise.

FY2023 Highlights

FY2023 is a very eventful year to say the least. Despite an overall challenging macro-environment during the year, we have managed to accomplish several milestones that set the foundation for Halcyon Agri's future growth:

- Facilitated the entry of the new majority shareholder, China Rubber Investment Group Company Limited ("Hainan Rubber Group" or "HRG"), after the completion of the 36% share purchase from Sinochem International (Overseas) Pte Ltd ("Sinochem") and HRG obtaining an additional 32.1% stake through the Mandatory Cash Offer exercise. On behalf of Halcyon Agri, I would like to record our appreciation to Sinochem for their support over the past 7 years, and we look forward to continue engaging them as our strategic shareholder.
- Kick-started the integration of our business with that of HRG. The initial results are positive, as we are able to enhance our market presence and tap into HRG's enlarged network, especially in the China domestic market, to scale up. As a result, the Group's sales volume increased from 1,436,012 MT to 1,920,064 MT year-on-year. This translates to 13% of natural rubber consumption globally.

- Completed the debt refinancing exercise in 2023 to address the loan facilities that contained Change in Control clauses, and "reset" our financing structure, through a mix of new external loans and shareholders' loans.
- On 12 March 2024, I was appointed as the new Chief Executive Officer, taking over the helm from Mr Li Xuetao. As I step into the role, I intend to build upon the existing foundation, drive Halcyon Agri to greater heights, and maximise the value to our stakeholders.

Financial Review

Financial results overview

US\$ million unless otherwise stated	FY2023	FY2022
Sales volume (MT)	1,920,064	1,436,012
Revenue	2,900.8	2,692.8
Average selling price (US\$ per MT)	1,511	1,875
Gross profit	146.2	170.8
Unit gross profit (US\$ per MT)	76	119
Operating (loss)/profit	(18.3)	41.1
Net financing costs	(60.0)	(33.0)

Sales Volume

As aforementioned, the increase in sales volume is driven by the positive impact of integration with HRG, whereby we have tapped into a larger network of customers particularly within the domestic China market. This has set off the impact of demand slowdown at the international market as observed during the year.

Our sales volume represents 13% of global natural rubber consumption.

Revenue and Average Selling Price

The Group's total revenue inched up by 7.7% year-on-year, from US\$2.7 billion in FY2022 to US\$2.9 billion in FY2023, which is in line with the higher sales volume. On the other hand, the increase was set off by a reduction in the Average Selling Price, which dropped from US\$1,875 to US\$1,511 per MT, which is in line with the average market prices during the period.

We continuously review and calibrate our sales mix to balance between realisation of product margins, and ensuring the optimisation of our factory operations.

Gross Profit

The Group is battling the effects of margin compression caused by the impact of lower market prices during the year as well as rather resistant raw material intake costs during the year, further compounded by the price-driven effect of under-absorption of plantation costs. This is evident in the decrease in the unit gross profits. In response, the Group ramped up its trading business to generate the margin spread to partially cover these shortfalls. Overall, the gross profit of the Group reduced to US\$146.2 million, from US\$170.8 million previously.

Operating (Loss)/Profit

Operationally, the Group slipped into the red in FY2023, incurring an operating loss of US\$18.3 million, down from an operating profit of US\$41.1 million in FY2022. In addition to the reduction in gross profits, during the year, the Group incurred several one-off charges in its P&L to address its legacy items, amounting to US\$34.9 million, which are no longer expected to recur.

Net financing costs

In FY2023, the Group has taken a full-year impact of the interest rate hikes that were done progressively in FY2022 and has seen its net financing costs almost double. Nonetheless, the Group's total loans have remained at around US\$1.1 billion level, despite the increase in working capital requirement, as the Group has accelerated its working capital turnover to minimise the usage of loans.

Chief Executive Officer's Review

Performance by segment

US\$ million unless otherwise stated	CMCP		CMCI		HRC		Corporate		Total Group	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Sales volume (kMT)	22.7	28.0	285.8	331.8	1,671.7	1,154.8	–	–	1,920.0	1,436.0
Revenue	33.4	50.6	559.6	799.8	2,391.8	1,975.0	12.8	12.4	2,900.8	2,692.8
Third party	1.7	2.3	559.3	799.8	2,339.8	1,890.7	–	–	2,900.8	2,692.8
Intersegment	31.7	48.3	0.3	–	52.0	84.3	12.8	12.4	–	–
Gross profit	(8.7)	5.8	69.5	85.2	85.8	80.2	12.8	12.4	146.2	170.8
Operating profit	(34.5)	(18.1)	31.0	45.9	11.8	15.4	(24.9)	(1.9)	(18.3)	41.1

Note: Intersegment eliminations are not presented.

CMC Plantations (CMCP Group)

Despite the increase in plantation yields (FY2022: 24,071 MT; FY2023: 25,301 MT), the sales volume and revenue of the segment decreased during the year due to lacklustre market demand and lower prices, which directly impacted the bottom line.

Furthermore, to continue to facilitate future growth in terms of yield and profitability, CMCP opens up new tapping areas in FY2023 and optimises its cost structure to remain competitive.

CMC International (CMCI Group)

The 13.8% reduction in sales volume reflects the demand slowdown in the international non-tyre market, especially in the US and Europe regions. Gross profit decreased by 18.4% year-on-year in line with the trend in sales volume and market prices, also due to re-emergence of market competitions which affected the margins.

Halcyon Rubber Company (HRC Group)

This segment was the main beneficiary of the integration effect with HRG in FY2023, achieving a higher sales volume. On the other hand, due to the margin compression issue faced at natural rubber origins, this segment has ramped up its trading volumes, generating margin spread to cover the shortfalls.

Corporate

Operating losses increased year-on-year due to the impact of one-off losses pertaining to the expected credit losses, upon the finalisation of the final amount of the loan receivables. Other than that, the Group continues to seek cost efficiency amid a challenging operating environment.

Financial position

US\$ million unless otherwise stated	FY2023	FY2022
Net working capital assets ¹	495.2	557.1
Cash and cash equivalents	48.3	118.7
Loan receivables	47.1	64.3
Total net working capital employed	590.6	740.1
Working capital loans	615.0	679.1
% Efficiency of Working Capital Funding	104.1%	91.8%
Operational long-term assets ²	1,043.8	1,022.7
Non-core assets ³	41.2	40.7
Other borrowings	118.9	464.4
% Fixed Asset Gearing	11.0%	43.7%
Shareholders' loans	376.0	–
Total equity	565.7	660.0

Balance sheet metrics:	FY2023	FY2022
Net asset value per share	US\$0.35	US\$0.41
Total Liabilities-to-Assets Ratio	71%	67%
Cash conversion days	65 days	81 days
Accounts receivables days	17 days	21 days
Accounts payable days	6 days	5 days
Inventory days	54 days	66 days

The Group's net assets have reduced from US\$660.0 million to US\$565.7 million during the year due to the financial losses during the year.

Working capital funding efficiency increased to 104.1% in December 2023, due to a temporary mismatch of financing tenor which resulted in short-term loans being raised to redeem long-term facilities. In supporting the transition period, our major shareholders have jointly provided a US\$376 million loan, and the Group will continue to work with them in strengthening our overall financial resilience.

Fixed asset gearing has reduced from 43.7% to 11.0%, mainly due to the repayment of the long-term debts during 2023 refinancing exercise.

⁽¹⁾ Net working capital assets for the Group are defined as the sum of operational trade and other receivables, net derivative assets, inventories, assets held for sale, net off against trade and other payables.

⁽²⁾ Operational long-term assets of the Group are defined as intangible assets, PPE, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.

⁽³⁾ Non-core assets mainly made up of investment properties.

Cash flows

US\$ million unless otherwise stated	FY2023	FY2022
Operating cash flow before working capital changes	19.2	56.5
Changes in working capital	24.2	19.2
Interest received	2.0	0.9
Tax paid	(17.3)	(7.0)
Net cash flow from operating activities	28.1	69.6
Net cash flow from investing activities	16.4	5.4
Net cash flow from financing activities	(115.1)	12.2
Net changes in cash and cash equivalents	(70.6)	87.1

Operating cash flows

Despite the financial losses, the Group continues to generate positive cash flow operationally, which is a testament to its working capital management strategy and the cash-generating capabilities of its core operations.

Investing cash flows

Net cash inflow increased during this year as the Group intensified its disposal of non-core assets to reduce its leverage and replenish its working capital liquidity.

Financing cash flows

The Group turned into a net cash outflow position this year due to higher interest paid, in line with the movement of interest rates, as well as paring down of the Group's loans using the proceeds from working capital and deleveraging activities.

Future Outlook

After a long period of sluggishness, the natural rubber price indices have improved gradually since the third quarter of 2023, with SICOM TSR20 now trending at a range of US\$1,600 – US\$1,650 per MT. While there is a factor of supply shortage particularly noted in Thailand and Indonesia, the downstream demand has also been holding up despite a volatile macroeconomic environment, proving its resilience.

In 2024, the macroeconomic conditions are generally expected to remain uncertain, and we believe they hinge on a few major factors:

- The continuation of a high interest rate environment, and the timing and magnitude of interest rate cut by the Federal Reserve, if there is any;
- Developments in the geopolitical tensions in Eastern Europe and the Middle East;
- China's economic conditions after the meltdown in its real estate industry.

Concurrently, a major wave of change is happening within the natural rubber industry: The introduction of the EU Deforestation Regulation (EUDR), with an effective date of 30 December 2024. EUDR aims to curb the environmental impact of the EU market, and this regulations will require extensive due diligence on product sourcing, including geolocating all plots of land where the rubber was sourced. This brings an enhanced focus towards the traceability and sustainability of natural rubber supply chain, and we have also observed a heightened interest from customers in traceable natural rubber products. The Group, having established its traceability infrastructure to address these requirements, will continue to work closely with its customers to comply with the regulations.

All factors considered, despite a rather uncertain macro-outlook, positive developments within the natural rubber industry will augment downstream demand. The Group remains cautiously optimistic about its near-term prospects.

Note of Appreciation

As I take the helm of Halcyon Agri, I would like to express my sincere appreciation to the former CEO, Mr Li Xuetao. His leadership in steering the Group through the effects of the COVID-19 pandemic and facilitating the integration with HRG will not go unappreciated. I wish him all the best in his future endeavours.

On behalf of Halcyon Agri, I would also like to take this chance to thank my fellow directors who stepped down during FY2023 for their contribution: Mr Liu Hongsheng, Mr Liew Choon Wei, Mr Qin Jinke and Mr Simon Lam Chun Kai. On the other hand, I would like to welcome the new directors that came on board and I look forward to work together with them: Mr Zhang Daqiang, Mr Xu Xingbin and Ms Fan Xiaohong.

Concluding Thoughts

In closing, I would like to express my appreciation to all members of the Halcyon Agri team for their dedication and commitment to the Group. On behalf of the Group, I would also like to thank our Board of Directors, our banking and commercial partners, and all other stakeholders for your continued trust and support. I believe our best years are ahead.

Sun Weiliang
Executive Director and CEO

Board Of Directors



Sun Weiliang
Executive Director,
Chief Executive Officer

Mr Sun Weiliang is the Executive Director and Chief Executive Officer of Halcyon Agri Corporation Limited. He joined the Board as Non-Executive Director in April 2023 and was re-designated as the Executive Director and Chief Executive Officer in March 2024. As Chief Executive Officer, Mr Sun is in charge of formulating and executing the business strategy of the Group, and overseeing its day-to-day management.

Before joining Halcyon Agri, Mr Sun was the Chief Financial Officer of China Hainan Rubber Industry Group Co., Ltd, a position he held since 2021 until his appointment as the Chief Executive Officer of Halcyon Agri.

Mr Sun holds a Bachelor of Economics from Hangzhou Electronic Industrial College.



Zhang Daqiang
Executive Director,
Chief Strategy Officer

Zhang Daqiang is an Executive Director appointed to the Board in 2023 and also assumes the role of Chief Strategy Officer in Halcyon Agri.

Mr Zhang was a Business Director in China Hainan Rubber Industry Co., Ltd. since 2020, with extensive experience in enterprise market risk, credit risk management systems, internal control systems and enterprise risk management.

He received his Bachelor of Economics from Shanxi Finance & Economics College and his Master's Degree from Capital University of Economics and Business.



Eddie Chan Yean Hoe
Independent Director

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

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

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



Huang Xuhua
Independent Director

Mr Huang Xuhua is an Independent Director appointed to the Board in 2021 and serves as the Chairman of the Nominating Committee. He also sits on the Audit Committee and Remuneration Committee. He has over 30 years of experience in corporate and commercial laws, and specialises in mergers and acquisitions, joint ventures, cross-border investments and private equity transactions.

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

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

Board Of Directors



Latha Eapen K Mathew
Independent Director

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

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

Ms Eapen is a Certified Taxation Accountant. She is a member of Singapore Chartered Tax Professionals, Institute of Singapore Chartered Accountants and CPA Australia. She received Bachelor of Accountancy from the University of Singapore.



Liu Yongsheng
Non-Executive Director

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

- Deputy General Manager of the Finance Department (Sinochem International)
- Director of Capital & Treasury (Sinochem International)
- Deputy Finance Controller of Rubber BU (Sinochem International)
- Chief Finance Officer (Sinochem GMG Global, Cameroon SUDCAM)
- Finance Controller (Sinochem GMG Global, Thailand TBH)
- Finance Manager (Sinochem International)

Mr Liu holds a Bachelor of Administration, Shanghai University of Finance & Economics and a Master of Business Administration from Shanghai Jiaotong University.



Xu Xingbin
Non-Executive Director

Mr Xu Xingbin is a Non-Executive Director appointed to the Board in 2023. Mr Xu has been with Sinochem International Corporation for about 10 years and is now its General Manager of the Strategy Development Department. He has held various senior positions including:

- Vice General Manager, Strategy Development Department (Sinochem International)
- General Manager, Strategy Management Department (Sinochem International)
- Vice General Manager (Sinochem International Corp Care Co., Ltd)
- Vice General Manager (Sinochem Agro Co., Ltd)

Mr Xu received his Bachelor of Economics from Wuhan University and his Master of Business Administration from Shanghai Jiaotong University.



Fan Xiaohong
Non-Executive Director

Ms Fan Xiaohong was appointed to the Board in April 2024 as a Non-Executive Director and also sits on the Audit Committee. She is currently the General Manager of Operation and Risk Control Department of China Hainan Rubber Industry Group Co., Ltd, overseeing the operational management as well as risk management framework of its subsidiaries.

Ms Fan graduated from Sichuan Agricultural University, holding a bachelor's degree and a master's degree.

Senior Management



Jeremy Loh
Chief Financial Officer

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

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

Mr Loh holds a Bachelor's Degree in Accounting from Monash University Australia.



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

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

Mr Trevatt is currently the Chief Commercial Officer for CMC Group and is responsible for implementing and managing its overall commercial and sales strategies.



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

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

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

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

Risk Management

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

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

RISK	CAUSE	IMPACT	MITIGATION MEASURES
PRICE RISK Fluctuations in the price of natural rubber and rubber products	<ul style="list-style-type: none"> Weather, political and geopolitical changes, futures market activities and currency movements Overstocking of inventories 	<ul style="list-style-type: none"> Price volatility directly impacts the Group's profitability/performance 	<ul style="list-style-type: none"> Utilise forward physical contracts and/or derivatives to manage the Group's open positions Daily reports on market positioning and mark-to-market prices to facilitate the Group's decision making
CREDIT AND COUNTERPARTY RISK Customers' default and counterparty's failure to meet contractual obligations	<ul style="list-style-type: none"> Adverse market movements and volatile market price Inadequate screening of the customer and counterparty Inadequate monitoring of outstanding contracts and/or receivables 	<ul style="list-style-type: none"> Customer defaults resulting in loss of revenue Breach of counterparty obligation resulting in additional costs 	<ul style="list-style-type: none"> Transact only with credit-worthy customers or counterparties Periodic review of credit terms granted against collaterals obtained Periodic review of limit granted against the utilisation of credit limits and transaction limits Review the adequacy of credit insurance to protect against potential default Monitor Mark-to-Market positions of all open contracts
LIQUIDITY RISK Insufficient liquidity to consistently meet obligations as well as to cater to changing business models	<ul style="list-style-type: none"> Longer-than-expected working capital cycle Banks reduce or cancel banking facilities Mismatch between asset acquisitions with tenure of funding obtained 	<ul style="list-style-type: none"> Insufficient working capital resulting in inability to meet obligations on time, disruptions to operations or even impacts ability of the Group to meet its business objectives 	<ul style="list-style-type: none"> Manage liquidity by matching between sources of funds and intended purpose Maintain sufficient headroom on unutilised committed banking facilities at all times Monitor and continually optimise working capital cycle
INTEREST RATE RISK Fluctuation in interest rate for loans and borrowings	<ul style="list-style-type: none"> Macroeconomic outlook, currency movements, political and geopolitical disruptions 	<ul style="list-style-type: none"> Interest rate hikes could increase the Group's financing costs and negatively impact the Group's results as well as liquidity Missing opportunities on securing financing at favourable interest rates 	<ul style="list-style-type: none"> Align cash availability with repayment terms of facilities Actively monitor interest rate trends Monitor and continually optimise working capital cycle Cost of financing factored in the selling price
FOREIGN EXCHANGE RISK Fluctuation in forex rates	<ul style="list-style-type: none"> Macroeconomic outlook, political and geopolitical changes 	<ul style="list-style-type: none"> Inadequate hedging and unfavourable movements in exchange rates resulting in forex losses 	<ul style="list-style-type: none"> Monitor exchange rate movements and unhedged foreign currency exposure on an ongoing basis Employ hedging instruments to manage exposure

Risk Management

RISK	CAUSE	IMPACT	MITIGATION MEASURES
BIOLOGICAL ASSETS RISK Suboptimal performance of biological assets	<ul style="list-style-type: none"> Unpredictable planting/replanting conditions (e.g. soil and weather conditions, plant diseases and pests) Extreme weather conditions/animal intrusions causing damages to trees 	<ul style="list-style-type: none"> Inefficient asset utilisation and loss of profits as the Group would have to procure from third party sources to make up for the suboptimal yield of existing trees 	<ul style="list-style-type: none"> In-house team of experienced plantation team, supported by the services of qualified professionals as required for planting/replanting matters Periodic review of open positions between Sales Contracts and inventory levels Periodic review of actual versus budget yield from plantations
SOCIAL AND POLITICAL RISK Risk of changes in socio-economic and political climate	<ul style="list-style-type: none"> Socio-economic and political development (e.g. issues of labour laws, human rights, environmental protection) that have serious impact on local population 	<ul style="list-style-type: none"> Improper management of such issues could negatively affect the Group's reputation Disruptions to operation resulting in deviations from expected financial performance 	<ul style="list-style-type: none"> Leverage the expertise and knowledge of local management and consultants to actively monitor the social and political risks Diversify operations from different countries Sales contracts provide terms allowing substitution of similar products from other sources
LEGAL AND COMPLIANCE RISK The Group operates in many different geographic locations with diverse cultures and local customs	<ul style="list-style-type: none"> Not being updated with changes of legal and regulatory requirements in respective geographical locations 	<ul style="list-style-type: none"> Failure to comply with local laws and regulations may result in the Group being involved in litigations pertaining to claims and disputes Penalties/fines, disruptions to operations or even cessation of business from revocation of licenses Negative impact of the Group's reputation 	<ul style="list-style-type: none"> Maintain active communication with internal and external legal advisors Proactively engage in discussions with local governments, regulators and industry leaders Policies and procedures aligned with local regulations are in place and communicated to all employees for compliance Grievance procedure and whistleblowing policy in place to provide internal/external stakeholders avenue to report on compliance issues
TAX AND COMPLIANCE RISK Risk in determination of our tax entitlement and obligation	<ul style="list-style-type: none"> Uncertainty regarding the application and interpretation of tax laws; not updated with changes in tax rules given the size and vast geographic scope of our operations 	<ul style="list-style-type: none"> Failure to comply with tax rules which result in additional taxes, interest and penalties payable 	<ul style="list-style-type: none"> Deploy proper resources, either with employees of relevant technical expertise and with adequate local knowledge or engagement of external advisors or both where necessary In situations where there is inconsistent interpretation of tax laws, proactively engage with the relevant tax authorities to ensuring tax issues can be resolved as equitably in a timely and cost effective manner

Corporate Information

BOARD OF DIRECTORS

Sun Weiliang *(Executive Director and Chief Executive Officer)*
Zhang Daqiang *(Executive Director and Chief Strategy Officer)*
Eddie Chan Yean Hoe *(Independent Director)*
Huang Xuhua *(Independent Director)*
Latha Eapen K Mathew *(Independent Director)*
Liu Yongsheng *(Non-Executive Director)*
Xu Xingbin *(Non-Executive Director)*
Fan Xiaohong *(Non-Executive Director)*

AUDIT COMMITTEE

Eddie Chan Yean Hoe *(Chairman)*
Latha Eapen K Mathew
Huang Xuhua
Liu Yongsheng
Fan Xiaohong

REMUNERATION COMMITTEE

Eddie Chan Yean Hoe *(Chairman)*
Huang Xuhua
Sun Weiliang

NOMINATING COMMITTEE

Huang Xuhua *(Chairman)*
Eddie Chan Yean Hoe
Sun Weiliang

COMPANY SECRETARY

Wong Teck Kow

REGISTERED OFFICE AND CORPORATE HEADQUARTERS

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

INVESTOR RELATIONS

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

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China CITIC Bank International Limited
Bank of Communications Co. Ltd
Wells Fargo Bank
Bank of Shanghai
China Everbright Bank Co., Ltd.
Bank of Beijing
Export-import Bank of China
Deutsche Bank
Afriland First Bank

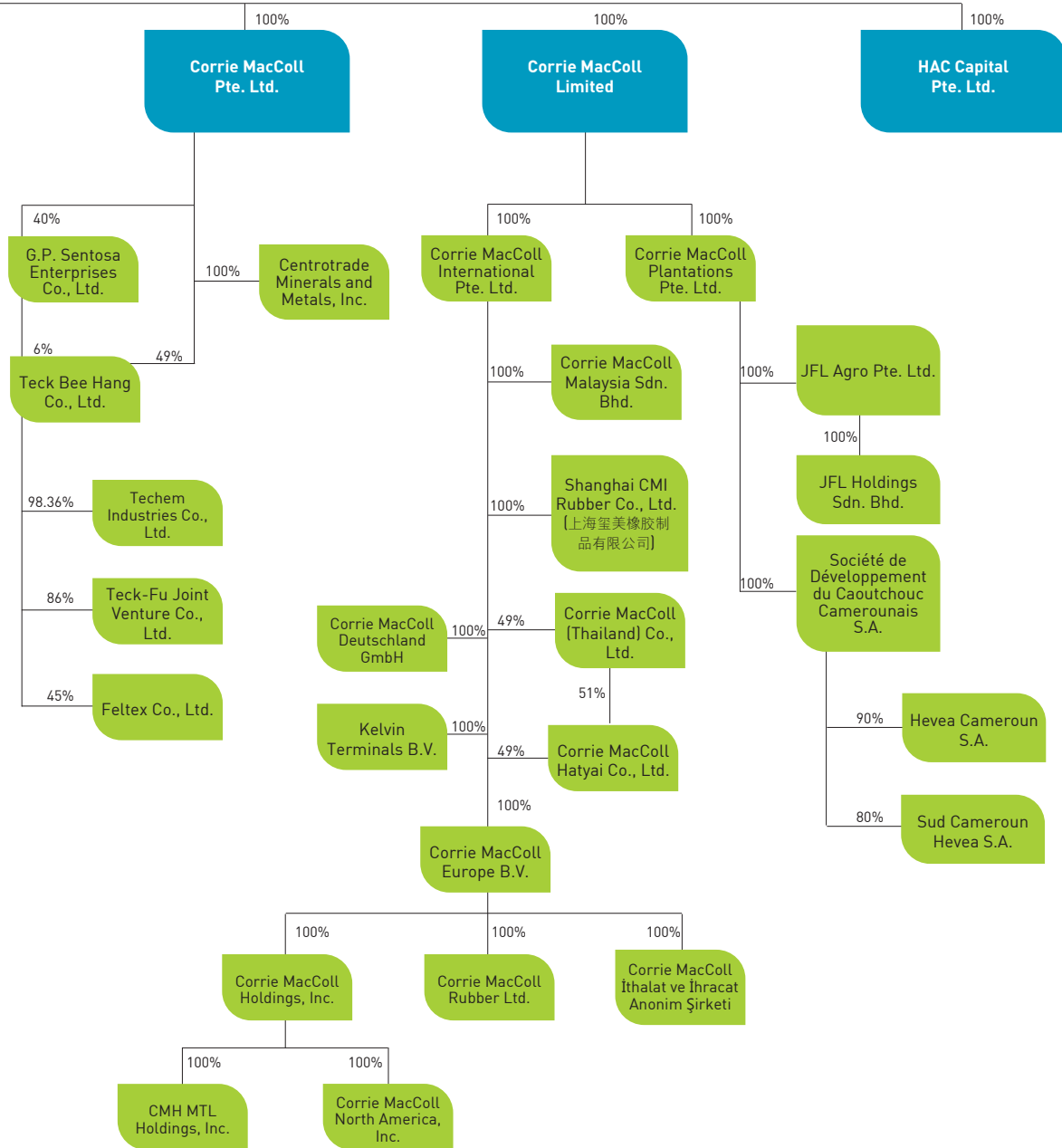
Corporate Structure



Halcyon Agri Corporation Limited



Corporate Structure



Corporate Governance Report

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

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

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

The Company’s ongoing efforts to implement best practices in corporate governance in all aspects of the Group’s operations throughout the financial year ended 31 December 2023 (“FY2023”) are highlighted in this report and the Board Committee reports (the “Committee Reports”), embedded in and forming part of the Company’s annual report for FY2023 (the “Annual Report”). All the following Committee Reports form part of this report:

- Nominating Committee (“NC”) Report
- Remuneration Committee (“RC”) Report
- Audit Committee (“AC”) Report

Compliance with the Code of Corporate Governance

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

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

BOARD STRUCTURE

Board Composition and Diversity Highlights

Board Member	Sun Weiliang	Zhang Daqiang	Eddie Chan Yean Hoe	Huang Xuhua	Latha Eapen K Mathew	Liu Yongsheng	Xu Xingbin	Fan Xiaohong	Total/Average/Proportion
Tenure and Independence									
Date of Appointment	26 April 2023	26 April 2023	28 July 2020	18 June 2021	12 August 2022	14 December 2022	24 November 2023	1 April 2024	
Last re-elected date (if applicable)	-	-	15 June 2021	27 April 2022	26 April 2023	26 April 2023	-	-	
Tenure as of 30 April 2024⁽¹⁾	1 year	1 year	3 years 9 months	2 year 10 months	1 year 8 months	1 year 4 months	5 months	1 month	1 year 5 months
Independence	X ⁽²⁾	X ⁽²⁾	✓	✓	✓	X ⁽²⁾	X ⁽²⁾	X ⁽²⁾	37.5%
Executive	✓	✓	X	X	X	X	X	X	25.0%
Board Committees Membership									
Audit Committee			✓ Chairman	✓	✓	✓		✓	5
Nominating Committee	✓		✓	✓ Chairman					3
Remuneration Committee	✓		✓ Chairman	✓					3

Corporate Governance Report

Board Member	Sun Weiliang	Zhang Daqiang	Eddie Chan Yean Hoe	Huang Xuhua	Latha Eapen K Mathew	Liu Yongsheng	Xu Xingbin	Fan Xiaohong	Total/Average/Proportion
Expertise and Experience									
Accounting/Financial	✓	✓	✓		✓	✓	✓	✓	
International Business Exposure	✓	✓	✓	✓	✓	✓	✓	✓	
Leadership/Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	
Legal/Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	
Mergers & Acquisitions	✓	✓	✓	✓	✓	✓	✓		
Rubber/Commodities Business	✓	✓	✓	✓	✓	✓		✓	
Sustainability	✓	✓		✓				✓	
Present and past three (3) years Directorships in Other listed companies (if any)	-	-	-	-	-	-	-	-	-
Demographics									
Age	56	58	68	59	68	41	48	41	54.9 years
Gender Identity	Male	Male	Male	Male	Female	Male	Male	Female	75.0% Male
Singapore Resident		✓		✓	✓				37.5%

Note:

- (1) For the purpose of Rule 210(5)(d)(iv) of the Listing Manual, the length of a director's tenure is from the date of his appointment until the date by which the Company's 2023 AGM is required by law to be held.
- (2) Affiliated with substantial shareholder.

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

Independent, Effective Board Oversight

- Significant Independent Directors presence on the Board.
- Regular board refreshment with Independent Directors' average tenure of 2.75 years.
- Non-executive Directors make up 75% of the Board.
- Chairmen of all mandatory board committees, being AC, NC and RC, are all Independent Directors.
- Gender diverse board with two female Directors made up 25% of the Board.
- Diversity of skills, knowledge and broad range of experience – the Board comprises members with political or geopolitical savvy, an experienced lawyer who is qualified in a number of jurisdictions, retired audit firm partners as well as Directors who have years of experience in formulating corporate strategy and have in-depth knowledge of the rubber business.
- Annual performance evaluation on the Board, Board Committees and individual Directors.
- None of the Directors hold more than six (6) directorships (without other executive roles) or four (4) directorships (with other executive roles) in listed companies.
- No alternate directors appointed.
- Each Director has been submitted for re-nomination and re-appointment at least once during the past three (3) years

Corporate Governance Report

BOARD MATTERS**THE BOARD'S CONDUCT OF AFFAIRS**

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

The Board continues to focus on value creation, innovation, sustainability and ethical business practices, and has embedded them in setting the strategic directions of the Group. 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.

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

- (a) establish corporate values and ethical standards of conduct for the Group;
- (b) oversee the business performance and affairs of the Group and provide entrepreneurial leadership;
- (c) set strategic direction for the Group, maintain the policy and decision-making framework in which the strategy is implemented;
- (d) establish and maintain a sound risk management framework and adequate internal controls, setting risk appetite to achieve an appropriate balance between risk and the Group's performance;
- (e) supervise, monitor and review the function and performance of the Group's management and ensure that necessary resources are in place for the Company to meet its strategic objectives;
- (f) review and approve annual budgets, financial plans, major acquisitions and divestment plans, funding and investment proposals;
- (g) ensure transparency and accountability to key stakeholder groups including compliance with relevant laws and regulations as well as the financial reporting standards;
- (h) ascertain and ensure that the environmental, social and governance ("ESG") factors that are most material to the Company's long-term goals and viability are integrated into its overall business strategy;
- (i) review sustainability risks and ensure that the management of the material ESG factors is incorporated into the Company's enterprise risk management process;
- (j) review and approve the appointment of Directors and Key Management Personnel ("KMP"); and
- (k) instil an ethical corporate culture and promote sustainable development.

Conflict of Interest. Directors have a duty to act in the best interests of the Company and are required to take all reasonable steps to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Company. The Policy on Director's Conflict of Interest complements the Company's corporate governance practices, and serves to guide the Directors in recognising and handling conflict situations. This policy requires any member of the Board or Board Committees who has an interest in a matter to recuse himself from discussions and abstain from participating in the approval process involving the issue of conflict. The Directors are also obliged to make timely disclosure of their interests to avoid any possible conflict 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 Chief Executive Officer ("CEO") and the senior management of the Group (collectively, the "Management") have been maintaining close coordination and open dialogue with the Board on the business risks and the workplace health and safety issues, to ensure that the Directors are fully cognisant of the decisions and actions of the Management.

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

Corporate Governance Report

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

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

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

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

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

- (a) overall Group business and budget strategies;
- (b) capital expenditures, investments or divestments exceeding certain material thresholds;
- (c) all capital-related matters including capital issuance and redemption;
- (d) significant policies governing the operations of the Company;
- (e) corporate strategic development and restructuring;
- (f) material interested person transactions which fall within the meaning of the Listing Manual; and
- (g) risk management strategies.

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

Board Meetings. The Board meets on a quarterly basis and additional meetings would be held as warranted. Four (4) meetings were scheduled and held in FY2023 to review, discuss and receive updates from Management on the Group's financial performance, annual budget, sustainability issues, corporate strategy, business plans, corporate actions, capital plans, risk management policies, appointment and re-appointment of Directors, executive remuneration, significant operational matters and corporate actions that took place during the year.

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

The CEO 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 Committees in advance for comments, to make sure that all material topics are attended to.

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

Corporate Governance Report

The record of Directors' attendance at the Board and Board Committee meetings for FY2023 is set out below:

DIRECTOR	MEETING ATTENDANCE						
	Number of scheduled meetings held between 1 January to 31 December 2023						
	AGM	EGM	Board	AC	NC	RC	StratCom
	1	1	4	4	2	1	1
Liu Hongsheng (Chairman) [Retired on 26 April 2023]	-	-	-	-	-	-	-
Liew Choon Wei [Retired on 26 April 2023]	1	-	1	1	2	1	-
Qin Jinke [Resigned on 24 November 2023]	-	-	1	3	2	1 ⁽¹⁾	1 ⁽¹⁾
Lam Chun Kai [Retired on 26 April 2023]	-	-	-	-	1	-	-
Li Xuetao [Resigned on 12 March 2024]	1	1	4	4 ⁽¹⁾	-	-	1
Eddie Chan Yean Hoe	1	1	4	4	2	1	1
Huang Xuhua	1	-	4	-	-	-	-
Latha Eapen K Mathew	1	1	4	4	-	-	-
Liu Yongsheng	1	-	4	2 ⁽¹⁾	-	-	-
Sun Weiliang [Appointed on 26 April 2023]	-	-	4 ⁽¹⁾	3 ⁽¹⁾	-	-	-
Zhang Daqiang [Appointed on 26 April 2023]	-	1	4 ⁽¹⁾	3 ⁽¹⁾	-	-	-
Xu Xingbin [Appointed on 24 November 2023]	-	-	-	-	-	-	-
Fan Xiaohong [Appointed on 1 April 2024]	-	-	-	-	-	-	-
Attendance Rate [Exclude attendance by invitation]	67%	50%	84.8%	92.3%	87.5%	75%	50%
Note:							
(1) Including attendance by invitation							

BOARD GOVERNANCE FRAMEWORK AND LEADERSHIP STRUCTURE

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

Board Committees. The Board oversees the Company's corporate governance practices, in part, through the work carried out by its three (3) Board Committees, namely, the AC, NC and RC (collectively, the "Board Committees"). Delegating certain functions and authority of the Board to the Board Committees enhances the governance framework, enables the Board to discharge its oversight function more effectively, and allows the Board to capitalise on and benefit from the expertise of the Independent Directors.

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

All Board Committees are chaired by an Independent Director, to encourage independent oversight and enable the Board to discharge its obligations more effectively.

Corporate Governance Report

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")	<p>Five (5) members:</p> <ul style="list-style-type: none"> ■ Eddie Chan Yean Hoe (Chairman) ■ Latha Eapen K Mathew ■ Huang Xuhua ■ Liu Yongsheng ■ Fan Xiaohong <p>Three (3) out of five (5) members are Independent Directors</p> <p>All members are Non-Executive Directors</p>	<ul style="list-style-type: none"> ■ Financial reporting ■ Internal and external audit processes ■ Interested person transactions ■ Internal controls and risk management systems ■ Whistleblowing arrangements
Nominating Committee ("NC")	<p>Three (3) members:</p> <ul style="list-style-type: none"> ■ Huang Xuhua (Chairman) ■ Eddie Chan Yean Hoe ■ Sun Weiliang <p>Two (2) out of three (3) members are Independent Directors</p> <p>Majority members are Non-Executive Directors</p>	<ul style="list-style-type: none"> ■ 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")	<p>Three (3) members:</p> <ul style="list-style-type: none"> ■ Eddie Chan Yean Hoe (Chairman) ■ Huang Xuhua ■ Sun Weiliang <p>Two (2) out of three (3) members are Independent Directors</p> <p>Majority members are Non-Executive Directors</p>	<ul style="list-style-type: none"> ■ Remuneration policies and framework for the Directors ■ Remuneration for the Board and KMP ■ Specific remuneration packages for Executive Director and KMP

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 intended to be held by separate persons, to ensure an appropriate check and balance, increased accountability, and greater capacity of the Board for independent decision-making where no one individual has unfettered powers of decision-making. The two (2) key roles have fundamentally disparate responsibilities and functions, but complement each other in the overall objective of creating value for Shareholders, and play vital roles in providing the Group with strong leadership and vision.

The roles, duties and responsibilities of the Chairman, CEO 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.

BOARD COMPOSITION AND PERFORMANCE EVALUATION

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

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

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

Corporate Governance Report

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

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

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

Board Composition. The Company's Board has eight (8) members with three (3) Independent Directors independent from management and business relationships with the Company, two (2) executive Directors, and three (3) non-executive Directors.

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

At the recommendation of the NC and with the approval of the Board, resolutions for the re-election of Mr Eddie Chan Yean Hoe, Mr Sun Weiliang, Mr Zhang Daqiang, Mr Xu Xingbin and Ms Fan Xiaohong as Directors of the Company will be tabled at the 2024 AGM for Shareholders' approval. They will, upon re-election as Directors, hold the same office in the Board and Board Committees immediately held before their re-election. Each of the Directors who is subject to re-election at the forthcoming AGM has abstained from making any recommendation and/or participating in any deliberation in respect of the assessment of his/her own re-election as a Director.

For information required under Rule 720(6) and Appendix 7.4.1 of the Listing Manual in respect of the Directors seeking re-election at the AGM, please refer to pages 117 to 123 of this Annual Report.

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

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

Corporate Governance Report

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

Core Diversity Characteristic	Target	Progress
(a) Demographic diversity including gender, age, ethnic/cultural group	<ul style="list-style-type: none"> At least 10% female representation on the Board by 2023, and reach the ambitious target of 20% by 2025 	The Company has appointed two female Directors and has achieved its 2025 target
	<ul style="list-style-type: none"> Average age of the Board should be less than the prevailing retirement age in Singapore, preferably represented by at least three (3) different age groups (defined by decades) 	Presently, the retirement age in Singapore is 63. The average age of the Board members is 54.9 years, with three (3) decades represented on Board
(b) Professional experience, talents, skills and knowledge	<ul style="list-style-type: none"> Diverse range of academic qualifications or professional experience backgrounds, with at least two (2) Board members having accounting or related financial management expertise or experience 	The Board comprises members with political or geopolitical savvy, an experienced lawyer who is qualified in a number of jurisdictions, 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
(c) Board refreshment	<ul style="list-style-type: none"> Average tenure for Independent Directors as a group shall be less than 7 years 	Average tenure for Independent Directors as a group is 2.75 years

Board Independence. Having considered the scope and nature of the Group's operations, the composition of the Board as well as its governance framework, the Board concluded that it is well-constituted with the right structure. The current Board composition, consisting of eight (8) members, with three (3) Independent Directors and 75.0% of non-executive Directors, has a high level of independence. This enables the Board to function effectively at optimum levels during the year and exercise objective judgement on corporate affairs independently.

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

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

The induction programme is tailored for each new Director (depending on his or her requirements, skills, qualifications and experience). As a mandatory requirement, a new Director who has no prior experience as a director of a listed company would attend a pre-requisite course for first-time appointees on boards of listed company, to familiarise himself or herself with the roles and responsibilities of a director of a public listed company. Mr Sun Weiliang and Mr Zhang Daqiang, being the new directors appointed in FY2023, have completed the core Listed Entity Director (LED) Programme organised by the Singapore Institute of Directors ("SID") with the support of the SGX-ST within one (1) year from the date of their respective appointment to the Board. Mr Xu Xingbin and Ms Fan Xiaohong, being newly appointed to the Board, will complete the LED Programme in due course.

All Directors, except for Mr Xu Xingbin and Ms Fan Xiaohong who were recently appointed to the Board, have completed the training on sustainability matters i.e. the Environmental, Social and Governance Essentials programme.

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

Corporate Governance Report

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

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

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

- (a) directorships without other executive roles – Six (6)
- (b) directorships with other executive roles – Four (4)

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

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

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

- (a) Board size and composition;
- (b) Board governance processes;
- (c) Board information and accountability;
- (d) Board's performance in relation to discharging its principal functions;
- (e) where practical, financial references which include return on capital employed, return on equity, debt to equity ratio, dividend payout ratio, economic value added, earnings per share, and total shareholder return (i.e. dividend plus share price increase over the year); and
- (f) Board Committee performance, qualification and effectiveness in discharging their responsibilities set out in their respective TOR.

The evaluation of the individual Directors are based on his/her dedication and understanding of the role, preparedness and participation in the meetings, as well as quality of inputs to matters deliberated by the Board.

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

Following the review for FY2023, the NC and the Board are satisfied that each Director have contributed to the overall effectiveness of the Board and have demonstrated commitment to their roles on the Board, and that the Board and Board Committees operate effectively and have met their respective performance objectives. Notwithstanding that certain Directors have multiple board representations, these multiple directorships are not in conflict with the interests of the Company, and are within the maximum number of listed company board representations each Director of the Company is allowed to hold. No external facilitator was used in the evaluation process.

Corporate Governance Report

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

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 RC, including its work in FY2023, is set out in the RC Report.

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

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

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

The remuneration of Directors and KMP as well as RC's consideration on the remuneration package of each Director and KMP in respect of FY2023 have been agreed and approved by the Board, and are explicitly disclosed on a named basis, in the RC Report.

Overview on FY2023 Remuneration Programme. The Group's remuneration policies are appropriate, effective, meet the commercial requirements to remain competitive, are sensitive to the time horizon of risk and allow flexibility in response to prevailing circumstances, and align with the long-term interests of the Group. Currently, there are no employee share schemes provided by the Company or the Group, and the Company does not have any long-term incentive plans. None of the Directors and KMP have received any termination, retirement and post-employment benefits. All Directors and the KMP are remunerated on an earned basis. There is no employee in the Group who is a substantial shareholder of the Company or an immediate family member of a Director, CEO or substantial shareholders.

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

In light of the above, the Board believes that the Company's remuneration decision for FY2023 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 FY2023.

ACCOUNTABILITY AND AUDIT

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

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

Corporate Governance Report

Risk Management and Internal Controls

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

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

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

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

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

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

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

External Audits. The scope and results of auditing by the Company's external auditor, EY, its cost effectiveness, as well as independence and objectivity are reviewed by the AC annually. The AC and the Board are satisfied that the aggregate amount of audit fees paid and/or payable to EY in connection with the audit as well as non-audit services for FY2023 is appropriate. Having considered the relevant provisions under the applicable regulations, the cooperation extended by the Management and the fact that the non-audit services were provided by a separate team from EY, AC is of the view that the independence or objectivity of EY is not impaired. For details of fees paid and/or payable to EY in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements. The appointment of the external auditor of the Group complies with Rules 712 and 715 of the Listing Manual.

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

- (a) formulate 3-year internal audit plan to identify specific areas or processes that will be audited to ensure that the Company's risks are properly identified, assessed, and managed, and that the internal controls in place are effective and efficient;
- (b) assess the relevant risks related to the Group's business operations and evaluate if an adequate system of internal controls is in place to protect the funds and assets of the Group;
- (c) assess if the operations and business processes under review are conducted efficiently and effectively and to ensure control procedures are complied with; and
- (d) identify and recommend improvement to internal control procedures, where required.

Corporate Governance Report

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

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

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

Anti-Corruption and Anti-bribery

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

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

The Company's whistleblower mechanism supplements its fraud and corruption control system to prevent, detect and respond to incidents of fraud, bribery and corruption. There have been no cases or allegations of bribery or corruption filed against the Company and/or its employees during FY2023.

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

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

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

Interested Person Transactions ("IPT"). The AC reviews IPTs (if any) at its quarterly meetings, to ensure that established procedures for monitoring the IPTs have been complied with. The AC is satisfied that the guidelines and review procedures established to review IPTs have been complied with in FY2023. Further information relating to the IPTs during FY2023 is provided under the section "Interested Person Transactions".

Summary of the Board and AC's Observations for FY2023. The Board is of the view that the AC comprises members with the requisite qualifications and sufficient financial management expertise to discharge the AC's functions competently. It has received assurances from the CEO and CFO that for FY2023:

- (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.

Corporate Governance Report

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

- (a) the reports of the internal auditor;
- (b) the crisis management capability as well as the internal controls established and maintained by the Group;
- (c) remedial actions taken by the Management according to the internal auditor's recommendations; and
- (d) the reports from EY,

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

Shareholder Rights and Conduct of Shareholder Meetings

The Company's general meetings provide an opportune forum for Shareholders to meet the Board and senior management and to interact with them. It is the Company's principal forum for dialogue with Shareholders. In light of safe distancing measures amid the COVID-19 outbreak, the 2023 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. An extraordinary general meeting ("EGM") was held physically on 30 November 2023.

Shareholders were invited to attend the 2023 AGM via live audio-visual webcast and the EGM in person. In order to understand the views of Shareholders, to gather inputs and address their concerns, Shareholders were encouraged to submit questions in advance of the general meetings. All substantial and relevant questions, if any, were addressed prior to the AGM/EGM 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 elected among the Directors. Chairman of the Board Committees are also available at the meetings to answer any questions relating to the operations of the Board Committees. The Company's external auditor is also present to address Shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report. Wherever practicable, updates on the Company's performance are presented to the Shareholders in the general meetings, and such presentation materials are made available on the SGX-ST and the Company's website prior to the meetings, for the benefit of the Shareholders.

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

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

Sufficient and necessary information required for Shareholders to make informed decisions is provided or accompanied by the notice convening each general meeting. At general meetings, each issue is proposed as a separate resolution. The Company continued to adopt and comply with voting process stipulated under the Guidance on the Conduct of General meetings amid Evolving COVID-19 Situation for the unconventional AGM held in year 2023. Shareholders (whether individual or corporate) who wish to vote on the resolutions tabled at the AGM have to appoint the chairman of the AGM as their proxy to attend, speak and vote on their behalf. The voting outcomes, including the number of votes cast for and against, were validated by the polling agent prior to the 2023 AGM, and results of the poll are displayed on-screen during the meetings. The poll results of the AGM were announced to the public through SGXNet in accordance with the format prescribed under the Listing Manual.

The proceedings of the 2023 AGM/EGM were properly recorded, and the minutes were published on SGXNet and on the Company's website within one (1) month after the meetings, respectively.

Corporate Governance Report

Dividend Policy

The Company's dividend policy is based on a payout ratio of up to 20% of its core PATMI¹, barring unforeseen circumstances. Dividend payments are also affected by various factors such as level of earnings, the Company's development prospects, its financial position and funding needs, the overall macroeconomic situation and market conditions as well as other legal or contractual restrictions that may be applicable from time to time.

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

For FY2023, the Board does not recommend payment of dividend as the Company was in a loss-making position.

Engagement with Shareholders

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

- (a) SGXNet announcements and news release;
- (b) annual report and notice of general meetings issued to all Shareholders;
- (c) press releases on major developments of the Group;
- (d) the Company's general meetings; and
- (e) the corporate website (www.halcyonagri.com) maintained by the Company that allows all stakeholders to stay informed of material updates in a timely manner.

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

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

ENGAGEMENT WITH STAKEHOLDERS

Ethical and ecologically sustainable business practices are fundamental to the Company's strategy for long-term growth. Understanding stakeholder perspectives is critical to determine, assess and manage 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 that the best interests of the Company are served. The Company is committed to operate as a responsible and sustainable business during these challenging times and continue to manage material ESG factors as a key focus to drive sustainable and resilient recovery.

Other information on the Group's corporate social responsibility initiatives and engagements with material stakeholder groups is set out under the Sustainability Report, copy of which will be made available on the corporate website and the SGX website.

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.

Corporate Governance 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 not within the prohibited trading period.

INTERESTED PERSON TRANSACTIONS

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

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

The following disclosures have been made in compliance with Rule 907 of the Listing Manual. The details of the IPT transacted by the Group during FY2023 (excluding transactions less than \$100,000) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPT during FY2023 (US\$)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920
Sinochem International (Overseas) Pte. Ltd. ("SIO")	Substantial shareholder who owns 29.2% stake in the Company	4,852,294	-
China Rubber Investment Group Company Limited ("CRIG")	Substantial shareholder who owns 68.1% stake in the Company	54,805,022	8,318,743
	Total	59,657,316	8,318,743

The aggregate value of IPTs with SIO represents approximately 1.34% of the Group's audited consolidated net tangible assets for the financial year ended 31 December 2022, and is not subject to Rules 905 and 906 of the Listing Manual. With reference to the assessment and evaluation conducted by a qualified independent financial advisor received by the AC in December 2020, the AC believes that these IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

All IPTs with CRIG, a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. ("HRG") and the HRG Group during FY2023 were ratified and approved by the shareholders at the Company's Extraordinary General Meeting held on 30 November 2023.

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company or its minority shareholders.

MATERIAL CONTRACT

Other than the service agreement entered into with the CEO and the IPTs as disclosed in this Annual Report, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2022.

Nominating Committee Report

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

The NC comprises three (3) members and is chaired by an Independent Director, Mr Huang Xuhua. It functions within clearly written terms of reference approved by the Board.

Summary of NC’s principal activities during FY2023

- Reviewed the composition of the Board and Board Committees
- Recommended the appointment of new Directors as well as the appointment of a Director to the Board Committees
- Nominated Directors for re-election by Shareholders at the 2024 AGM
- Managed the board performance evaluation process and reviewed the results of the evaluations
- Reviewed the independence of the Independent Directors
- Reviewed the time commitment of Directors for performance of their responsibilities
- Reviewed succession planning of the Board and the senior executives
- Reviewed the training and continued professional development of the Directors
- Endorsed the FY2023 Corporate Governance Report

Changes in Directors during FY2023 and Appointment of Director in April 2024

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.

Mr Liu Hongsheng, Mr Liew Choon Wei and Mr Lam Chun Kai had retired as Directors of the Company at the conclusion of the 2023 AGM on 26 April 2023 and Mr Qin Jinke had resigned as a Director of the Company on 24 November 2023.

Following the above cessation of Directors, China Rubber Investment Group Company Limited (“CRIG”) had nominated Mr Sun Weiliang (“Mr Sun”) and Mr Zhang Daqiang (“Mr Zhang”) and they have been appointed as Directors of the Company in April 2023. Sinochem International (Overseas) Pte Ltd. had nominated Mr Xu Xingbin (“Mr Xu”) and he has been appointed as a Director of the Company in November 2023. CRIG had further nominated Ms Fan Xiaohong (Ms Fan”) and she has been appointed as a Director of the Company in April 2024.

In its nomination of Mr Sun, Mr Zhang, Mr Xu and Ms Fan 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.

Changes in Directors and Key Management in March 2024

The Board had received a proposal from CRIG to re-designate Mr Sun from a non-executive Director to the Executive Director and Chief Executive Officer (“CEO”) of the Company. Following which, Mr Li Xuetao (“Mr Li”) would be reassigned to other responsibilities within HRG Group and ceased as the Executive Director and CEO of the Company.

The Board, after having reviewed the nomination, approved the re-designation of Mr Sun as the Executive Director and CEO of the Company and accepted Mr Li’s resignation as the Executive Director and CEO of the Company, both with effect from 12 March 2024.

Nomination for Re-election

Pursuant to the Company’s Constitution, one (1) Board member shall retire by rotation and that the Directors appointed after the 2023 AGM to fill the casual vacancies, namely Mr Sun, Mr Zhang, Mr Xu and Ms Fan, shall hold office only until the forthcoming AGM (“2024 AGM”).

The NC has identified that Mr Eddie Chan Yean Hoe (“Mr Chan”), being the Director who has been longest in office since his last election, shall retire by rotation at the 2024 AGM.

Given the expertise and past experience of Mr Chan, Mr Sun, Mr Zhang, Mr Xu and Ms Fan, who have offered themselves for re-election at the 2024 AGM, NC considered that their appointments would ensure the Board’s diversity and benefit the future development of the Company. Accordingly, the NC has nominated Mr Chan, Mr Sun, Mr Zhang, Mr Xu and Ms Fan to the Board, for it to recommend to Shareholders for re-election at the 2024 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.

Nominating Committee Report

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 FY2023 or in any of the past three (3) financial years.

There is a strong independent element on the Board, with three (3) Independent Directors on the Board.

Board Performance Evaluation

Based on the assessment criteria determined by the NC¹, 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 and each Director for FY2023. The findings of the Board evaluation (including feedback and comments received from the Directors) have been analysed and discussed during the NC meeting, 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 FY2023 evaluation results indicated that the Board operates effectively, and the Board was satisfied with the operational effectiveness of the Board committees as well as the competencies of each Director.

¹ Evaluation criteria is described under the Corporate Governance Report.

Remuneration Committee Report

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

The RC is chaired by an Independent Director, Mr Eddie Chan Yean Hoe and comprises Mr Huang Xuhua and Mr Sun Weiliang. Two out of the three members of the RC are non-executive directors and none of the RC members is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him.

The RC held one (1) meeting in FY2023. Members’ attendance records are disclosed in the Corporate Governance Report contained in this Annual Report.

Summary of RC’s principal activities during FY2023

- 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 FY2023 Corporate Governance Report

Developing Group Remuneration Framework

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

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

Where applicable, the RC will also review annually the remuneration of employees related to the Directors, the CEO and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees, if any. There were no employees related to the Directors, the CEO and substantial shareholders in FY2023.

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;
- (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.

Remuneration Committee Report

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

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

The Company submits the quantum of Directors' Fees of each financial year, which is to be paid quarterly in arrears, to Shareholders for approval at its annual general meeting. Shareholders' approval will be sought at the 2024 AGM in respect of the proposed payment of Directors' fees of up to S\$600,000 (payable quarterly in arrears) for FY2024.

Remuneration of Directors for FY2023

Name	Position Held	Directors' Fee/Fixed Salary (S\$)	Variable Bonus/Other Compensation (S\$)	Total (S\$)
Eddie Chan Yean Hoe	Independent Director, Chairman of AC and RC and member of NC	108,831.99	–	108,831.99
Huang Xuhua	Independent Director, Chairman of NC and member of AC and RC	55,504.03	–	55,504.03
Latha Eapen K Mathew	Independent Director, Member of AC	70,500.00	–	70,500.00
Liu Yongsheng	Non-executive Director, Member of AC	55,201.61	–	55,201.61
Xu Xingbin <i>(appointed on 24 November 2023)</i>	Non-executive Director	5,138.89	–	5,138.89
Fan Xiaohong <i>(appointed on 1 April 2024)</i>	Non-executive Director	–	–	–
Liu Hongsheng <i>(retired on 26 April 2023)</i>	Non-executive Chairman, Chairman of StratCom, and member of RC	36,250.00	–	36,250.00
Liew Choon Wei <i>(retired on 26 April 2023)</i>	Independent Director, Chairman of AC, member of RC and NC	36,222.22	–	36,222.22
Lam Chun Kai <i>(retired on 26 April 2023)</i>	Lead Independent Director, Chairman of NC, member of AC, RC and StratCom	28,187.50	–	28,187.50
Qin Jinke <i>(resigned on 24 November 2023)</i>	Non-executive Director, Member of AC and NC	66,875.00	–	66,875.00
Total Directors' Fees for Non-executive Directors		462,711.24	–	462,711.24
Zhang Daqiang <i>(appointed on 26 April 2023)</i>	Executive Director and Chief Strategy Officer	196,300.00	–	196,300.00
Sun Weiliang	Executive Director and CEO	–	–	–
Li Xuetao <i>(resigned on 12 March 2024)</i>	Executive Director and CEO	600,000.00	–	600,000.00
Total Remuneration of All Directors		1,259,011.24	–	1,259,011.24

Notes:

- (1) Non-executive Directors are not paid salary, allowance and bonus.
- (2) Executive Directors are not paid director's fee.
- (3) Mr Sun Weiliang was appointed as Non-executive Director on 26 April 2023 and re-designated as the Executive Director and CEO of the Company with effect from 12 March 2024. Mr Sun has declined the payment of Director's fee in line with the policy of China Hainan Rubber Industry Group Co., Ltd.
- (4) Mr Li Xuetao has resigned as the Executive Director and CEO of the Company with effect from 12 March 2024.

Remuneration Committee Report

The aggregate remuneration of S\$462,711.24 paid to the non-executive Directors (the "Directors' Fees") for FY2023 is within the threshold limit of S\$750,000 approved by Shareholders on 26 April 2023.

Remuneration of the Executive Directors comprising basic salary.

Remuneration of KMP

Due to its management structure, the Company has only three (3) KMP (who are not Directors or the CEO) since the financial year ended 31 December 2014. Disclosure of their remuneration for FY2023 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	89	–	11	Band 2
Ng Eng Kiat	Managing Director, HRC Group	100	–	0	Band 1
Loh Jui Hau	Chief Financial Officer	100	–	0	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

The total remuneration paid to the three (3) KMP (who are not Directors or the CEO) for FY2023 was approximately S\$1,594,500, and has been approved by the Board.

Remuneration Consideration for Executive Directors and KMP

Performance measures and remuneration packages of the executive Directors and KMPs emphasise on value creation and are principally based on the achievement of the objectives of their functions as set up in the key performance indicators ("KPIs") agreed by each individual. These KPIs take into consideration the performance of the Company, the Management's performance, scope of work, overall organisational health, potential and responsibilities of these individuals, and leadership in the face of unexpected challenges. Qualitative evaluation, such as vocational competence, responsibility at work and activity in the workplace, as well as the quality of work in relation to the demands and goals of duties, has also been used to evaluate and assess the Management's performance in FY2023.

RC is satisfied that the executive Directors and KMP devoted the necessary time and energy to fulfilling their commitments, and have met the aforementioned performance conditions in FY2023.

Specific remuneration packages for the executive Directors and KMP in respect of FY2023 have been reviewed by the RC and approved by the Board.

Audit Committee Report

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

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

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

- (a) oversight of financial reporting, monitor integrity of the Group’s financial statements and any public financial reporting;
- (b) review the assurance provided by the CEO and the CFO on the financial records and financial statements;
- (c) review and recommend to the Board, the appointment or re-appointment of the external auditor and matters relating to its removal, remuneration and terms of engagement;
- (d) review and evaluate at least annually the adequacy, effectiveness, independence, scope and results of internal and external audits;
- (e) review and report to the Board at least annually on the effectiveness and adequacy of the Company’s internal controls and risk management systems;
- (f) review interested person transactions involving the Group in accordance with the Listing Manual;
- (g) review and approve future hedging policy, instruments used for hedging and foreign exchange policy and practice of the Group;
- (h) review whistleblowing policy arrangement, lead the independent investigations and ensure appropriate follow-up actions, if any; and
- (i) generally undertake such other functions and duties as may be required by the Listing Manual.

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

Summary of AC’s principal activities during FY2023

- Reviewed the Group’s quarterly, half-yearly, and annual financial results
 - Reviewed, with both the external auditor and management, the audit approach and methodology applied, in particular to the key audit matters (“KAMs”) included in the Auditor’s Report
- Approved the internal audit plan
- Reviewed significant internal and external audit findings and monitored Management’s response to their recommendations
 - Reviewed updates on legal and regulatory compliance matters, including anti-corruption matters and whistleblowing disclosures
- Reviewed the adequacy and effectiveness of the Group’s risk management, internal control systems and its accounting, financial reporting, and internal audit functions
- Reviewed the interested person transactions
- Reviewed and monitored the external auditor’s independence and reviewed the engagement to perform non-audit services
- Reviewed whistleblowing incidents
- Reviewed and recommended the re-appointment of external auditor
- Endorsed the FY2023 Corporate Governance Report

Audit Committee Report

Review of Financial Results

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

The AC reviewed the FY2023 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 2023.

Review of External Audits and Re-appointment of External Auditor

AC reviews the overall scope of the external audit prior to each audit process, to ensure material areas are covered and sufficient attention is dedicated to emerging and existential risks. During the course of review of the Company's financial statements for FY2023, 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 bases and conclusions included in EY's report with respect to the KAMs. For more information on the KAMs, please refer to page 43 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, the experience of supervisory and professional staff to be assigned to the audit process, the quality of work carried out by EY, the size and complexity of the Group, its businesses and operations, AC was satisfied with EY's work, its independence and its objectivity, and recommended the re-appointment of EY (which has indicated its willingness to continue in office) as the Group's external auditor for Shareholders' approval at the 2024 AGM. The appointment of the external auditor of the Group complies with Rules 712 and 715 of the Listing Manual.

Review of Internal Audit Functions

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

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

The AC reviews the adequacy, effectiveness, independence and scope of the internal audit function annually, including the internal audit plans, activities, budget for internal audit and organisational structure of CLA. It is satisfied that the internal audit function is independent, effective and that the internal audit activity conducted by CLA for FY2023 had fulfilled professional standards, including those promulgated by The Institute of Internal Auditors. Given that there is a team of 19 members assigned to the Company's internal audits, led by Ms Pamela Chen who has 17 years of relevant experience, the AC believes that the internal audit function is adequately resourced and has appropriate standing within the Group during FY2023. It is also of the view that the quantum of fee paid or payable to CLA should not put its objectivity at risk.

Review of Risk management and Internal Control Systems

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

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

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

Audit Committee Report

Review of Whistleblowing Framework

The AC is responsible for the overall oversight and monitoring of the whistleblowing framework and its implementation. In particular, the AC considers all whistleblowing complaints and reviews them at its quarterly meetings to ensure that an independent and thorough investigation is conducted, with appropriate follow-up actions. The outcome of each investigation is reported to the AC. There were no established incidents pertaining to malpractice and improprieties in FY2023.

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

Review of Interested Person Transactions (“IPT”)

The AC reviews IPTs at its quarterly meetings, to ensure that established procedures for monitoring the IPTs have been complied with. The AC is satisfied that the guidelines and review procedures established to review IPTs have been complied with in FY2023. Further information relating to the IPTs during FY2023 is provided under the section “Interested Person Transactions”.

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

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 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as China Hainan Rubber Industry Group Co., Ltd. ("HRG"), the penultimate holding company, has agreed to provide continuing financial support to enable the Company to continue its business and to meet its liabilities as and when they fall due for the next twelve months.

2. Directors

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

Sun Weiliang (Appointed on 26 April 2023)
Zhang Daqiang (Appointed on 26 April 2023)
Liu Yongsheng
Xu Xingbin (Appointed on 24 November 2023)
Eddie Chan Yean Hoe
Huang Xuhua
Latha Eapen K. Mathew
Fan Xiaohong (Appointed on 1 April 2024)

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interest in shares or debentures

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

5. Share options

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under option*

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

Directors' Statement

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 2023:

- (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:

Eddie Chan Yean Hoe
Director

Sun Weiliang
Director

Singapore
4 April 2024

Independent Auditor's Report

To the members of Halcyon Agri Corporation Limited

Report on the audit of the financial statement

Opinion

We have audited the financial statements of Halcyon Agri Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, 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 material 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 2023 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 2023, the Group's goodwill and process know-how amounted to US\$286,379,000 (2022: US\$286,379,000) and US\$10,000,000 (2022: US\$10,000,000) respectively. These represent approximately 52% of the Group's net assets.

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

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

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

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

Independent Auditor's Report

Key audit matters (cont'd)**2. Measurement of biological assets**

As at 31 December 2023, biological assets of the Group amounted to US\$396,385,000 (2022: US\$371,368,000). The Group's biological assets, which mainly comprised of latex and rubber trees, are fair valued by professional independent valuers engaged by the Group using industry/market accepted valuation methodology. Due to the measurement of fair value being inherently judgement and significance of the amount as at the year end, we have considered this to be a key audit matter.

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

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

3. Going concern assessment

For the year ended 31 December 2023, the Group incurred loss after tax of US\$88,641,000. As at 31 December 2023, the Group's and Company's current liabilities exceeded its current assets by US\$411,591,000 and US\$324,786,000 respectively.

As stated in Note 2.1, the financial statements have been prepared on a going concern basis. Management's assessment of the Group's ability to generate sufficient cash flows, and availability of financial support from China Hainan Rubber Industry Group Co., Ltd. ("HRG") are important considerations in the going concern assessment. As management's going concern assessment is a significant aspect of our audit, we have identified this as a key audit matter.

Our audit procedures included, amongst others:

- Discussion with management to obtain an understanding of their plans regarding operational cash flows and refinancing of borrowings;
- Assessed the reasonableness of the key assumptions used in the management's cash flow forecast prepared for the purpose of the going concern assessment, including:
 - o Comparing management's forecast of revenue and gross profit margin against historical sales and external data;
 - o Corroborate management forecasted financing cost with the latest borrowing interest rate and external published data;
 - o Evaluated and performed sensitivity analysis on the reasonableness of key assumptions used in the cash flow forecast, particularly on the rubber price and gross profit margin;
- Obtained and reviewed the letter of financial support received from HRG to assess the intent to provide the financial support and management's assessment on the ability of HRG to provide the financial support;
- Reviewed financing activities post-year end to get latest updates on management's actions.

We also considered the adequacy of the disclosure in Note 2.1 to the financial statements on the going concern assumption.

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

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 scepticism 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.

Independent Auditor's Report

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
4 April 2024

Consolidated Income Statement

For the financial year ended 31 December 2023

	Note	2023 US\$'000	2022 US\$'000
Revenue			
Cost of sales	4	2,900,827 (2,754,659)	2,692,830 (2,522,018)
Gross profit		146,168	170,812
Other income	5	26,671	26,559
Selling expenses		(66,118)	(65,964)
General and administrative expenses		(128,286)	(93,623)
General and administrative expenses – foreign exchange gain		3,310	3,269
Operating (loss)/profit		(18,255)	41,053
Finance income	6(a)	3,829	6,075
Finance costs	6(b)	(63,860)	(39,084)
Share of loss of associates		(1,013)	(922)
(Loss)/profit before tax	8	(79,299)	7,122
Income tax expense	7	(9,342)	(21,193)
Loss for the financial year		(88,641)	(14,071)
Loss attributable to:			
Owners of the Company		(87,017)	(17,968)
Non-controlling interests		(1,624)	3,897
		(88,641)	(14,071)
Loss per share (“LPS”):			
Basic and diluted (US cents per share)	9	(5.93)	(1.60)

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 2023

	2023	2022
	US\$'000	US\$'000
Loss for the financial year	(88,641)	(14,071)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	6,044	(43,751)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain on retirement benefit obligation (net of tax)	81	3,005
Other comprehensive income/(loss) for the financial year, net of tax	<u>6,125</u>	<u>(40,746)</u>
Total comprehensive loss for the financial year, net of tax	<u>(82,516)</u>	<u>(54,817)</u>
Attributable to:		
– Owners of the Company	(81,362)	(57,059)
– Non-controlling interests	(1,154)	2,242
Total comprehensive loss for the financial year, net of tax	<u>(82,516)</u>	<u>(54,817)</u>

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

Statements Of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
ASSETS					
Non-current assets					
Intangible assets	10	298,046	298,840	-	166
Property, plant and equipment	11	224,458	230,425	2,192	3,155
Plantation and biological assets	15	558,346	538,121	-	-
Investment properties	12	41,200	40,668	-	-
Deferred tax assets	14	21,110	20,511	-	-
Deferred charges		1,283	1,265	-	-
Other assets		160	161	-	-
Loans and other receivables	19	3,826	3,252	-	-
Investment in subsidiaries	13(a)	-	-	919,598	1,068,347
Investment in associates	13(b)	6,000	7,004	4,568	5,546
Total non-current assets		1,154,429	1,140,247	926,358	1,077,214
Current assets					
Cash and bank balances	17	48,286	118,682	829	3,417
Trade receivables	18	141,273	137,663	-	-
Loans and other receivables	19	152,170	154,946	513,254	499,405
Tax receivables		5,035	6,966	-	-
Derivative financial instruments	20	8,653	39,862	4,652	3,012
Debt instrument	16	-	2,392	-	-
Inventories	21	456,921	410,705	-	-
Consumable biological assets	15	24	78	-	-
		812,362	871,294	518,735	505,834
Assets classified as held for sale	22	-	5,632	-	-
Total current assets		812,362	876,926	518,735	505,834
Total assets		1,966,791	2,017,173	1,445,093	1,583,048
LIABILITIES AND EQUITY					
Current liabilities					
Derivative financial instruments	20	13,021	1,315	4,063	2,702
Trade payables	23	67,495	36,455	-	-
Other payables	24	137,344	91,122	101,642	20,381
Loan payables	25	997,036	714,048	734,284	476,113
Provision for taxation		7,279	11,153	2,490	820
Lease liabilities	30	1,778	2,418	1,042	978
Total current liabilities		1,223,953	856,511	843,521	500,994
Net current (liabilities)/assets		(411,591)	20,415	(324,786)	4,840
Non-current liabilities					
Loan payables	25	104,768	419,317	-	260,400
Retirement benefit obligations	26	15,233	16,542	-	-
Deferred tax liabilities	14	43,357	48,061	248	452
Lease liabilities	30	6,402	7,725	872	1,834
Other payables	24	7,387	8,985	24,143	21,220
Total non-current liabilities		177,147	500,630	25,263	283,906
Net assets		565,691	660,032	576,309	798,148
Capital and reserves					
Share capital	27	603,874	603,874	603,874	603,874
Perpetual securities	28	192,640	192,640	192,640	192,640
Capital reserve	29(a)	3,530	2,898	-	-
Other reserves	29(b)	(1,517)	(1,517)	(1,310)	(1,310)
(Accumulated losses)/Retained earnings		(230,971)	(135,712)	(218,895)	2,944
Foreign currency translation reserve	29(c)	(26,684)	(32,349)	-	-
Equity attributable to owners of the Company		540,872	629,834	576,309	798,148
Non-controlling interests		24,819	30,198	-	-
Total equity		565,691	660,032	576,309	798,148
Total liabilities and equity		1,966,791	2,017,173	1,445,093	1,583,048

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 2023

Note	Attributable to owners of the Company								
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Total equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group									
At 1 January 2023	603,874	192,640	2,898	(1,517)	(135,712)	(32,349)	629,834	30,198	660,032
Loss for the year	-	-	-	-	(87,017)	-	(87,017)	(1,624)	(88,641)
Other comprehensive income	-	-	-	-	(10)	5,665	5,655	470	6,125
Total comprehensive (loss)/income for the year	-	-	-	-	(87,027)	5,665	(81,362)	(1,154)	(82,516)
<u>Contributions by and distributions to owners</u>									
Distribution to perpetual securities holders	28	-	-	-	(7,600)	-	(7,600)	-	(7,600)
Statutory reserve fund		-	-	632	(632)	-	-	-	-
Dividend declared to non-controlling interests		-	-	-	-	-	-	(4,225)	(4,225)
Total contributions by and distributions to owners		-	-	632	-	(8,232)	-	(4,225)	(11,825)
At 31 December 2023	603,874	192,640	3,530	(1,517)	(230,971)	(26,684)	540,872	24,819	565,691
Note	Attributable to owners of the Company								
	Share capital US\$'000	Perpetual securities US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Foreign currency translation reserve US\$'000	Total equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group									
At 1 January 2022	603,874	192,640	2,740	(1,517)	(112,979)	9,691	694,449	29,701	724,150
(Loss)/profit for the year	-	-	-	-	(17,968)	-	(17,968)	3,897	(14,071)
Other comprehensive income	-	-	-	-	2,949	(42,040)	(39,091)	(1,655)	(40,746)
Total comprehensive (loss)/income for the year	-	-	-	-	(15,019)	(42,040)	(57,059)	2,242	(54,817)
<u>Contributions by and distributions to owners</u>									
Distribution to perpetual securities holders	28	-	-	-	(7,600)	-	(7,600)	-	(7,600)
Statutory reserve fund		-	-	158	(158)	-	-	-	-
Dividend declared to non-controlling interests		-	-	-	-	-	-	(1,544)	(1,544)
Total contributions by and distributions to owners		-	-	158	-	(7,758)	-	(1,544)	(9,144)
<u>Changes in ownership interests in subsidiaries</u>									
Transaction with non-controlling interest of a subsidiary		-	-	-	44	-	44	(201)	(157)
Total changes in ownership interests in subsidiaries		-	-	-	44	-	44	(201)	(157)
At 31 December 2022	603,874	192,640	2,898	(1,517)	(135,712)	(32,349)	629,834	30,198	660,032

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

Statements Of Changes In Equity

	Note	Share capital US\$'000	Perpetual securities US\$'000	Other reserves US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Total equity US\$'000
Company						
At 1 January 2023		603,874	192,640	(1,310)	2,944	798,148
Loss for the year representing total comprehensive loss for the year		-	-	-	(214,239)	(214,239)
<u>Contributions by and distributions to owners</u>						
Distribution to perpetual securities holders	28	-	-	-	(7,600)	(7,600)
Total transactions with owners in their capacity as owners		-	-	-	(7,600)	(7,600)
At 31 December 2023		603,874	192,640	(1,310)	(218,895)	576,309
At 1 January 2022		603,874	192,640	(1,310)	32,804	828,008
Loss for the year representing total comprehensive loss for the year		-	-	-	(22,260)	(22,260)
<u>Contributions by and distributions to owners</u>						
Distribution to perpetual securities holders	28	-	-	-	(7,600)	(7,600)
Total transactions with owners in their capacity as owners		-	-	-	(7,600)	(7,600)
At 31 December 2022		603,874	192,640	(1,310)	2,944	798,148

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 2023

	Note	2023 US\$'000	2022 US\$'000
Operating activities			
(Loss)/profit before tax		(79,299)	7,122
Adjustments for:			
Depreciation expense	8	25,729	26,406
Amortisation of intangible assets	8	897	972
Amortisation of right-of-use assets	8	2,281	3,234
Retirement benefit expenses	8	2,633	1,552
Interest income	6	(3,829)	(6,075)
Interest expense	6	63,860	39,084
Unrealised fair value (gain)/loss on open forward commodities contracts and inventories	8	(472)	2,785
Fair value loss/(gain) on investment properties	5, 8	1,458	(1,518)
Fair value loss/(gain) on biological assets	5, 8	1,596	(7,665)
Fair value loss on assets classified as held for sale		-	210
Gain on disposal and dilution of investment in an associate	5	-	(357)
Gain on disposal of other asset	5	-	(53)
Gain on disposal of property, plant and equipment, plantation and investment properties	5	(23,768)	(15,311)
Write off of property, plant and equipment and plantation	8	1,099	44
Impairment loss on property, plant and equipment	8	2,149	-
Impairment loss/(Reversal of impairment losses) on financial assets	8	23,665	(49)
Loss on disposal of asset held for sale	8	381	-
Share of loss of associates		1,013	922
Unrealised foreign exchange (gain)/loss		(153)	5,170
Operating cash flows before changes in working capital		19,240	56,473
Trade and other receivables		(23,757)	16,054
Inventories		1,283	43,930
Trade and other payables		46,734	(40,763)
Cash generated from operations		43,500	75,694
Interest received		2,004	946
Tax paid		(17,348)	(7,008)
Net cash generated from operating activities		28,156	69,632
Investing activities			
Proceeds from disposal of investment in an associate		-	1,615
Proceeds from disposal of other assets		-	1,200
Acquisition of remaining interest in a subsidiary		-	(157)
Capital expenditure on property, plant and equipment, and intangible assets		(14,410)	(10,082)
Capital expenditure on plantation and biological assets		(8,387)	(16,236)
Proceeds from disposal of property, plant and equipment, plantation, and investment properties		39,151	29,013
Net cash generated from investing activities		16,354	5,353
Financing activities			
Net (repayments)/proceeds of borrowings		(37,655)	67,823
Net repayment of term loans		(349,460)	(22,604)
Net proceeds of other working capital loans		311,805	90,427
Repayment of obligation under lease arrangements	30	(2,612)	(3,619)
Interest paid		(61,696)	(44,255)
Dividend distributed to perpetual securities holders	28	(7,600)	(7,600)
Dividend paid to non-controlling interests		(5,578)	(191)
Net cash (used in)/generated from financing activities		(115,141)	12,158
Net (decrease)/increase in cash and cash equivalents		(70,631)	87,143
Cash and cash equivalents at the beginning of year		118,682	33,396
Effect of exchange rate changes on the balance of cash held in foreign currencies		235	(1,857)
Cash and cash equivalents at the end of year	17	48,286	118,682

Consolidated Cash Flow Statement

Reconciliation of liabilities arising from financing activities:

	Group	
	Loan payables	Lease liabilities
	US\$'000	US\$'000
	(Note 25)	(Note 30)
At 1 January 2022	1,086,918	10,927
Net of proceeds/(repayment) of borrowings	67,823	(3,619)
Non-cash items:		
– Addition on right-of-use assets	–	3,234
– Foreign exchange movement	(23,903)	(818)
– Amortisation fee for loan	2,527	–
– Interest expense	–	457
– Derecognition of lease liabilities	–	(38)
Total non-cash items	(21,376)	2,835
At 31 December 2022 and 1 January 2023	1,133,365	10,143
Net of repayment of borrowings	(37,655)	(2,612)
Non-cash items:		
– Addition on right-of-use assets	–	582
– Foreign exchange movement	3,178	(163)
– Amortisation fee for loan	2,916	–
– Interest expense	–	452
– Derecognition of lease liabilities	–	(222)
Total non-cash items	6,094	649
At 31 December 2023	1,101,804	8,180

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

Notes To The Financial Statements

For the financial year ended 31 December 2023

1. Corporate information

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

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

As at 31 December 2022, the Company was 65.2% owned by Sinochem International (Overseas) Pte. Ltd. ("SIO"), a company incorporated and domiciled in Singapore. The penultimate holding company was Sinochem International Corporation ("SIC"), which is domiciled in the People's Republic of China and listed on the Shanghai Stock Exchange. SIC is owned by Sinochem Holdings Corporation Ltd., a state-owned enterprise of the People's Republic of China.

On 3 February 2023, SIO has completed the disposal of 36.0% stake to China Rubber Investment Group Company Limited, a wholly-owned subsidiary of China Hainan Rubber Industry Group Co., Ltd. ("HRG"). Subsequently, HRG launched a mandatory conditional cash offer ("MGO") and increased its shareholding in the Company to 68.1%.

On 22 March 2023, the total number of shares held by substantial shareholders (including the shares owned, controlled, acquired or agreed to be acquired by the HRG and SIC) amounted to an aggregate of 1,460,326,368 ordinary shares, representing approximately 91.6% of the total number of issued shares of the Company.

As at 31 December 2023, the Company is 68.1% owned by China Rubber Investment Group Company Limited, a company incorporated and domiciled in Hong Kong, and 29.2% owned by SIO. The penultimate holding company is HRG, a state-owned enterprise of the People's Republic of China, domiciled in the People's Republic of China and listed on the Shanghai Stock Exchange. HRG is directly owned by 海南省农垦投资控股集团有限公司 (also known as Hainan Province Agribusiness Investment Holding Group Co., Ltd., or the "ultimate holding company"), a state-owned enterprise of the People's Republic of China.

As at 31 December 2023, the total number and percentage of shares held by the public is approximately 2.7%, less than the requisite 10% threshold under Rule 723 of the Listing Manual. The Company had submitted an application to the SGX-ST for a further extension of time and was granted until 23 April 2024 to continue to explore options that will enable the Company to comply with listing rule requirements.

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

2. Summary of material 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.

Going Concern assumption

The financial statements of the Group have been prepared on a going concern basis notwithstanding the fact that:

- The Group incurred loss after tax of US\$88,641,000 (2022: US\$14,071,000) for the financial year ended 31 December 2023; and
- As at 31 December 2023, the Group's and Company's total borrowings amounted to \$1,101,804,000 and \$734,284,000 (2022: \$1,133,365,000 and \$736,513,000) of which \$997,036,000 and \$734,284,000 (2022: \$714,048,000 and \$476,113,000) were classified as current liabilities respectively; and
- As at 31 December 2023, the Group's current liabilities exceeded its current assets by US\$411,591,000 (2022: net current asset position of US\$20,415,000).

China Rubber Investment Group Company Limited (a wholly-owned subsidiary of HRG) and SIC, being the two major shareholders with a combined shareholding of 97.3%, continue to provide their full support and commitment to the Group to ensure that the Group is able to refinance and meet all of its short-term obligations when they fall due.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.1 Basis of preparation (cont'd)*****Going Concern assumption (cont'd)***

Below are the key management actions taken together with the support from HRG and SIC to address the going concern assumption of the Group:

(a) *Extension of the current shareholders' short term loans maturity*

In February 2024, HRG and SIC have restructured the current shareholders' loans amounting to US\$376,000,000 and granted an extension for one year.

(b) *New long-term loan*

In March 2024, the Group has secured a 3-year shareholder's loan of US\$50,000,000.

(c) *Fulfill significant payment obligations in the next 12 months*

The Group's key plans to address its payment obligations in the next 12 months are as follows:

- (i) Continue to work closely with financiers and both HRG and SIC to restore the financing tenor and to further improve the Group's liquidity headroom;
- (ii) HRG and SIC, have also provided their full support and commitment to the Group to complete its refinancing exercise by supporting the negotiation with the financiers, as have applied other appropriate measures, such as extension of shareholders' loan tenure and expansion of shareholder loan limits to ensure that the Group has sufficient financial resources to meet its operational needs.
- (iii) HRG has provided a letter of financial support for the period next 12 months from date of financial statements.

In addition, there are unused banking facilities available to drawdown.

Based on the above factors, the Directors are of the view that the Group is able to fulfil its short-term liabilities as and when they fall due and going concern assumptions in the preparation of the financial statement are appropriate.

2.2 Changes in accounting policies and disclosures***Adoption of new and amended standards and interpretations***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 January 2023. The adoption of these standards affects the Group's disclosures as listed below, but did not have any material effect on the financial performance of the Group, or the financial position of the Group and the Company.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has applied the materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term "significant accounting policies" used throughout the financial statements has been replaced with "material accounting policies information".

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.2 Changes in accounting policies and disclosures (cont'd)****Adoption of new and amended standards and interpretations (cont'd)***Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments in SFRS(I) 1-12 narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

The deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets are included under advances and property, plant and equipment respectively in Note 14. The amendments have no impact on the Group's balance sheets as the resulting deferred tax assets and liabilities qualify for offsetting under SFRS(I) 1-12.

Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules

The amendments to SFRS(I) 1-12 have been introduced in response to the Organisation for Economic Co-operation and Development's ("OECD") BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group is in scope of the Pillar Two model rules as its consolidated annual revenue is more than EUR 750 million (approximately US\$829 million). As of 31 December 2023, the Pillar Two income taxes legislation has not yet been enacted or substantively enacted in Singapore and in Indonesia. The Group and its ultimate holding company are in the process of assessing the potential exposure to Pillar Two income taxes. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

2.3 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) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
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 standards above will have no material impact on the financial statements in the period of initial application.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.4 Basis of consolidation and business combinations****(a) Basis of consolidation**

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

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

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

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

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

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

(b) Business combinations and goodwill

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

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

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

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

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 2.12(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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.5 Transactions with non-controlling interests**

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

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

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

2.6 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.

2.7 Associates

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

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

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

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

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

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

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.8 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.

2.9 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 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.10 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 74 years.

2.11 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.

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.

2.12 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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.12 Intangible assets (cont'd)****(b) Other intangible assets (cont'd)**

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

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

(i) Process know-how

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

(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.

2.13 Bearer plants and biological assets

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

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

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

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

Further details are disclosed in Note 3.1(a).

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.14 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.

2.15 Financial instruments**(a) Financial assets**Initial recognition and measurement

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

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

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

Subsequent measurement

Debt instrument

(i) Amortised cost

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

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

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

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.15 Financial instruments (cont'd)**(a) *Financial assets (cont'd)*Subsequent measurement (cont'd)

Debt instrument (cont'd)

(iii) Fair value through profit or loss ("FVPL")

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.

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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.16 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 (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.

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.

2.17 Cash and cash equivalents

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

2.18 Inventories

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

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

2.19 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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.20 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 post-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.

2.21 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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.22 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 2.14.

(ii) Lease liabilities

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

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

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

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

Group as a lessor

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

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

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

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

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.24 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.

2.25 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 and associates, 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 and associates, 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.

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.25 Taxes (cont'd)****(b) Deferred tax (cont'd)**

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

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

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

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

(c) Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables that are stated with the amount of sales tax included.

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

2.26 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.

2.27 Perpetual securities

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

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

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

Notes To The Financial Statements

2. Summary of material accounting policies (cont'd)**2.28 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their business units. Management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 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.

2.31 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements that has estimates and assumptions involved. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

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:

- (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.

Notes To The 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 (cont'd)**

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 2.13.

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 10 to the financial statements. The Group's carrying amount of goodwill and process know-how as at 31 December 2023 is US\$296,379,000 (2022: US\$296,379,000).

(b) Measurement of biological assets

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

(c) Direct and indirect taxes

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

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

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

The Group's carrying amount of tax receivable and provision for taxation as at 31 December 2023 amounted to US\$5,035,000 (2022: US\$6,966,000) and US\$7,279,000 (2022: US\$11,153,000) respectively. The carrying amount of indirect tax receivables and payables are disclosed in Notes 19 and 24 respectively.

Notes To The Financial Statements

4. Revenue

	Group	
	2023	2022
	US\$'000	US\$'000
Sale of goods	2,900,827	2,692,830
Sales is recognised at point in time. Refer to Note 34 for disaggregation of revenue.		
Advances related to contracted sales (Note 24)	42,991	18,877

Advances related to contracted sales are the Group's obligations to transfer goods to customers for which the Group have received advances collected from customers prior to the transfer of control of goods to the customers. These advances will be recognised as revenue when the Group satisfied the performance obligation under the contract. Revenue recognised during the year from advances related to contracted sales amounting to US\$18,877,000 (2022: US\$33,448,000).

5. Other income

	Group	
	2023	2022
	US\$'000	US\$'000
Gain on disposal and dilution of investment in an associate	–	357
Gain on disposal of other asset	–	53
Gain on disposal of property, plant and equipment, plantation and investment properties	23,768	15,311
Fair value gain on investment properties (Note 12)	997	1,518
Fair value gain on biological assets (Note 15)	–	7,665
Government grants	564	717
Others	1,342	938
	<u>26,671</u>	<u>26,559</u>

6. (a) Finance income

	Group	
	2023	2022
	US\$'000	US\$'000
Interest income:		
– Loans and receivables	1,825	5,130
– Deposits	2,004	945
	<u>3,829</u>	<u>6,075</u>

(b) Finance costs

	Group	
	2023	2022
	US\$'000	US\$'000
Interest expense on:		
– Term loans	28,351	26,013
– Working capital loans	48,420	23,289
– Lease liabilities (Note 30)	452	457
	<u>77,223</u>	<u>49,759</u>
Less: interest expense capitalised in:		
– Plantation and biological assets (Note 15)	(13,363)	(10,675)
	<u>63,860</u>	<u>39,084</u>

Notes To The Financial Statements

7. Income tax expense

	Group	
	2023 US\$'000	2022 US\$'000
Consolidated income statement		
<i>Current tax:</i>		
Current tax expense	(16,235)	(17,360)
Over/(under) provision in respect of prior years	846	(107)
<i>Deferred tax:</i>		
Tax credit/(expense) relating to the origination and reversal of temporary differences (Note 14)	3,933	(3,726)
Reversal of over provision in respect of prior years (Note 14)	2,114	-
Income tax expense recognised in consolidated income statement	(9,342)	(21,193)

Relationship between tax expense and accounting (loss)/profit

Reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023 US\$'000	2022 US\$'000
(Loss)/profit before tax	(79,299)	7,122
Tax at the domestic income tax rate of 17% (2022: 17%)	13,481	(1,211)
Effect of non-deductible expenses	(18,918)	(9,514)
Effect of non-taxable income	2,975	2,265
Effect of tax-exempt income	713	656
Interest income deducted at source	(2)	5
Effect of different tax rates of subsidiaries operating in other jurisdictions ⁽¹⁾	3,436	1,880
Deferred tax asset not recognised	(6,950)	(11,727)
Utilisation of previously unrecognised tax losses	560	1,889
Recognition of deferred tax assets not recognised in prior year	672	1,153
Effect of tax incentive at lower rate	(7,046)	(5,406)
Over/(under) provision in respect of prior years	2,960	(107)
Tax on revenue	(940)	(1,133)
Others	(283)	57
Income tax expense recognised in consolidated income statement	(9,342)	(21,193)

⁽¹⁾ The corporate income tax rates of the Group's foreign subsidiaries range from 20% to 33% (2022: 20% to 33%).

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

Notes To The Financial Statements

8. (Loss)/profit before tax

	Group	
	2023 US\$'000	2022 US\$'000
(a) (Loss)/profit before tax has been arrived at after charging/(crediting):		
Non-recurring expenses:		
- Tax settlement arising from prior years	5,344	7,724
- Business rationalisation expenses	2,885	4,426
- One-off professional expenses	-	1,221
	8,229	13,371
Depreciation of property, plant and equipment, plantation and biological assets included in:		
- Cost of sales	20,315	20,250
- Selling expenses	59	37
- Administrative expenses	7,204	7,500
	27,578	27,787
Less: Depreciation of property, plant and equipment capitalised in plantation and biological assets (Note 11a)	(1,849)	(1,381)
	25,729	26,406
Foreign exchange gain included in:		
- Cost of sales	(60)	(457)
- Administrative expenses	(3,310)	(3,269)
	(3,370)	(3,726)
Amortisation:		
- Intangible assets (Note 10)	897	972
- Right-of-use assets (Note 11b)	2,281	3,234
	3,178	4,206
Professional fees	6,418	5,599
Audit fees:		
- Paid/payable to auditors of the Company	1,430	1,435
- Paid/payable to other auditors	25	122
Non-audit fees:		
- Paid/payable to auditors of the Company	33	29
Lease expenses on short-term leases and low-value assets	641	958
Write off of property, plant and equipment and plantation (Note 11(a), Note 15)	1,099	44
Loss on disposal of asset held for sale	381	-
Fair value loss on biological assets (Note 15)	1,596	-
Fair value loss on investment properties (Note 12)	2,455	-
Impairment loss on property, plant and equipment (Note 11(a))	2,149	-
Impairment losses/(Reversal of impairment losses) on financial assets	23,665	(49)
Inventories recognised as an expense in cost of sales ⁽¹⁾	2,754,659	2,522,018
	2,754,659	2,522,018
⁽¹⁾ Included unrealised fair value gain on open forward commodity contracts and inventories of US\$472,000 (2022: fair value loss of US\$2,785,000).		
(b) Employee benefits expenses (including directors' remuneration):		
- Defined benefit plans	2,633	1,552
- Defined contribution plans	3,166	2,581
- Staff salaries	97,296	96,862
	103,095	100,995
Included in:		
- Cost of sales	59,405	58,679
- Selling expenses	5,832	5,354
- Administrative expenses	37,858	36,962
	103,095	100,995

Notes To The Financial Statements

9. Loss per share ("LPS")

	Group	
	2023 US\$'000	2022 US\$'000
Loss for the year attributable to owners of the Company	(87,017)	(17,968)
Dividend on perpetual securities	(7,600)	(7,600)
Adjusted loss for the year attributable to owners of the Company	<u>(94,617)</u>	<u>(25,568)</u>
	Basic and diluted	
Weighted average number of ordinary shares used to compute earnings per share ('000)	1,595,012	1,595,012
Loss per share (US cents)	<u>(5.93)</u>	<u>(1.60)</u>

10. Intangible assets

Group	Process know-how US\$'000	Goodwill US\$'000	Customer related intangibles US\$'000	Trademark US\$'000	Computer software US\$'000	Total US\$'000
Cost:						
At 1 January 2022	10,000	286,379	2,800	36	4,005	303,220
Additions	-	-	-	-	361	361
Transfer from property, plant and equipment (Note 11)	-	-	-	-	433	433
Transfer to deferred charges	-	-	-	-	(83)	(83)
Exchange difference	-	-	-	(3)	(21)	(24)
At 31 December 2022 and 1 January 2023	10,000	286,379	2,800	33	4,695	303,907
Additions	-	-	-	-	104	104
Exchange difference	-	-	-	-	(2)	(2)
At 31 December 2023	<u>10,000</u>	<u>286,379</u>	<u>2,800</u>	<u>33</u>	<u>4,797</u>	<u>304,009</u>
Accumulated amortisation:						
At 1 January 2022	-	-	1,312	36	2,759	4,107
Amortisation for the year (Note 8)	-	-	280	-	692	972
Transfer to deferred charges	-	-	-	-	(5)	(5)
Exchange difference	-	-	-	(3)	(4)	(7)
As at 31 December 2022 and 1 January 2023	-	-	1,592	33	3,442	5,067
Amortisation for the year (Note 8)	-	-	280	-	617	897
Exchange difference	-	-	-	-	(1)	(1)
At 31 December 2023	<u>-</u>	<u>-</u>	<u>1,872</u>	<u>33</u>	<u>4,058</u>	<u>5,963</u>
Net carrying amount:						
At 31 December 2022	<u>10,000</u>	<u>286,379</u>	<u>1,208</u>	<u>-</u>	<u>1,253</u>	<u>298,840</u>
At 31 December 2023	<u>10,000</u>	<u>286,379</u>	<u>928</u>	<u>-</u>	<u>739</u>	<u>298,046</u>

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

Company	Computer software US\$'000
Cost:	
At 1 January 2022, 31 December 2022 and 31 December 2023	1,247
Accumulated amortisation:	
At 1 January 2022	831
Amortisation for the year	<u>250</u>
At 31 December 2022 and 1 January 2023	1,081
Amortisation for the year	<u>166</u>
At 31 December 2023	<u>1,247</u>
Net carrying amount:	
At 31 December 2022	<u>166</u>
At 31 December 2023	<u>-</u>

Notes To The Financial Statements

10. Intangible assets (cont'd)

Process know-how

Process know-how relates to the production of a certain grade of rubber and has been allocated to the HRC Group CGU. As explained in Note 2.12(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	
	2023 US\$'000	2022 US\$'000
CGU within HRC Group	256,601	256,601
CGU within Corrie MacColl Group	29,778	29,778
	286,379	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 1 to 4 years (2022: 2 to 5 years).

Computer software

Computer software has a remaining amortisation period of 1 to 4 years (2022: 1 to 5 years).

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 2023. No impairment loss was recognised as at 31 December 2023 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 5-10 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 2023 US\$'000	Discount rate	Terminal growth rate
HRC Group:			
– Goodwill	256,601	10.5%	3%
– Process know-how	10,000	10.5%	3%
Corrie MacColl Group:			
– Goodwill	29,778	10%	2%
Total	296,379		
Cash generating units/intangible assets	Carrying amount as at 31 December 2022 US\$'000	Discount rate	Terminal growth rate
HRC Group:			
– Goodwill	256,601	10%	3%
– Process know-how	10,000	10%	3%
Corrie MacColl Group:			
– Goodwill	29,778	10%	2%
Total	296,379		

Notes To The Financial Statements

10. Intangible assets (cont'd)

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

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

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

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

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

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

Sensitivity to changes in assumptions

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

HRC CGU – Assuming the discount rate increases to 14.9% throughout the projection period, the recoverable amount of the HRC CGU would approximate its carrying amount.

11. Property, plant and equipment

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Property, plant and equipment (Note 11(a))	216,514	220,935	438	480
Right-of-use assets (Note 11(b))	7,944	9,490	1,754	2,675
	<u>224,458</u>	<u>230,425</u>	<u>2,192</u>	<u>3,155</u>

Notes To The Financial Statements

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

Group	Leasehold improvements and renovation US\$'000	Office equipment US\$'000	Computers and software US\$'000	Leasehold buildings US\$'000	Plant and machinery US\$'000	Vehicles US\$'000	Leasehold land US\$'000	Freehold land US\$'000	Assets under construction US\$'000	Total US\$'000
Cost:										
At 1 January 2022	1,703	20,585	2,974	162,947	108,010	7,574	69,889	9,867	15,402	398,951
Additions	97	753	218	958	3,092	666	5	-	3,932	9,721
Disposals	(153)	(185)	(84)	(855)	(1,848)	(226)	-	-	(65)	(3,416)
Write off	-	(40)	(6)	(91)	(100)	-	-	-	(39)	(276)
Reclassifications	5,484	(76)	251	4,365	670	156	(40)	-	(10,810)	-
Transfer from prepayment	-	-	-	-	-	-	739	-	-	739
Transfer to intangible assets	-	-	(433)	-	-	-	-	-	-	(433)
Transfer from deferred charges	-	-	53	-	-	-	-	-	-	53
Exchange differences	(205)	(1,384)	(95)	(17,018)	(7,191)	(620)	(5,012)	(1,263)	(999)	(33,787)
At 31 December 2022 and 1 January 2023	6,926	19,653	2,878	150,306	102,633	7,550	65,581	8,604	7,421	371,552
Additions	23	494	184	5,625	3,582	666	212	-	7,629	18,415
Disposals	-	(201)	(30)	(222)	(375)	(305)	-	-	-	(1,133)
Write off	-	(40)	(9)	(8)	(992)	(162)	(147)	-	(11)	(1,369)
Reclassifications	-	1,319	213	968	6,344	53	99	-	(8,996)	-
Transfer to investment property (Note 12)	-	-	-	-	-	-	-	(23)	-	(23)
Exchange differences	(27)	411	12	2,302	1,602	137	245	54	146	4,882
At 31 December 2023	6,922	21,636	3,248	158,971	112,794	7,939	65,990	8,635	6,189	392,324

Notes To The Financial Statements

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

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

Group	Leasehold improvements and renovation US\$'000	Office equipment US\$'000	Computers and software US\$'000	Leasehold buildings US\$'000	Plant and machinery US\$'000	Vehicles US\$'000	Leasehold land US\$'000	Freehold land US\$'000	Assets under construction US\$'000	Total US\$'000
Accumulated depreciation and impairment:										
At 1 January 2022	1,175	11,139	2,307	48,759	59,401	3,742	14,508	-	-	141,031
Disposals	(73)	(177)	(63)	(395)	(1,696)	(152)	-	-	-	(2,556)
Depreciation for the year	325	1,318	350	8,183	9,603	918	1,982	-	-	22,679
Write off	-	(40)	(6)	(86)	(100)	-	-	-	-	(232)
Transfer to plantation related properties (Note 15)	-	28	54	752	431	116	-	-	-	1,381
Transfer from deferred charges	-	-	34	-	-	-	-	-	-	34
Exchange differences	(237)	(860)	(107)	(4,226)	(4,478)	(415)	(1,397)	-	-	(11,720)
At 31 December 2022 and 1 January 2023	1,190	11,408	2,569	52,987	63,161	4,209	15,093	-	-	150,617
Disposals	-	(193)	(29)	(83)	(319)	(305)	-	-	-	(929)
Depreciation for the year	285	1,219	327	7,890	8,563	718	1,916	-	-	20,918
Write off	-	(38)	(9)	(6)	(981)	(81)	-	-	-	(1,115)
Transfer to plantation related properties (Note 15)	-	15	95	891	757	91	-	-	-	1,849
Impairment of assets	-	2,100	-	12	1	-	36	-	-	2,149
Exchange differences	37	306	(7)	788	1,019	13	165	-	-	2,321
At 31 December 2023	1,512	14,817	2,946	62,479	72,201	4,645	17,210	-	-	175,810
Net carrying amount:										
At 31 December 2022	5,736	8,245	309	97,319	39,472	3,341	50,488	8,604	7,421	220,935
At 31 December 2023	5,410	6,819	302	96,492	40,593	3,294	48,780	8,635	6,189	216,514

Notes To The Financial Statements

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

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

Company	Renovation US\$'000	Computers US\$'000	Office equipment US\$'000	Assets under construction US\$'000	Total US\$'000
Cost:					
At 1 January 2022	298	535	44	156	1,033
Additions	-	18	2	146	166
Disposal	-	(13)	-	-	(13)
Write-off	-	(3)	-	-	(3)
At 31 December 2022 and 1 January 2023	298	537	46	302	1,183
Additions	-	16	5	60	81
Write-off	-	(1)	-	-	(1)
At 31 December 2023	298	552	51	362	1,263
Accumulated depreciation:					
At 1 January 2022	222	331	14	-	567
Depreciation for the year	34	93	16	-	143
Disposal	-	(4)	-	-	(4)
Write-off	-	(3)	-	-	(3)
At 31 December 2022 and 1 January 2023	256	417	30	-	703
Depreciation for the year	17	89	17	-	123
Write-off	-	(1)	-	-	(1)
At 31 December 2023	273	505	47	-	825
Net carrying amount:					
At 31 December 2022	42	120	16	302	480
At 31 December 2023	25	47	4	362	438

Assets pledged as security

In addition to assets held under lease obligation, the Group has pledged certain property, plant and equipment with carrying amount of US\$49,425,000 (2022: US\$45,186,000) to secure the Group's and the Company's loans and borrowings (Note 25).

Impairment testing

Management has observed indicators of impairment for the Cameroon CGU. Accordingly, an impairment assessment was performed to determine the value in use of the Cameroon CGU.

Key assumption used in value in use calculation of Cameroon CGU:

	Carrying amount of the CGU as at 31 December 2023 US\$'000	Discount rate	Terminal growth rate
Cameroon CGU	538,207	11.0%	0%

Sensitivity to changes in assumptions

Changes to the above assumptions used by management to determine the recoverable amount can have significant impact on the results of the assessment.

Assuming an increase in discount rate to 11.2% throughout the projection period, there will be an impairment loss of US\$3,850,000 to the Cameroon CGU.

Notes To The Financial Statements

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

(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 87 years (2022: between 1 and 88 years), machinery and other equipment generally have lease terms between 1 and 5 years (2022: 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.

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

	Land and office US\$'000	Office equipment and motor vehicles US\$'000	Total US\$'000
Group			
At 1 January 2022	9,899	341	10,240
Additions	3,043	191	3,234
Termination	–	(35)	(35)
Amortisation for the year	(3,040)	(194)	(3,234)
Exchange differences	(697)	(18)	(715)
At 31 December 2022 and 1 January 2023	9,205	285	9,490
Additions	342	260	602
Termination	(167)	(44)	(211)
Amortisation for the year	(2,133)	(148)	(2,281)
Exchange differences	344	–	344
At 31 December 2023	7,591	353	7,944
Net carrying amount:			
At 31 December 2022	9,205	285	9,490
At 31 December 2023	7,591	353	7,944

Motor vehicles with carrying amount of US\$11,000 (2022: US\$22,000) is secured over the lease liabilities of US\$12,000 (2022: US\$23,000) as at 31 December 2023.

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

	Land and office US\$'000	Office equipment US\$'000	Total US\$'000
Company			
At 1 January 2022	624	76	700
Additions	3,043	110	3,153
Termination	–	(35)	(35)
Amortisation for the year	(1,069)	(51)	(1,120)
Exchange differences	(20)	(3)	(23)
At 31 December 2022 and 1 January 2023	2,578	97	2,675
Additions	–	90	90
Termination	–	(43)	(43)
Amortisation for the year	(938)	(30)	(968)
At 31 December 2023	1,640	114	1,754
Net carrying amount:			
At 31 December 2022	2,578	97	2,675
At 31 December 2023	1,640	114	1,754

Notes To The Financial Statements

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

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

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

	Group	
	2023	2022
	US\$'000	US\$'000
Amortisation expense of right-of-use assets	2,281	3,234
Interest expense on liabilities	452	457
Expense relating to leases of low-value assets and short-term leases (included in general and administrative expenses)	641	958
	3,374	4,649

The Group had total cash outflows for leases of US\$3,253,000 (2022: US\$4,577,000).

12. Investment properties

	Group	
	2023	2022
	US\$'000	US\$'000
Statement of financial position:		
At 1 January	40,668	42,169
Fair value (loss)/gain recognised in profit or loss (Note 5, 8)	(1,458)	1,518
Reclassification from assets classified as held-for-sale (Note 22)	1,373	-
Reclassification from property, plant and equipment (Note 11(a))	23	-
Exchange differences	594	(3,019)
At 31 December	41,200	40,668
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	13	17

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 2023 and 2022. The valuations were performed by independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 35(d).

Notes To The Financial Statements

12. Investment properties (cont'd)

The investment properties held by the Group as at 31 December 2023 are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
Residential house in Palembang, Indonesia	Residential	Leasehold	15 years
Land in Palembang, Indonesia	Vacant land	Leasehold	7-19 years
Offices in Palembang, Indonesia	Offices	Leasehold	9-17 years
Shophouses in Medan, Indonesia	Shophouses	Leasehold	17 years
Shophouse in Jakarta, Indonesia	Shophouse	Leasehold	19 years
Residential house in Banjarmasin, Indonesia	Residential	Leasehold	5 years
Shophouse in Jambi, Indonesia	Shophouse	Leasehold	14 years
Land in Pontianak, Indonesia	Vacant land	Leasehold	12-28 years
Shophouse in Rantau, Indonesia	Shophouse	Leasehold	7-21 years
Land in Riau, Indonesia	Vacant land	Leasehold	17 years
Shophouse in Riau, Indonesia	Shophouse	Leasehold	3-10 years
Shophouses in Pontianak, Indonesia	Shophouses	Leasehold	2-18 years
Commercial offices in Hainan, China	Commercial offices	Leasehold	35 years
Land in Songkhla, Thailand	Vacant land	Freehold	-
Land in Pattani, Thailand	Vacant land	Freehold	-
Residential houses and offices in Pattani, Thailand	Houses and offices	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 Narathiwat, Thailand	Vacant land	Freehold	-
Residential houses and offices in Narathiwat, Thailand	Houses and offices	Freehold	-

13. Investment in subsidiaries and associates

(a) Investment in subsidiaries

	Company	
	2023 US\$'000	2022 US\$'000
Unquoted equity shares:		
At cost	502,547	502,547
Allowance for impairment in value	(160,287)	-
	<u>342,260</u>	<u>502,547</u>
Amount due from subsidiaries	577,338	565,800
	<u>919,598</u>	<u>1,068,347</u>

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.

The movement in impairment of investment in unquoted ordinary shares are as follows:

	Company	
	2023 US\$'000	2022 US\$'000
At 1 January	-	-
Charge for the year	160,287	-
At 31 December	<u>160,287</u>	<u>-</u>

During the current financial year, management performed impairment testing for the Company's investments in certain subsidiaries as there were indicators of impairment. Based on assessments of the recoverable amounts of certain subsidiaries, an allowance for impairment for investments in subsidiaries of US\$160,287,000 (2022: US\$nil) was recorded to write-down the carrying amount of the investments in subsidiaries.

Notes To The Financial Statements

13. 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	
			2023	2022
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
SINRIO Investment Pte. Ltd. (formerly known as Sinochem International Natural Rubber Investment (Overseas) Pte. Ltd.) ⁽¹⁾	Singapore	Natural rubber trading and investment holding	100.00	100.00
HAC Capital Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100.00	100.00
Corrie MacColl Limited ⁽³⁾	United Kingdom	Investment holding	100.00	100.00
Subsidiaries of Halcyon Rubber Company Pte. Ltd.				
Anson Company (Private) Limited ⁽¹⁾	Singapore	Investment holding	100.00	100.00
Hevea Global Pte. Ltd. ⁽¹⁾	Singapore	Natural rubber trading	100.00	100.00
Subsidiaries of Anson Company (Private) Limited				
Halcyon Agri Indonesia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100.00	100.00
PT. Hok Tong ⁽²⁾	Indonesia	Natural rubber processing	99.99	99.99
PT. Remco Rubber Indonesia ⁽²⁾	Indonesia	Natural rubber processing	75.00	75.00
Subsidiaries of Halcyon Agri Indonesia Pte. Ltd.				
PT. Hevea MK ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Hevea GE ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
Subsidiaries of PT. Hok Tong				
PT. Bumi Jaya ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Sunan Rubber ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Rubber Hock Lie ⁽²⁾	Indonesia	Natural rubber processing	99.91	99.91
PT. GMG Sentosa ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Pulau Bintan Djaya ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Alam ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
PT. Sumber Djantin ⁽²⁾	Indonesia	Natural rubber processing	100.00	100.00
Subsidiaries of Corrie MacColl Pte. Ltd.				
G.P. Sentosa Enterprises Co., Ltd. ⁽²⁾	Thailand	Investment holding	100.00	100.00
Teck Bee Hang Co., Ltd. ⁽²⁾	Thailand	Natural rubber processing	55.00	55.00
GMG Investment Congo SARL ^{(4)*}	Democratic Republic of Congo	Dormant	100.00	100.00
Centrotrade Minerals and Metals, Inc. ⁽³⁾	United States	Dormant	100.00	100.00

Notes To The Financial Statements

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

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest	
			2023	2022
Subsidiaries of Teck Bee Hang Co., Ltd.				
Techem Industries Co., Ltd. ⁽³⁾	Thailand	Manufacture and distribution of plastic products	54.10	54.10
Teck-Fu Joint Venture Co., Ltd. ⁽³⁾	Thailand	Natural rubber processing	47.30	47.30
Subsidiaries of SINRIO Investment Pte. Ltd. (formerly known as 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 Halcyon Rubber Tech. Co., Ltd. (formerly known as Hainan Sinochem Rubber Co Ltd) ⁽²⁾	People's Republic of China	Natural rubber processing	100.00	100.00
SDCI Singapore Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100.00	100.00
SINRIO Thailand Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100.00	100.00
Subsidiary of New Continent Enterprises (Private) Limited				
Halcyon Agri Natural Rubber (Shanghai) Limited ⁽²⁾	People's Republic of China	Natural rubber trading and distribution	100.00	100.00
Subsidiary of SINRIO Malaysia Pte. Ltd.				
SINRIO (Malaysia) Sdn. Bhd. ⁽²⁾	Malaysia	Investment holding	100.00	100.00
Subsidiaries of SINRIO (Malaysia) Sdn. Bhd.				
Hevea KB Sdn. Bhd. ⁽²⁾	Malaysia	Natural rubber processing	100.00	100.00
Euroma Rubber Industries Sendirian Berhad ⁽²⁾	Malaysia	Natural rubber processing	100.00	100.00
Subsidiaries of Hainan Halcyon Rubber Tech. Co., Ltd. (formerly known as Hainan Sinochem Rubber Co Ltd)				
Xishuangbanna Halcyon Rubber Tech. Co., Ltd. ⁽²⁾	People's Republic of China	Natural rubber processing	96.67	96.67
Hainan Baoting Halcyon Rubber Tech. 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
Baisha Sinochem Rubber Co., Ltd. ^{(2)#}	People's Republic of China	Dormant	100.00	100.00

Notes To The Financial Statements

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

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest	
			2023	2022
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 ⁽³⁾	Germany	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Malaysia Sdn. Bhd. ⁽²⁾	Malaysia	Natural rubber trading and distribution	100.00	100.00
Corrie MacColl Europe B.V. ⁽²⁾	The Netherlands	Investment holding, trading and distribution of natural rubber and latex	100.00	100.00
Kelvin Terminals B.V. ⁽⁴⁾	The Netherlands	Storage and trading of natural rubber, latex and synthetic rubber	100.00	100.00
Corrie MacColl (Thailand) Co., Ltd. ⁽³⁾	Thailand	Investment holding	49.00	49.00
Shanghai CMI Rubber Co., Ltd. ⁽³⁾	People's Republic of China	Trading and distribution of natural rubber and rubber related products	100.00	100.00
Subsidiaries of Corrie MacColl Europe B.V.				
Corrie MacColl Rubber Ltd. ⁽³⁾	United Kingdom	Other business support service activities	100.00	100.00
Corrie MacColl Holdings, Inc. ⁽²⁾	United States	Investment holding	100.00	100.00
Corrie MacColl İthalat ve İhracat Anonim Şirketi ⁽⁴⁾	Republic of Turkey	Trading and distribution of natural rubber	100.00	100.00
Subsidiaries of Corrie MacColl Holdings, Inc.				
Corrie MacColl North America, Inc. ⁽²⁾	United States	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00
CMH MTL Holdings, Inc. ⁽²⁾	United States	Ceased operations during the year	100.00	100.00
Subsidiary of Corrie MacColl (Thailand) Co., Ltd.				
Corrie MacColl Hatyai Co., Ltd. ⁽³⁾	Thailand	Trading and distribution of natural rubber, latex and synthetic rubber	100.00	100.00

Notes To The Financial Statements

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

(a) Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of Group effective ownership interest	
			2023	2022
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.

Struck off in January 2024.

* Dissolved during the year.

(b) Investment in associates

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

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Feltex Co., Ltd.	1,432	1,458	-	-
Agridence Pte. Ltd.	4,568	5,546	4,568	5,546
	6,000	7,004	4,568	5,546

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023	2022
Held through a subsidiary				
Feltex Co., Ltd. ⁽¹⁾	Thailand	Natural rubber processing	24.80	24.80
Held by the Company				
Agridence Pte. Ltd. ⁽²⁾	Singapore	Natural rubber supply chain and trading platform	29.99	29.99

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

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

Notes To The Financial Statements

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

(b) Investment in associates (cont'd)

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

	Group	
	2023 US\$'000	2022 US\$'000
Current assets	8,323	10,209
Non-current assets	1,638	1,539
Current liabilities	(2,541)	(2,036)
Non-current liabilities	(59)	-
Equity	7,361	9,712
Total comprehensive loss, net of tax	(2,854)	(1,892)

14. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group				Company	
	Statement of financial position		Consolidated income statement		Statement of financial position	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Differences in depreciation for tax purposes	4,732	1,684	1,021	1,111	(9)	(55)
Tax losses carry forward	24,180	25,808	276	(61)	-	-
Retirement benefit liabilities	2,164	2,177	(22)	(89)	-	-
Fair value uplift of biological assets	(12,211)	(11,298)	-	(1,228)	-	-
Fair value uplift of investment properties	(4,744)	(10,104)	5,239	(225)	-	-
Fair value uplift of property, plant and equipment acquired in business combination	(19,801)	(20,103)	173	121	-	-
Unremitted foreign source income	(13,796)	(12,878)	(923)	(2,489)	(428)	(397)
Forward currency contracts	(2,564)	(3,679)	160	(537)	-	-
Right of use asset	(1,514)	(1,833)	-	-	(298)	(455)
Lease liability	1,558	1,965	-	-	325	478
Others	(251)	711	123	(329)	162	(23)
Tax credit/(expense)			6,047	(3,726)		
Net deferred tax liabilities	(22,247)	(27,550)			(248)	(452)
Reflected in the statement of financial position as follows:						
Deferred tax assets	21,110	20,511			-	-
Deferred tax liabilities	(43,357)	(48,061)			(248)	(452)
Deferred tax liabilities, net	(22,247)	(27,550)			(248)	(452)

Notes To The Financial Statements

14. Deferred tax (cont'd)

	Group	
	2023 US\$'000	2022 US\$'000
<i>Reconciliation of deferred tax liabilities, net</i>		
At 1 January	(27,550)	(22,930)
Tax credit/(expense) during the year recognised in profit or loss	6,047	(3,726)
Tax expense during the year recognised in other comprehensive income	(30)	(754)
Exchange difference	(714)	(140)
At 31 December	(22,247)	(27,550)

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\$136,200,000 and US\$22,804,000 (2022: US\$120,620,000 and US\$9,840,000) respectively that are available for offset against future taxable profits. Tax losses of US\$126,001,000 (2022: US\$106,326,000) will expire within 5 years and US\$10,199,000 (2022: US\$14,294,000) will expire in 5 to 10 years.

The related deferred tax benefits of US\$40,532,000 (2022: US\$21,304,000) were not recognised as the recoverability was considered not probable.

Unrecognised temporary differences relating to investments in subsidiaries

A deferred tax liability of US\$21,304,000 (2022: US\$37,225,000) that could arise upon the distribution of profit at certain subsidiaries has not been provided for as at 31 December 2023 as the distributable profits is within the Group's control and there is currently no intention for the profits to be remitted to Singapore.

Notes To The Financial Statements

15. Plantation and biological assets

Group	Plantation related properties								
	Leasehold land use rights US\$'000	Freehold land use rights US\$'000	Plantation establishment costs US\$'000	Other plantation related costs US\$'000	Total plantation related properties US\$'000	Non-current biological assets US\$'000	Total plantation and biological assets US\$'000	Consumable biological assets US\$'000	Total US\$'000
Cost									
At 1 January 2022	85,888	58,108	6,718	16,042	175,665	372,337	548,002	83	548,085
Additions	-	-	638	301	2,865	24,046	26,911	-	26,911
Capitalisation of depreciation	-	-	-	341	341	-	341	-	341
Reclassification	-	-	(738)	-	-	-	-	-	-
Transfer from property, plant and equipment (Note 11)	-	-	-	-	-	1,381	1,381	-	1,381
Fair value adjustment (Note 5)	-	-	-	-	-	7,665	7,665	-	7,665
Disposals	-	-	(1,654)	-	(1,654)	-	(1,654)	-	(1,654)
Exchange difference	(1,796)	-	(455)	(862)	(3,674)	(20,672)	(24,346)	(5)	(24,351)
At 31 December 2022	84,092	58,108	6,163	15,822	173,543	384,757	558,300	78	558,378
At 1 January 2023	84,092	58,108	6,163	15,822	173,543	384,757	558,300	78	558,378
Additions	-	-	485	91	576	21,174	21,750	-	21,750
Capitalisation of depreciation	-	-	104	226	330	-	330	-	330
Reclassification	-	-	(58)	(887)	-	-	-	-	-
Transfer from property, plant and equipment (Note 11)	-	-	-	-	-	1,849	1,849	-	1,849
Fair value adjustment (Note 8)	-	-	-	-	-	(1,545)	(1,545)	(51)	(1,596)
Disposals	-	-	-	-	(2,673)	-	(2,673)	-	(2,673)
Write-off	-	-	-	-	-	(1,994)	(1,994)	-	(1,994)
Exchange difference	(1,229)	-	(71)	(612)	(1,714)	12,565	10,851	(3)	10,848
At 31 December 2023	82,863	58,108	6,623	14,640	170,062	416,806	586,868	24	586,892

Notes To The Financial Statements

15. Plantation and biological assets (cont'd)

	Plantation related properties									
	Leasehold land use rights US\$'000	Freehold land use rights US\$'000	Plantation establishment costs US\$'000	Other plantation related costs US\$'000	Total plantation related properties US\$'000	Non-current biological assets US\$'000	Total plantation and biological assets US\$'000	Consumable biological assets US\$'000	Total US\$'000	
Accumulated depreciation										
At 1 January 2022	4,728	-	-	-	5,774	11,557	17,331	-	17,331	
Depreciation for the year	992	-	-	-	1,257	2,811	4,068	-	4,068	
Transfer to inventory	-	-	-	-	-	1,594	1,594	-	1,594	
Exchange difference	(147)	-	-	-	(319)	(2,495)	(2,814)	-	(2,814)	
At 31 December 2022	5,573	-	-	-	6,712	13,467	20,179	-	20,179	
At 1 January 2023	5,573	-	-	-	6,712	13,467	20,179	-	20,179	
Depreciation for the year	980	-	-	124	1,397	3,744	5,141	-	5,141	
Transfer to inventory	-	-	-	-	-	2,634	2,634	-	2,634	
Write-off	-	-	-	-	-	(1,149)	(1,149)	-	(1,149)	
Exchange difference	(115)	-	-	-	(32)	1,749	1,717	-	1,717	
At 31 December 2023	6,438	-	-	124	8,077	20,445	28,522	-	28,522	
Carrying amount										
At 31 December 2022	78,519	58,108	8,219	6,163	166,831	371,290	538,121	78	538,199	
At 31 December 2023	76,425	58,108	6,313	6,623	161,985	396,361	558,346	24	558,370	

Notes To The Financial Statements

15. Plantation and biological assets (cont'd)

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

Country	Malaysia	Cameroon	Cameroon	Ivory Coast
Type of ownership	Leasehold	Freehold	Land use rights	Land use rights/Freehold
Total land area (hectares)	9,844	45,198	52,607	1,376

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

During the financial year, Tropical Rubber Cote d'Ivoire S.A. ("TRCI SA"), a subsidiary of the Group has disposed part of freehold land for a consideration of US\$36,209,000 (2022: US\$25,593,000). Gain on disposal of US\$23,609,000 (2022: US\$15,090,000) has been recognised in profit or loss.

Interest expense amounting to US\$13,363,000 was capitalised in 2023 (2022: US\$10,675,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 7.07% – 7.50% (2022: 3.45% – 7.15%) per annum, which is the effective interest rate of borrowings.

The impairment assessment for the plantation in Cameroon is assessed at the Cameroon CGU level as disclosed in Note 11(a).

16. Debt instrument

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

As part of the investment arrangement, the Group is entitled to an annual dividend of 5.50%. The third party may redeem Class A preferred stock at any time before November 2023.

The issuer of debt instruments was unable to repay the amount when the redemptions became mandatory in November 2023. Therefore, the Group has impaired the debt instruments in full.

The debt instrument measured at amortised cost as follows:

	Group	
	2023 US\$'000	2022 US\$'000
3,000 Non-voting Class A Preferred Stock	2,713	2,713
Less: Impairment of financial assets	(2,713)	(321)
Debt instrument at amortised cost	–	2,392
<u>Current:</u>		
Debt instrument	–	2,392

Expected credit losses ("ECL")

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

	Group	
	2023 US\$'000	2022 US\$'000
At 1 January	321	296
Charge for the year	2,392	25
At 31 December	2,713	321

Notes To The Financial Statements

17. Cash and bank balances

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Cash at bank and on hand	44,214	113,841	729	1,017
Short term deposits	4,072	4,841	100	2,400
Total cash and bank balances	48,286	118,682	829	3,417

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 2023 for the Group is 4.63% (2022: 4.06%) per annum.

Cash and bank balances of US\$1,011,000 (2022: US\$1,933,000) of the Group have been charged as security for the Group's general banking facilities (Note 25) and performance guarantee.

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

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
United States Dollar	7,879	16,838	-	-
Singapore Dollar	1,016	1,049	357	409
Euro	1,599	755	6	30
Pound Sterling	305	401	2	4

18. Trade receivables

	Group	
	2023 US\$'000	2022 US\$'000
External parties	141,273	137,663

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\$25,012,000 (2022: US\$41,680,000) of the Group have been charged as security for the Group's banking facilities (Note 25).

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

	Group	
	2023 US\$'000	2022 US\$'000
United States Dollar	9,574	7,566
Euro	6,336	9,171
Pound Sterling	646	637

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of trade receivables are as follows:

	Group	
	2023 US\$'000	2022 US\$'000
At 1 January	600	627
Charge/(reversal) for the year	49	(27)
At 31 December	649	600

Notes To The Financial Statements

19. Loans and other receivables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current				
<i>Financial assets</i>				
Loan to a third party	43,758	60,965	-	-
Interest-bearing receivable	-	4,019	-	-
Other receivables	30,053	19,091	778	-
Amounts due from subsidiaries	-	-	511,668	498,666
Deposits	30,080	23,390	300	298
	<u>103,891</u>	<u>107,465</u>	<u>512,746</u>	<u>498,964</u>
<i>Non-financial assets</i>				
Prepayments	21,992	22,921	453	384
Other tax receivables	26,287	24,560	55	57
	<u>48,279</u>	<u>47,481</u>	<u>508</u>	<u>441</u>
Total current loans and other receivables	<u>152,170</u>	<u>154,946</u>	<u>513,254</u>	<u>499,405</u>
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Non-current				
<i>Financial assets</i>				
Loan to non-controlling interests of a subsidiary	3,369	3,252	-	-
Prepayment	457	-	-	-
Total non-current loans and other receivables	<u>3,826</u>	<u>3,252</u>	<u>-</u>	<u>-</u>

The loan to non-controlling interests of a subsidiary is secured, repayable in 2025 and earns interest at 5% (2022: 5%) per annum.

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

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

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% (2022: 10%-11%) per annum and to be repaid semi-annually.

Based on the repayment, the Group has assessed that the recoverable amount and has determined a provision of US\$22,579,000 as at 31 December 2023 (as at 31 December 2022: US\$1,440,000) for expected credit losses ("ECL") is required. Subsequent to the financial year end, the loan was settled by the borrower. Further details are disclosed in Note 38.

Included within other receivables is corporate social responsibility receivable ("CSR receivable") amounting to US\$10,902,000 (2022: US\$9,038,000). 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.

Other receivables also comprise amount due from non-controlling interest of a subsidiary amounting to US\$2,486,000 (2022: US\$2,300,000), interest receivables amounting to US\$2,063,000 (2022: US\$1,800,000), staff advances amounting to US\$2,064,000 (2022: US\$1,287,000) and stamp duty recoverable from HRG amounting to US\$778,000 (2022: US\$nil).

Included within deposits is a pledged collateral for bank facilities amounting to US\$3,296,000 (2022: US\$3,243,000).

Notes To The Financial Statements

19. Loans and other receivables (cont'd)

In prior year, included in the loans and other receivables was an advance to a third party amounting to US\$4,019,000 which bore an interest of 4.2% per annum, secured by the borrower's property, plant and equipment. The advance has been fully settled in 2023.

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 2023, the allowance provided for other tax receivables amounted to US\$2,637,000 (2022: US\$3,734,000).

As at 31 December 2023, amounts due from subsidiaries amounting to US\$231,497,000 (2022: US\$214,095,000) are unsecured, bears an average interest of 7.33% (2022: 4.88%) per annum, repayable on demand and are expected to be settled in cash. The remaining amounts are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Expected credit losses ("ECL")

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

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
At 1 January	4,446	4,620	80	87
Charge/(reversal) for the year	21,224	51	(17)	(7)
Exchange difference	(44)	(225)	-	-
At 31 December	25,626	4,446	63	80

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	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
United States Dollar	4,949	1,637	-	-
Singapore Dollar	101	113	61	57
Euro	66,164	61,508	-	-
Chinese Yuan	635	835	-	-
Japanese Yen	443	664	-	-

20. Derivative financial instruments

	2023		2022	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Group				
Forward currency contracts	2,454	(4,053)	-	(1,315)
Forward contracts on commodity (natural rubber)	6,199	(8,968)	39,862	-
Total	8,653	(13,021)	39,862	(1,315)
Company				
Forward currency contracts	4,652	(4,063)	3,012	(2,702)

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.

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	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Forward contracts on commodity (natural rubber)	382,969	445,804	6,199	39,862	(8,968)	-
Forward currency contracts	294,888	300,555	2,454	-	(4,053)	(1,315)
			8,653	39,862	(13,021)	(1,315)

The maturity period for forward commodity (natural rubber) contracts ranges from one to twelve months (2022: one to twelve months).

Notes To The Financial Statements

21. Inventories

	Group	
	2023	2022
	US\$'000	US\$'000
At cost:		
- Consumables	23,731	26,510
At fair value:		
- Raw materials	127,796	102,006
- Work-in-progress	22,406	25,868
- Finished goods held for sale	282,988	256,321
	433,190	384,195
	456,921	410,705

Inventories as at the end of the current reporting period included fair value gain of US\$32,049,000 (2022: fair value loss of US\$11,097,000).

Inventories with carrying amounts of US\$94,675,000 (2022: US\$128,883,000) have been pledged as security for a trade financing facility (Note 25).

22. Assets classified as held-for-sale

- (i) During 2023, the Group has completed the disposal of certain properties in Indonesia amounting to US\$4,259,000 (2022: US\$4,259,000) and recorded a loss on disposal of US\$381,000.
- (ii) During 2023, the Group has transferred certain properties classified as asset held for sale in China amounting to US\$1,373,000 (2022: US\$1,373,000) to investment properties, as the properties are redesignated for lease purposes.

23. Trade payables

	Group	
	2023	2022
	US\$'000	US\$'000
External parties	67,495	36,455
	67,495	36,455

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	
	2023	2022
	US\$'000	US\$'000
United States Dollar	1,986	1,225
Euro	1,475	5,554
	1,475	5,554

Notes To The Financial Statements

24. Other payables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current				
<i>Financial liabilities</i>				
Other payables	27,688	17,995	140	118
Accrued operating expenses	39,537	37,809	4,599	3,024
Amounts due to SIC	3,600	2,400	3,600	2,400
Accrued interest expense	17,598	3,739	16,202	2,035
Amounts due to subsidiaries	-	-	76,541	12,476
	88,423	61,943	101,082	20,053
<i>Non-financial liabilities</i>				
Other indirect tax payables	5,930	10,302	560	328
Advances related to contracted sales	42,991	18,877	-	-
	48,921	29,179	560	328
Total current other payables	137,344	91,122	101,642	20,381
Non-current				
<i>Financial liabilities</i>				
Amounts due to SIC	1,200	2,400	1,200	2,400
Amounts due to subsidiaries	-	-	22,943	18,820
Other payables	5,268	5,509	-	-
	6,468	7,909	24,143	21,220
<i>Non-financial liabilities</i>				
Government grants	919	1,076	-	-
Total non-current other payables	7,387	8,985	24,143	21,220

Included within other payables is an amount related to asset divestment project payable to a local authority of a country where a subsidiary operates, amounting to US\$8,400,000 (2022: US\$3,200,000).

As at 31 December 2023, certain amounts due to subsidiaries amounting to US\$95,727,000 (2022: US\$28,820,000) bears an average interest of 6.61% (2022: 2.67%) 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 SIC are relating to guarantee fee for issuance of perpetual securities (Note 28).

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

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
United States Dollar	2,151	340	-	-
Singapore Dollar	62	10	-	-
Euro	933	6,151	-	-

25. Loan payables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current:				
- Working capital loans	609,241	661,298	358,284	454,513
- Shareholders' loans	376,000	-	376,000	-
- Term loans	11,795	52,750	-	21,600
	997,036	714,048	734,284	476,113
Non-current:				
- Working capital loans	5,777	17,826	-	-
- Term loans	98,991	401,491	-	260,400
	104,768	419,317	-	260,400
Total loan payables	1,101,804	1,133,365	734,284	736,513

Notes To The Financial Statements

25. Loan payables (cont'd)

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	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
United States Dollar	64,025	17,002	-	-
Euro	-	23,616	-	-
Chinese Yuan	14,091	-	14,091	-

Working capital loans bear average interest rates of 6.34% (2022: 3.43%) per annum. Certain loan payables amounting to US\$229,745,000 (2022: US\$125,796,000) are secured by a charge over certain of the Group's inventories (Note 21), property, plant and equipment (Note 11), certain cash and bank balances (Note 17), and certain trade receivables (Note 18).

During the year, the Company has entered into a short-term working capital facility with the shareholders for short-term working capital loans for general working capital purposes. As at 31 December 2023, the outstanding balance of the loans are US\$376,000,000 (2022: US\$nil) and bear average interest rates of 6.62% (2022: nil) per annum. In February 2024, the maturity dates of these loans have been extended for one year (Note 38).

The Group and the Company have the following term loans:

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<i>Current</i>				
Loan A	6,738	4,810	-	-
Loan B	-	21,600	-	21,600
Loan C	2,780	2,724	-	-
Loan D	-	23,616	-	-
Loan G	2,277	-	-	-
	<u>11,795</u>	<u>52,750</u>	<u>-</u>	<u>21,600</u>
<i>Non-current</i>				
Loan A	2,808	9,079	-	-
Loan B	-	260,400	-	260,400
Loan C	6,255	8,854	-	-
Loan E	14,860	59,456	-	-
Loan F	74,682	63,702	-	-
Loan G	393	-	-	-
	<u>98,998</u>	<u>401,491</u>	<u>-</u>	<u>260,400</u>

Details of the term loans are as follow:

- Loan A bears an average effective interest of 6.00% (2022: 6.00%) per annum and repayable on monthly instalments until 2026. This loan is unsecured.
- Loan B was fully repaid in 2023.
- Loan C bears an average effective interest rate of 7.75% (2022: 7.75%) per annum, repayable on monthly instalments until 2026. This loan is secured on certain property, plant and equipment and inventories.
- Loan D was fully repaid in 2023.
- Loan E bears an average effective interest rate of 7.01% (2022: 4.47%) per annum and is repayable in 2026. The loan is secured on certain property, plant and equipment, pledged deposit, trade receivables and inventories.
- Loan F bears an average effective interest rate of 7.50% (2022: 7.50%) per annum and is repayable in 2027. This loan is secured by certain property, plant and equipment.
- Loan G bears an average effective interest rate of 4.85% (2022: nil) per annum and is repayable on monthly instalments until 2025. This loan is secured by certain property, plant and equipment.

Notes To The Financial Statements

26. Retirement benefit obligations

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

Changes in retirement benefit obligations are as follows:

	Group	
	2023 US\$'000	2022 US\$'000
At 1 January	16,542	22,338
Benefit paid for the year	(4,270)	(1,712)
<i>Changes charged to profit or loss</i>		
- Current service costs	199	1,819
- Interest cost on benefit obligations	898	1,009
- Past service costs	(91)	(1,979)
- Net actuarial gain recognised during the year	(1,995)	(161)
- Provision of long-term employee benefit	1,060	-
- Excess benefit	2,562	864
<i>Re-measurement gains in other comprehensive income</i>		
- Actuarial changes arising from changes in demographic assumptions	62	(173)
- Actuarial changes arising from changes in financial assumptions	(348)	(97)
- Experience adjustments	175	(3,640)
- Exchange difference	439	(1,726)
At 31 December	15,233	16,542

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

	Group	
	2023 %	2022 %
<u>Indonesia (Headcount: 2023 -2,787, 2022 - 3,741)</u>		
Discount rate	6.70 – 6.90	7.10 – 7.40
Future salary increment rate	5.50	5.00 – 9.00
<u>Thailand (Headcount: 2023 – 1,066, 2022 – 1,013)</u>		
Discount rate	3.03	2.68
Future salary increment rate	1.00 – 4.00	1.00 – 4.00
<u>Cameroon (Headcount: 2023 – 6,589, 2021 – 6,333)</u>		
Discount rate	3.50	3.50 – 4.19
Future salary increment rate	1.00 – 4.00	2.00 – 4.00
<u>Ivory Coast (Headcount: 2023 – 992, 2022 – 948)</u>		
Discount rate	5.80 – 6.00	5.85
Future salary increment rate	2.00	2.00

The other assumptions such as mortality rate, disability rate, changes in bond yields, inflation risk and voluntary resignation rate are not significant assumptions for these plans as there are insignificant changes in retirement benefit obligations arising from them.

Sensitivity analysis to the principal assumptions used in determining employee benefits obligations are as follows:

Assumptions	Quantitative sensitivity analysis		
	Basis points Increase/(decrease)	(Decrease)/increase in aggregate current service and interest cost US\$'000	(Decrease)/increase in net employee benefits liabilities US\$'000
<u>31 December 2023</u>			
Annual discount rate	100/(100)	(588)/651	(996)/1,126
Future annual salary growth rate	100/(100)	713/(606)	1,075/(958)
<u>31 December 2022</u>			
Annual discount rate	100/(100)	(594)/640	(1,094)/1,252
Future annual salary growth rate	100/(100)	725/(625)	1,233/(1,105)

Notes To The Financial Statements

26. Retirement benefit obligations (cont'd)

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

The following payments are expected contributions to the employee benefits plan obligation in future years:

	Group	
	2023 US\$'000	2022 US\$'000
Less than 1 year	3,000	4,270
More than 1 year	12,233	12,272
Total expected payments	15,233	16,542

The weighted average duration of the retirement benefits obligation is 20.3 years (2022: 18.4 years).

27. Share capital

	Group and Company			
	2023		2022	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Issued and fully paid ordinary shares				
Balance at beginning and end of financial year	1,595,012	603,874	1,595,012	603,874

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

28. Perpetual securities

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

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

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

29. Other reserves**(a) Capital reserve**

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

(b) Other reserves

Other reserves mainly pertain to transaction cost on the issuance of perpetual securities.

(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.

Notes To The Financial Statements

30. Lease liabilities

	Land and office US\$'000	Office equipment and motor vehicles US\$'000	Total US\$'000
Group			
At 1 January 2022	10,662	265	10,927
Additions	3,043	191	3,234
Interest expense (Note 6(b))	440	17	457
Lease payment	(3,393)	(226)	(3,619)
Exchange difference	(812)	(6)	(818)
Derecognition of lease liabilities	-	(38)	(38)
At 31 December 2022 and 1 January 2023	9,940	203	10,143
Additions	322	260	582
Interest expense (Note 6(b))	438	14	452
Lease payment	(2,461)	(151)	(2,612)
Exchange difference	(167)	4	(163)
Derecognition of lease liabilities	(178)	(44)	(222)
At 31 December 2023	7,894	286	8,180

	Land and office US\$'000	Office equipment US\$'000	Total US\$'000
Company			
At 1 January 2022	660	82	742
Additions	3,043	110	3,153
Interest expense	46	6	52
Lease payment	(1,024)	(57)	(1,081)
Exchange difference	(15)	(1)	(16)
Derecognition of lease liabilities	-	(38)	(38)
At 31 December 2022 and 1 January 2023	2,710	102	2,812
Additions	-	90	90
Interest expense	92	4	96
Lease payment	(1,046)	(33)	(1,079)
Exchange difference	37	2	39
Derecognition of lease liabilities	-	(44)	(44)
At 31 December 2023	1,793	121	1,914

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current	1,778	2,418	1,042	978
Non-current	6,402	7,725	872	1,834
	8,180	10,143	1,914	2,812

As at 31 December 2023, the average incremental borrowing rate applied and average interest rate in the lease was 5.20% and 5.53% (2022: 5.20% and 4.51%) per annum respectively.

The Group's lease liabilities of US\$12,000 (2022: US\$23,000) was secured over motor vehicles (Note 11(b)).

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

	Group and Company	
	2023 US\$'000	2022 US\$'000
Singapore Dollar	1,914	2,812

Notes To The Financial Statements

31. Commitments and contingencies**(a) Commitment for sales, purchases and forward currency contracts**

The Group has committed sales, purchases and currency contracts that are entered into for the use of the Group. The contractual or notional amounts of the committed contracts with fixed pricing terms that was outstanding as at 31 December 2023 and 2022 are disclosed in Note 20.

(b) Corporate guarantees

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

	Company	
	2023 US\$'000	2022 US\$'000
Subsidiaries	328,670	404,890

(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\$7,007,000 (2022: US\$1,917,000).

32. Financial risks and management**(a) Categories of financial instruments**

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

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Financial assets					
<u>At amortised cost</u>					
Debt instrument	16	-	2,392	-	-
Cash and bank balances	17	48,286	118,682	829	3,417
Trade receivables	18	141,273	137,663	-	-
Loans and other receivables	19	107,717	110,717	512,746	498,964
		297,276	369,454	513,575	502,381
<u>At fair value through profit or loss</u>					
Derivative financial instruments	20	8,653	39,862	4,652	3,012
		305,929	409,316	518,227	505,393
Financial liabilities					
<u>At amortised cost</u>					
Trade payables	23	67,495	36,455	-	-
Other payables	24	94,891	69,852	125,225	41,273
Loan payables	25	1,101,804	1,133,365	734,284	736,513
Lease liabilities	30	8,180	10,143	1,914	2,812
		1,272,370	1,249,815	861,423	780,598
<u>At fair value through profit or loss</u>					
Derivative financial instruments	20	13,021	1,315	4,063	2,702
		1,285,391	1,251,130	865,486	783,300

Notes To The Financial Statements

32. Financial risks and management (cont'd)**(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 2.8 of the financial statements, the functional currency of the Company is the United States Dollar.

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

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

Foreign currency sensitivity

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

If the relevant foreign currency strengthens by 5% against the functional currencies of Group entities, loss before tax will (increase)/decrease by:

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
United States Dollar	(2,288)	374	-	-
Singapore Dollar	(43)	(83)	(75)	23
Euro ⁽¹⁾	296	(1,236)	-	1
Pound Sterling	26	48	-	-
Chinese Yuan	(597)	52	(703)	-
Japanese Yen	22	33	-	-

⁽¹⁾ Excludes the effect of foreign currency exposure that has been materially hedged.

(ii) Interest rate risk

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

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

Interest rate sensitivity

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

Notes To The Financial Statements

32. Financial risks and management (cont'd)

(b) **Financial risk management policies and objectives (cont'd)**(ii) *Interest rate risk (cont'd)*Interest rate sensitivity (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss before tax for the financial year would increase/decrease by US\$3,711,000 (2022: decrease/increase profit before tax by US\$4,243,000). This is mainly attributable to the Group's exposure to interest rates on its balance due to the banks and financial institutions, and certain loan receivables.

(iii) *Credit risk*

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

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

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days of when they fall due, which are derived based on the Group's historical information.

To assess whether there is significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligation;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation;
- There is disappearance of an active market for the financial asset because of financial difficulty.

Notes To The Financial Statements

32. Financial risks and management (cont'd)**(b) Financial risk management policies and objectives (cont'd)****(iii) Credit risk (cont'd)**

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 ("ECL") for each class of financial assets.

(A) Trade receivables

The Group provides for ECL for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers which are:

- HRC Group
- Corrie MacColl Group

The credit risk exposure on the Group's trade receivables is as follow:

	Days past due					Total US\$'000
	Current US\$'000	<30 days US\$'000	30-60 days US\$'000	61-90 days US\$'000	>91 days US\$'000	
31 December 2023						
ECL rate	0.25%	0.29%	0.36%	0.49%	26.51%	
Total trade receivables	95,619	40,591	3,209	1,471	1,032	141,922
ECL	239	118	12	7	273	649
	Days past due					
	Current US\$'000	<30 days US\$'000	30-60 days US\$'000	61-90 days US\$'000	>91 days US\$'000	Total US\$'000
31 December 2022						
ECL rate	0.25%	0.29%	0.36%	46.19%	48.61%	
Total trade receivables	107,874	28,377	1,500	237	275	138,263
ECL	270	82	5	110	133	600

Further details of credit risk on trade receivables are disclosed in Note 18 to the financial statements.

(B) Other receivables

The Group provides for ECL for all financial assets based on general approach of 12-months ECL either individual or collective basis.

The Group has performed specific credit risk assessment on the loan to a third party. The principal and interest repayment of US\$30,817,000 was due by 31 December 2023. Subsequent to the financial year end, the loan was settled by the borrower. Based on the repayment, the Group has determined that ECL provision of US\$22,579,000 (2022:US\$1,440,000) is required. Further details of the assessment are disclosed in Note 19.

Notes To The Financial Statements

32. Financial risks and management (cont'd)

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

(C) Debt instrument

The debt instrument is recognised initially at fair value. Further details of the initial recognition are disclosed in Note 16. The issuer of debt instruments was unable to repay the amount when the redemptions became mandatory in November 2023. Therefore, the Group has impaired the debt instruments in full.

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	
	2023 US\$'000	2022 US\$'000
By country:		
Asia (excluding Singapore and China)	32,079	27,420
China	48,722	34,102
Singapore	4,748	2,112
United States of America ("USA")/Canada	19,982	36,272
Europe	22,282	25,720
Others	13,460	12,037
	141,273	137,663

(iv) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains sufficient liquidity at all times by efficient cash and working capital management.

Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future interest cash outflow attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset or liabilities on the statement of financial position.

Notes To The Financial Statements

32. Financial risks and management (cont'd)

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

(iv) Liquidity risk (cont'd)

Non-derivative financial instruments (cont'd)

	2023					2022						
	Weighted average effective interest rate %	On demand or within one year US\$'000	One to three years US\$'000	Over three years US\$'000	Adjustment US\$'000	Total US\$'000	Weighted average effective interest rate %	On demand or within one year US\$'000	One to three years US\$'000	Over three years US\$'000	Adjustment US\$'000	Total US\$'000
Group												
Financial assets:												
Trade and other receivables – interest bearing	10.57	46,206	4,211	–	(3,290)	47,127	10.60	70,691	4,065	–	(6,520)	68,236
Trade and other receivables – non-interest bearing		201,406	457	–	–	201,863		180,144	–	–	–	180,144
Debt instruments		–	–	–	–	–		2,392	–	–	–	2,392
Cash at banks and in hand		44,214	–	–	–	44,214		113,841	–	–	–	113,841
Short term deposits	4.63	4,261	–	–	(189)	4,072	4.06	5,038	–	–	(197)	4,841
Total undiscounted financial assets		296,087	4,668	–	(3,479)	297,276		372,106	4,065	–	(6,717)	369,454
Financial liabilities:												
Trade and other payables – interest bearing	4.95	–	–	1,600	(394)	1,206	4.95	–	–	1,600	(475)	1,125
Trade and other payables – non-interest bearing		157,117	–	4,064	–	161,181		99,889	1,200	4,093	–	105,182
Lease liabilities	5.53	2,206	2,084	22,291	(18,401)	8,180	4.51	2,817	3,229	22,541	(18,444)	10,143
Loan payables – variable rate	6.74	781,630	15,891	–	(51,306)	746,215	3.30	524,669	296,563	62,130	(29,988)	853,374
Loan payables – fixed rate	5.75	285,878	69,910	42,491	(42,690)	355,589	5.53	195,352	55,884	72,686	(43,931)	279,991
Total undiscounted financial liabilities		1,226,831	87,885	70,446	(112,791)	1,272,371		822,727	356,876	163,050	(92,838)	1,249,815

Notes To The Financial Statements

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

(iv) Liquidity risk (cont'd)

Non-derivative financial instruments (cont'd)

	2023					2022						
	Weighted average effective interest rate %	On demand or within one year US\$'000	One to three years US\$'000	Over three years US\$'000	Adjustment US\$'000	Total US\$'000	Weighted average effective interest rate %	On demand or within one year US\$'000	One to three years US\$'000	Over three years US\$'000	Adjustment US\$'000	Total US\$'000
Company												
Financial assets:												
Trade and other receivables – non-interest bearing		281,249	–	–	–	281,249		284,869	–	–	–	284,869
Trade and other receivables – interest bearing	7.33	248,455	–	–	(16,958)	231,497	2.31	219,049	–	–	(4,954)	214,095
Cash at banks and in hand		729	–	–	–	729		1,017	–	–	–	1,017
Short term deposits		140	–	–	(40)	100		2,500	–	–	(100)	2,400
Total undiscounted financial assets		530,573	–	–	(16,998)	513,575		507,435	–	–	(5,054)	502,381
Financial liabilities:												
Trade and other payables – non-interest bearing		25,683	1,200	–	–	26,883		10,053	2,400	–	–	12,453
Trade and other payables – interest bearing	7.21	82,491	–	22,943	(7,092)	98,342	0.87	10,252	–	18,820	(252)	28,820
Lease liabilities (Note 30)	3.57	1,100	890	–	(76)	1,914	3.70	1,073	1,904	–	(165)	2,812
Loan payables – variable rate	6.73	768,647	–	–	(48,454)	720,193	3.17	465,129	296,563	–	(25,179)	736,513
Loan payables – fixed rate	3.30	14,556	–	–	(465)	14,091	–	–	–	–	–	–
Total undiscounted financial liabilities		892,477	2,090	22,943	(56,087)	861,423		486,507	300,867	18,820	(25,596)	780,598

Notes To The Financial Statements

32. Financial risks and management (cont'd)(b) **Financial risk management policies and objectives (cont'd)**(iv) *Liquidity risk (cont'd)*Derivative financial instruments

The liquidity analysis for derivative financial instruments has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. Refer to Note 20 for more details.

(v) *Commodity price risk*

Due to the nature of the Group's operations, the Group is exposed to changes in agricultural commodity prices.

The Group managed the exposure on commodity price risk by utilising forward physical contracts and/or derivatives to manage the Group's open commodity positions. The Group also reviewed daily monitoring reports on market positioning to facilitate decision making process on the Group's exposure.

At the end of the reporting period, a 5% increase/decrease of the commodities price index, with all other variables held constant, would have decreased/increased loss before income tax by US\$2,369,121 (2022: increased/decreased profit before income tax by US\$1,933,000) and increased/decreased equity by US\$2,369,121 (2022: increased/decreased equity by US\$1,933,000).

33. Related party transactions

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

The Group entered into the following transactions with related parties:

	Group	
	2023	2022
	US\$'000	US\$'000
Banking facilities jointly covered by letter of comfort from SIC and HRG	400,295	-
Banking facilities covered by letter of comfort from SIC	-	500,697
Fee charged by SIC for issuance of letter of comfort	688	667
Shareholder's loan from HRG	330,986	-
Shareholder's loan from SIC	45,014	-
Interest charged by HRG	11,493	-
Interest charged by SIC	4,164	190
Sales of rubber to subsidiaries of HRG	19,272	-
Purchase of rubber from subsidiaries of HRG	24,041	-

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	
	2023	2022
	US\$'000	US\$'000
Directors' fees	345	449
Short-term benefits		
- Directors of the Company	593	436
- Other key management personnel	1,127	1,085

Notes To The Financial Statements

34. Segment information

The Group is a global leader in natural rubber industry, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber. The Group sources a broad range of grades from all major origins globally, operates 37 natural rubber processing facilities in Indonesia, Malaysia, Thailand, China, Cameroon and Ivory Coast, and distributes to an international customer base through its network of warehouses and sales offices in South East Asia, China, the United States of America and Europe.

The key segments of the Group comprise the following:

- (a) CMC Plantation ("CMCP Group") – This business segment includes plantation and processing business in Cameroon and Malaysia.
- (b) CMC Distribution ("CMCI Group") – This business segment mainly covers the distribution business for industrial and non-tyre applications.
- (c) HRC Group – This business segment includes the Group processing factories in Indonesia, China, Malaysia, Thailand and Ivory Coast, and distribution business in Singapore and China, whose customers are predominantly top-tier global tyre makers.
- (d) Corporate segment – The business segment covers group strategic management, corporate finance, group administration and legal matters, treasury, and taxation.

Segmental performance is continuously monitored to optimise the allocation of resources between segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes To The Financial Statements

34. Segment information (cont'd)

	CMCP Group		CMCI Group		HRC Group		Corporate		Elimination		Consolidated	
	FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Revenue to third party	1,682	2,345	559,322	799,815	2,339,823	1,890,670	-	-	-	-	2,900,827	2,692,830
Inter-segment revenue	31,758	48,267	282	-	52,002	84,359	12,817	12,438	(96,859)	(145,064)	-	-
Total revenue	33,440	50,612	559,604	799,815	2,391,825	1,975,029	12,817	12,438	(96,859)	(145,064)	2,900,827	2,692,830
Gross profit	(8,684)	5,779	69,464	85,219	85,775	80,202	12,817	12,438	(13,204)	(12,826)	146,168	170,812
Operating (loss)/profit	(34,454)	(18,125)	31,039	45,858	11,804	15,410	(24,946)	(1,899)	(1,698)	(191)	(18,255)	41,053
Finance income											3,829	6,075
Finance costs											(63,860)	(39,084)
Share of result of associates											(1,013)	(922)
(Loss)/profit before tax											(79,299)	7,122
Income tax expense											(9,342)	(21,193)
Loss for the financial year											(88,641)	(14,071)
Segment assets	851,816	817,658	583,806	643,732	1,143,391	1,076,654	1,615,076	1,603,694	(2,227,298)	(2,124,565)	1,966,791	2,017,173
Segment liabilities	367,529	297,997	312,915	385,945	708,401	633,354	880,334	793,047	(868,079)	(753,202)	1,401,100	1,357,141
Other information:												
Management fee expense/(income)	-	-	620	79	12,197	12,359	(12,817)	(12,438)	-	-	-	-
Depreciation expense (include right-of-use assets)	7,737	7,341	1,379	2,477	17,464	18,859	1,128	1,135	302	(172)	28,010	29,640
Fair value loss/(gain) on investment properties	-	-	-	-	1,458	(1,518)	-	-	-	-	1,458	(1,518)
Fair value loss/(gain) on biological assets	1,596	(7,665)	-	-	-	-	-	-	-	-	1,596	(7,665)
Unrealised fair value loss/(gain) on open forward commodity contracts and inventories	1,330	1,660	6,068	(4,219)	(7,870)	5,344	-	-	-	-	(472)	2,785
Capital expenditure on property, plant and equipment and intangible assets	3,621	3,867	52	699	10,655	5,350	82	166	-	-	14,410	10,082
Capital expenditure on plantation and biological assets	8,387	16,236	-	-	-	-	-	-	-	-	8,387	16,236

Notes To The Financial Statements

34. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A. Inter-segment revenues are eliminated on consolidation.
- B. Management fee is eliminated on consolidation.
- C. Elimination on investment in subsidiaries and intercompany balances.
- D. Elimination on intercompany balances.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets including intangible assets, property, plant and equipment, plantation and biological assets, investment properties, deferred charges, other assets, loans and other receivables and investment in associates) by geographical location are detailed below:

	Group	
	2023 US\$'000	2022 US\$'000
<i>Sales of natural rubber</i>		
Singapore	55,287	40,252
Asia (excluding Singapore and China)	464,442	667,335
China	1,717,583	996,555
USA/Canada	293,178	312,040
Europe	286,212	583,605
Others	84,125	93,043
	2,900,827	2,692,830

The table above shows the Group's revenue by geographical locations based on the origin of the customers' ultimate parent company.

	Group	
	2023 US\$'000	2022 US\$'000
<i>Non-current assets</i>		
Singapore	21,719	24,137
Asia	491,466	508,464
Africa	584,037	549,858
Europe	24,789	25,720
Others	11,308	11,557
	1,133,319	1,119,736

Non-current assets presented above includes intangible assets, property, plant and equipment, plantation and biological assets, investment properties, deferred charges, other assets, loans and other receivables and investment in associates as presented in the consolidated statement of financial position.

35. Fair value of assets and liabilities**(a) Fair value hierarchies**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Notes To The Financial Statements

35. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2023			Total US\$'000
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Assets measured at fair value				
<i>Financial assets:</i>				
Derivative financial instruments	–	8,653	–	8,653
Financial assets as at 31 December 2023	–	8,653	–	8,653
Non-financial assets:				
Inventories	–	433,188	–	433,188
Biological assets	–	–	396,385	396,385
Investment properties	–	–	41,200	41,200
Non-financial assets as at 31 December 2023	–	433,188	437,585	870,773
Liabilities measured at fair value				
<i>Financial liabilities:</i>				
Derivative financial instruments	–	13,021	–	13,021
Financial liabilities as at 31 December 2023	–	13,021	–	13,021
Group 2022				
Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Assets measured at fair value				
<i>Financial assets:</i>				
Derivative financial instruments	–	39,862	–	39,862
Financial assets as at 31 December 2022	–	39,862	–	39,862
Non-financial assets:				
Inventories	–	384,195	–	384,195
Biological assets	–	–	371,368	371,368
Investment properties	–	–	40,668	40,668
Non-financial assets as at 31 December 2022	–	384,195	412,036	796,231
Liabilities measured at fair value				
<i>Financial liabilities:</i>				
Derivative financial instruments	–	1,315	–	1,315
Financial liabilities as at 31 December 2022	–	1,315	–	1,315

Notes To The Financial Statements

35. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

		Company 2023			
		Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Assets measured at fair value					
<i>Financial assets:</i>					
	Derivative financial instruments	-	4,652	-	4,652
Financial assets as at 31 December 2023		-	4,652	-	4,652
Liabilities measured at fair value					
<i>Financial liabilities:</i>					
	Derivative financial instruments	-	4,063	-	4,063
Financial liabilities as at 31 December 2023		-	4,063	-	4,063
		Company 2022			
		Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Assets measured at fair value					
<i>Financial assets:</i>					
	Derivative financial instruments	-	3,012	-	3,012
Financial assets as at 31 December 2022		-	3,012	-	3,012
Liabilities measured at fair value					
<i>Financial liabilities:</i>					
	Derivative financial instruments	-	2,702	-	2,702
Financial liabilities as at 31 December 2022		-	2,702	-	2,702

(c) *Level 2 fair value measurements*

The fair value of inventories (except consumables) are calculated using quoted prices in relevant commodity exchanges at the end of the reporting period, making adjustments according to the stage of production of the inventories, port of loading, and grades of products. Where such prices are not available, the Group uses valuation models to determine the fair values based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period.

The fair value of forward currency contract is calculated using quoted prices (adjusted) offered by the financial institutions at the end of reporting period.

Notes To The Financial Statements

35. Fair value of assets and liabilities (cont'd)

(d) **Level 3 fair value measurements**(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*Biological assets

The fair value of the Group's major biological assets has been determined based on valuations by an independent professional valuer using the discounted cash flow valuation method. The most significant inputs into the discounted cash flow valuation method are the average annual yield and discount rate. The fair value of biological assets is computed using the following:

	Group	
	2023	2022
<u>Malaysia</u>		
Average annual yield for rubber trees in Malaysian plantation (Metric tonne per hectare)	1.2	1.2
Discount rate for rubber trees in Malaysian plantation (%)	9.0	9.5
<u>Cameroon</u>		
Average annual yield for rubber trees in Cameroonian plantation (Metric tonne per hectare)	1.3 – 2.0	1.6 – 2.1
Discount rate for rubber trees in Cameroonian plantation (%)	11.0	11.0

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\$7,876,000 (2022: increase/decrease by US\$7,481,000), and a 0.5% increase/decrease in discount rate will decrease/increase the fair value of biological asset by US\$19,634,000 (2022: decrease/increase by US\$17,472,000) for Cameroonian plantations.

A 1.0% increase/decrease in average annual yield will increase/decrease the fair value of biological asset by US\$412,000 (2022: increase/decrease by US\$325,000), and a 0.5% increase/decrease in discount rate will decrease/increase the fair value of biological asset by US\$765,000 (2022: decrease/increase by US\$940,000) for Malaysian plantations.

Investment properties

The fair value of the Group's investment properties has been derived using the market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property location, accessibility, topography, facilities and utilities, size and date of transaction.

If the market prices had been 5% higher or lower and all other variables were held constant, the Group's fair value of investment properties would increase or decrease by US\$2,060,000 (2022: US\$2,033,000).

(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):

	Biological assets US\$'000	2023 Investment properties US\$'000	Total US\$'000
Group			
Opening balance	371,368	40,668	412,036
Fair value loss recognised in profit or loss	(1,596)	(1,458)	(3,054)
Additions	21,174	-	21,174
Depreciation for the year	(3,744)	-	(3,744)
Write off	(845)	-	(845)
Reclassification	(785)	1,396	611
Exchange differences	10,813	594	11,407
Closing balance	396,385	41,200	437,585

Notes To The Financial Statements

35. Fair value of assets and liabilities (cont'd)**(d) Level 3 fair value measurements (cont'd)****(ii) Movements in Level 3 assets measured at fair value (cont'd)**

	Biological assets US\$'000	2022 Investment properties US\$'000	Total US\$'000
Group			
Opening balance	360,863	42,169	403,032
Fair value gain recognised in profit or loss	7,665	1,518	9,183
Additions	24,046	-	24,046
Depreciation for the year	(2,811)	-	(2,811)
Reclassification	(213)	-	(213)
Exchange differences	(18,182)	(3,019)	(21,201)
Closing balance	<u>371,368</u>	<u>40,668</u>	<u>412,036</u>

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2023 and 2022.

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation of biological assets and investment properties. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 Fair Value Measurement guidance.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(e) Fair value of financial instruments not measured at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances (Note 17), trade receivables (Note 18), loans and other receivables (Note 19), trade payables (Note 23), other payables (Note 24), and loan payables (Note 25) approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the statement of financial position date.

36. Dividends on ordinary shares

The Group has not paid dividend on ordinary shares during the financial years 2023 and 2022.

37. Capital management

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is required to comply with loan covenants imposed by the lenders, unless it is specifically waived by the lenders. This externally imposed requirement has been complied with by the Group in financial years ended 31 December 2023 and 2022, except for loans of certain subsidiaries for financial year ended 31 December 2023.

As at 31 December 2023, the subsidiary has obtained waiver from the bank for bank loan with carrying amount of US\$129,125,000 (2022: US\$77,900,000) for the non-fulfilment of financial covenants.

In March and April 2024, the Company has obtained waivers from the banks for non-fulfilment of certain financial covenants for certain loans amounting to US\$344,193,000.

In March 2024, the Company has placed a deposit with a bank amounting to US\$14,091,000 for non-fulfilment of certain financial covenants for a loan amounting to US\$14,091,000.

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 financial years ended 31 December 2023 and 2022.

Notes To The Financial Statements

37. Capital management (cont'd)

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

The Group monitors capital using a gearing ratio, which is net borrowing divided by total equity. The Group includes within net borrowing, loans and borrowings, lease liabilities, adjusted for working capital items.

	Group	
	2023	2022
	US\$'000	US\$'000
Loan payables (Note 25)	1,101,804	1,133,365
Lease liabilities (Note 30)	8,180	10,143
Total borrowing	<u>1,109,984</u>	<u>1,143,508</u>
Adjust for: Working capital items		
– Trade receivables (Note 18)	(141,273)	(137,663)
– Inventories (Note 21)	(456,921)	(410,705)
– Cash and bank balances (Note 17)	(48,286)	(118,682)
– Trade payables (Note 23)	67,495	36,455
Adjusted net borrowing	<u>530,999</u>	<u>512,913</u>
Total equity	<u>565,691</u>	<u>660,032</u>
Adjusted gearing ratio	<u>0.94</u>	<u>0.78</u>

38. Events occurring after the reporting periodStriking-off a subsidiary

In January 2024, the Group struck off its wholly-owned dormant subsidiary, Baisha Sinochem Rubber Co., Ltd. The deregistration did not result in any profit or loss impact.

Loan to a third party

In March 2024, the Group's loan to a third party was fully settled.

Additional loan facility from a shareholder

In March 2024, the Group has secured a 3-year shareholder's loan amounting to US\$50,000,000.

Extension of shareholders' loans maturity date

In February 2024, HRG and SIC have restructured the current shareholders' loans amounting to US\$376,000,000 and granted an extension for one year.

Additional committed loan facility from an external bank

In March 2024, the Company has secured an additional loan facility of US\$64,600,000.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 4 April 2024.

Supplemental Information on Directors Seeking Re-election

The information required under Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting on 24 April 2024 is set out below.

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
1. Date of appointment	28 July 2020	26 April 2023	26 April 2023	24 November 2023	1 April 2024
2. Date of last re-appointment	15 June 2021	N/A	N/A	N/A	N/A
3. Age	68	56	58	48	41
4. Country of principal residence	Malaysia	China	Singapore	China	China
5. The Board's comments on this re-election (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board, after reviewed the recommendation from the Nominating Committee and Mr Eddie Chan's professional expertise, work experience, attendance, participation and candour, is of the view that Mr Chan possesses the requisite experience, expertise, knowledge and skills to continue as an Independent Director of the Company.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Sun Weiliang's professional expertise, work experience, attendance, participation and candour, is of the view that Mr Sun possesses the requisite experience, expertise, knowledge and skills to continue as the Executive Director and Chief Executive Officer ("CEO") of the Company.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Zhang Daqing's professional expertise, work experience, attendance, participation and candour, is of the view that Mr Zhang possesses the requisite experience, expertise, knowledge and skills to continue as the Executive Director and Chief Strategy Officer ("CSO") of the Company.	The Board, after reviewed the recommendation from the Nominating Committee and Mr Xu Xingbin's professional expertise, work experience and candour, is of the view that Mr Xu possesses the requisite experience, expertise, knowledge and skills to continue as a Non-Executive Director of the Company.	The Board, after reviewed Ms Fan Xiaohong's professional expertise, work experience and candour, is of the view that Ms Fan possesses the requisite experience, expertise, knowledge and skills to continue as a Non-Executive Director of the Company.
6. Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive	The appointment is executive. Mr Sun is in charge of formulating and executing the business strategy of the Group, and overseeing its day-to-day management.	The appointment is executive. Mr Zhang is in charge of establishing and formulating the Company's strategy and annual business plan, and support the CEO and the Board on strategic initiatives and inorganic investments.	Non-Executive Independent	Non-Executive Independent
7. Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, the Chairman of Audit and Remuneration Committees and a member of Nominating Committee	Executive Director and CEO, a member of Nominating and Remuneration Committees	Executive Director and CSO	Non-Executive Director	Non-Executive Director
8. Professional qualifications	Certified Public Accountant, member of Malaysian Institute of Certified Public Accountants	Bachelor of Economics, Hangzhou Electronic Industrial College	<ul style="list-style-type: none"> Master's Degree, Capital University of Economics and Business Bachelor of Economics, Shanxi Finance & Economics College 	<ul style="list-style-type: none"> Bachelor of Economics, Wuhan University Master of Business Administration, Shanghai Jiaotong University 	<ul style="list-style-type: none"> Bachelor Degree, Sichuan Agricultural University Master Degree, Sichuan Agricultural University

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
9. Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> 2016 to 2019: Independent Director, Chairman of the Risk Management Committee and member of the Audit and Remuneration Committees of Daiman Development Berhad 2014 to 2016: Non-Executive Director and member of the Audit and Nomination Committee of Daiman Development Berhad 2015: Adviser to CEO of Jurong Aromatics 2011 to 2014: Executive Director of Daiman Development Berhad 	<ul style="list-style-type: none"> July 2021 to March 2024: Chief Financial Officer ("CFO") of China Hainan Rubber Industry Co., Ltd. ("HRG") April 2021 to July 2021: CFO of HSF Grass Livestock and Pig Industry Co., Ltd. November 2020 to April 2021: CFO of HSF Grass and Livestock Industry Co., Ltd., HSF Honghua Farm Co., Ltd. and HSF Grass Livestock and Pig Industry Co., Ltd. June 2020 to November 2020: CFO of HSF Grass and Livestock Industry Co., Ltd., HSF Hongjia Farm Co., Ltd., HSF Animal Husbandry Group Co., Ltd and HSF Grass Livestock and Pig Industry Co., Ltd. December 2017 to June 2020: CFO of HSF Grass and Livestock Industry Co., Ltd., HSF Honghua Farm Co., Ltd. and HSF Animal Husbandry Group Co., Ltd July 2015 to December 2017: CFO and Deputy General Manager of Guangzhou Huida Group Co., Ltd January 2013 to May 2015: CFO of Hainan Zhonglian Medical International Investment Co., Ltd 	<ul style="list-style-type: none"> October 2020 to April 2023: Business Director of HRG August 1994 to October 2020: General Manager of Risk Management of China COFCO Trading Co. Ltd. 	<ul style="list-style-type: none"> March 2017 to September 2017: Vice-General Manager, Strategy Development Department of Sinochem International Corporation ("SIC") March 2016 to March 2017: General Manager, Strategy Management Department of SIC November 2015 to March 2016: Vice-general Manager of Sinochem International Corp Care Co., Ltd April 2013 to November 2015: Vice-general Manager of Sinochem Agro Co., Ltd 	<ul style="list-style-type: none"> November 2022 to March 2024: General Manager, Trade Risk Control Department of HRG August 2021 to November 2022: Deputy General Manager, Trade Risk Control Department of HRG January 2018 to August 2021: Deputy General Manager, Enterprise Development Department of HRG April 2017 to December 2017: Executive Vice General Manager of Hainan Haijiao Agricultural Development Co., Ltd January 2014 to March 2017: Deputy General Manager, Enterprise Development Department of HRG

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
10. Shareholding interest in the listed issuer and its subsidiaries	Nil	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	Mr Sun does not have any familial relationship with any director and/or substantial shareholder of the Company. He is nominated by the Company's substantial shareholder, China Rubber Investment Group Co., Ltd ("CRIG"), a wholly-owned subsidiary of HRG, to be the Executive Director and CEO of the Company.	Mr Zhang does not have any familial relationship with any director and/or substantial shareholder of the Company. He is nominated by the Company's substantial shareholder, CRIG, a wholly-owned subsidiary of HRG, to be the Executive Director and CSO of the Company.	Mr Xu does not have any familial relationship with any director and/or substantial shareholder of the Company. He is nominated by the Company's substantial shareholder, Sinochem International (Overseas) Pte Ltd, a wholly-owned subsidiary of SIC, to be a Non-Executive Director of the Company.	Ms Fan does not have any familial relationship with any director and/or substantial shareholder of the Company. She is nominated by the Company's substantial shareholder, CRIG, a wholly-owned subsidiary of HRG, to be a Non-Executive Director of the Company.
12. Conflict of interests (including any competing business)	Nil	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	Yes
14. Other Principal Commitments including Directorships					
(a) Past (for the last 5 years)	<ul style="list-style-type: none"> Director of Daiman Development Berhad 	<ul style="list-style-type: none"> Director of HSF Finance Co., Ltd Director of HSF Financial Holding Co., Ltd. 	Nil	Nil	Nil

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
(b) Present	None	<ul style="list-style-type: none"> Vice General Manager of HRG Director of: <ul style="list-style-type: none"> CRIG HSF International Capital (HK) Co., Limited 	<ul style="list-style-type: none"> Director of: <ul style="list-style-type: none"> R1 International Investment Holding Group Pte. Ltd. R1 International Private Company Limited ShangHai Longking International Co., Ltd. Zhong Xiang Resource (Hainan) Co., Ltd. CRIG Commissioner of PT Kirana Megatara Tbk 	<ul style="list-style-type: none"> General Manager, Strategy Development Department of SIC Executive Director of Shanghai Zhanduan New Materials Technology Co., Ltd Director of: <ul style="list-style-type: none"> Sennics Co., Ltd Jiangsu Huaihe Chemicals Co., Ltd Nantong Xingchen Synthetic Materials Co., Ltd Jiangsu Yangnong Chemical Group Co., Ltd. 	<ul style="list-style-type: none"> General Manager, Operation and Risk Control Department of HRG Director of: <ul style="list-style-type: none"> Jiangsu Aidefu Latex Products Co., Ltd Hainan Haiken Wangfujing Daily Duty Free Products Management Co., Ltd Hainan Agricultural Reclamation Fruit and Vegetable Industry Group Co., Ltd Yaji International Trade Private Limited R1 International Pte Ltd
15. Other declarations	No	No	No	No	No
(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	No

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
(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	No
(c) Is there any unsatisfied judgment against you?	No	No	No	No	No
(d) Have you been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which you are aware) for such purpose?	No	No	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	No

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
(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	No
(g) Have you been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	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	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	No

Supplemental Information on Directors Seeking Re-election

Name of Director	EDDIE CHAN YEAN HOE	SUN WEILIANG	ZHANG DAQIANG	XU XINGBIN	FAN XIAOHONG
<p>(j) Have you ever, to your knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;</p> <p>(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;</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	No	No	No	No	No
<p>(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, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No	No	No

Statistics of Shareholdings

AS AT 18 MARCH 2024

Issued and paid-up share capital	:	S\$952,655,008.46
Number of issued shares	:	1,595,011,941
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Voting rights on a poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1,293	24.24	72,847	0.00
100 – 1,000	1,956	36.66	794,623	0.05
1,001 – 10,000	1,515	28.40	6,360,721	0.40
10,001 – 1,000,000	564	10.57	23,267,715	1.46
1,000,001 AND ABOVE	7	0.13	1,564,516,035	98.09
TOTAL	5,335	100.00	1,595,011,941	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	1,087,332,251	68.17
2	SINOCHEM INTERNATIONAL (OVERSEAS) PTE LTD	465,716,356	29.20
3	GE JIANMING	3,550,347	0.22
4	DBS NOMINEES PTE LTD	2,927,448	0.18
5	OCBC SECURITIES PRIVATE LTD	1,964,352	0.12
6	CITIBANK NOMS SPORE PTE LTD	1,517,504	0.10
7	PHILLIP SECURITIES PTE LTD	1,507,777	0.10
8	SOH KOK HANG	401,000	0.03
9	LIE A SUN	373,320	0.02
10	SHAW CHAI CHUNG MARKHAM	343,500	0.02
11	WEE JOO YEOW	330,000	0.02
12	TIO SENG SOON	321,030	0.02
13	UOB KAY HIAN PTE LTD	307,473	0.02
14	NG KWEE SIONG (HUANG GUIXIANG)	306,216	0.02
15	DBS VICKERS SECURITIES (S) PTE LTD	288,340	0.02
16	LAU KIN HONG	279,995	0.02
17	ABN AMRO CLEARING BANK N.V.	272,000	0.02
18	MERRILL LYNCH (SPORE) PTE LTD	269,714	0.02
19	TAY AH KIANG	221,285	0.01
20	ANG SWEE THYE	215,000	0.01
	TOTAL	1,568,444,908	98.34

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
China Rubber Investment Group Company Limited ("CRIG")	1,086,256,025	68.10	-	-
China Hainan Rubber Industry Group Co., Ltd. ⁽¹⁾ ("HRG")	-	-	1,086,256,025	68.10
Hainan Province Agribusiness Investment Holding Group Co., Ltd. ⁽¹⁾	-	-	1,086,256,025	68.10
Sinochem International (Overseas) Pte. Ltd. ("SIO")	465,716,356	29.20	-	-
Sinochem International Corporation Ltd. ⁽²⁾	-	-	465,716,356	29.20
Sinochem Holdings Corporation Ltd. ⁽²⁾	-	-	465,716,356	29.20

Notes:

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2024, approximately 2.70% of the issued ordinary shares of the Company is held by the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Halcyon Agri Corporation Limited (the “**Company**”) will be held at Hope & Faith meeting room, Level 3, YWCA Fort Canning, 6 Fort Canning Road, Singapore 179494 on Wednesday, 24 April 2024 at 3.00 p.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2023, the Directors’ Statement and the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Mr Eddie Chan Yean Hoe, the Director who will retire pursuant to Regulation 91 of the Constitution of the Company and, being eligible, has offered himself for re-election. **(Resolution 2)**
3. To re-elect Mr Sun Weiliang, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered himself for re-election. **(Resolution 3)**
4. To re-elect Mr Zhang Daqiang, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered himself for re-election. **(Resolution 4)**
5. To re-elect Mr Xu Xingbin, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered himself for re-election. **(Resolution 5)**
6. To re-elect Ms Fan Xiaohong, the Director who will retire pursuant to Regulation 97 of the Constitution of the Company and, being eligible, has offered herself for re-election. **(Resolution 6)**
7. To approve the sum of up to S\$600,000 to be paid quarterly in arrears, to the non-executive Directors as Directors’ fees for the financial year ending 31 December 2024. **(Resolution 7)**
8. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 8)**
9. To transact any other ordinary business which may be properly transacted at an AGM.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modification(s):

10. **Renewal of Interested Person Transaction(s) Mandate** **(Resolution 9)**

THAT:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Chapter 9**”), for the Company and its subsidiaries that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to Annual Report dated 9 April 2024 (the “**Appendix**”) with the interested persons described in the Appendix, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company or its minority shareholders and (ii) in accordance with the review procedures for such interested person transactions as set out in the Appendix (the “**Proposed IPT General Mandate**”);
- (b) the Proposed IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors of the Company and/or any one of them be and are hereby authorised to do all acts and things (including without limitation, execution of all such documents as may be required) as they or each of them may deem desirable, necessary or expedient in the interests of the Company to give effect to the Proposed IPT General Mandate.

By Order of the Board

Wong Teck Kow
Company Secretary
Singapore

9 April 2024

Notice of Annual General Meeting

EXPLANATORY NOTES

(i) **Resolution 2: Re-election of a Director who ceases to hold office pursuant to Regulation 91 of the Constitution of the Company**

Mr Eddie Chan Yean Hoe will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) **Resolutions 3 to 6: Re-election of Directors who cease to hold office pursuant to Regulation 97 of the Constitution of the Company**

Mr Sun Weiliang will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer and a member of the Remuneration and Nominating Committees. Mr Sun is a nominee director of China Hainan Rubber Industry Group Co., Ltd. ("**HRG**").

Mr Zhang Daqiang will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Strategy Officer. Mr Zhang is a nominee director of HRG.

Mr Xu Xingbin will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Director. Mr Xu is a nominee director of Sinochem International (Oversea) Pte. Ltd.

Ms Fan Xiaohong will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Director and a member of the Audit Committee. Ms Fan is a nominee director of HRG. She is considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) **Information of Directors seeking re-election under Resolutions 2 to 6**

Please refer to the sections on 'Board of Directors', 'Corporate Governance Report' and 'Supplemental Information on Directors Seeking Re-election' in the Company's Annual Report in respect of the financial year ended 31 December 2023 (the "**Annual Report**"), for detailed information (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST) of the Directors seeking re-election under Resolutions 2 to 6.

(iv) **Resolution 7: Approval of Directors' fees of up to S\$600,000**

Resolution 7, if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2024, in which the fees are incurred. Directors' fees of up to S\$600,000 are computed based on the anticipated number of Board and Board Committee meetings, assuming full attendance by all the non-executive Directors. The amount also caters for any potential appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committee(s). Please refer to the section on Corporate Governance Report in the Annual Report for further information on the Directors' fees.

(v) **Resolution 9: Renewal of Interest Person Transaction(s) Mandate**

Resolution 9, if passed, will empower the Directors of the Company to do all acts necessary to give effect to the Proposed IPT General Mandate as described in the Appendix. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next AGM of the Company is held or required by law to be held.

IMPORTANT NOTES RELATING TO THE AGM

(1) **AGM, Annual Report and documents related to the AGM**

Shareholders of the Company are invited to attend physically at the AGM. There will be no option for shareholders to participate in the Meeting virtually.

The Company's Annual Report and the documents which are relevant to the AGM, including the Appendix to Annual Report dated 9 April 2024 relating to the Renewal of IPT General Mandate (the "**Appendix**"), this Notice of AGM and the proxy form (the "**Proxy Form**") can be accessed at:

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

For your convenience, printed copies of this Notice of AGM and Proxy Form will be sent to shareholders by post. However, please note that no printed copies of the Annual Report including the Appendix will be despatched to the shareholders.

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

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

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

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

Notice of Annual General Meeting

- (3) A shareholder of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.
- (4) Pursuant to Section 181 of the Companies Act 1967, any shareholder who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the AGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
- (5) An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors (collectively "CPF and SRS Investors") who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the AGM.
- (6) The completed and signed Proxy Form must be submitted to the Company in the following manner:
- (a) **by post** and be lodged with the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or
- (b) **by email** to AGM@halcyonagri.com enclosing a clear scanned copy of the Proxy Form,
- and must be received by the Company by 21 April 2024 at 3.00 p.m. (being 72 hours before the time appointed for the holding of the AGM). CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 15 April 2024 at 3.00 p.m. (being seven (7) working days before the time appointed for the holding of the AGM).

Shareholders are strongly encouraged to submit completed Proxy Forms electronically.

Submission of Questions in Advance

- (1) Shareholders (including CPF or SRS investors) may submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted and received by the Company by 3.00 p.m. on 16 April 2024 in the following manner:
- (a) **by post** to the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or
- (b) **by email** to AGM@halcyonagri.com.

Shareholders are strongly encouraged to submit completed questions electronically.

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

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

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

A "Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Board, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Notice of Annual General Meeting

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

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

PROXY FORM

ANNUAL GENERAL MEETING

HALCYON AGRI CORPORATION LIMITED

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

IMPORTANT:

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

*I/We, _____ (Name) *NRIC/Passport/Co. Reg. No. _____
of _____ (address)
being a *shareholder(s) of the abovenamed company, hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting, as *my/our *proxy/proxies, to attend and vote for *me/us on *my/our behalf at the AGM to be held at Hope & Faith meeting room, Level 3, YWCA Fort Canning, 6 Fort Canning Road, Singapore 179494 on Wednesday, 24 April 2024 at 3.00 p.m.

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

ORDINARY RESOLUTIONS		Number of Votes		
		For**	Against**	Abstain**
Ordinary Business				
Resolution 1	Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report			
Resolution 2	Re-election of Mr Eddie Chan Yean Hoe as Director			
Resolution 3	Re-election of Mr Sun Weiliang as Director			
Resolution 4	Re-election of Mr Zhang Daqiang as Director			
Resolution 5	Re-election of Mr Xu Xingbin as Director			
Resolution 6	Re-election of Ms Fan Xiaohong as Director			
Resolution 7	Approval of Directors' fees of up to S\$600,000 for the financial year ending 31 December 2024			
Resolution 8	Re-appointment of Messrs Ernst & Young LLP as Auditor			
Special Business				
Resolution 9	Renewal of IPT General Mandate			

All resolutions put to vote at the AGM shall be decided by way of poll.

* Delete accordingly

** Please tick or cross X or indicate the number of votes within the box set against each resolution to cast your votes "For" or "Against" in respect of that resolution. If you wish your proxy to Abstain from voting on a resolution, please tick or cross X or indicate the number of votes in the "Abstain" box in respect of that resolution.

Dated this _____ day of April 2024

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

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares in the share capital of the Company held by the shareholder. If the shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the shareholder.
2. A shareholder of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.
3. Where a shareholder appoints more than one proxy, the shareholder must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.
5. A proxy need not be a shareholder of the Company.
6. The instrument appointing the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer(s).
7. Where an instrument appointing the proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The completed and signed Proxy Form must be submitted to the Company in the following manner:
 - (a) by post and be lodged with the registered office of the Company at 180 Clemenceau Avenue #05-02, Haw Par Centre, Singapore 239922; or
 - (b) by email to AGM@halcyonagri.com enclosing a clear scanned copy of the Proxy Form,and must be received by the Company by 21 April 2024 at 3.00 p.m. (being 72 hours before the time appointed for the holding of the AGM).

Shareholders are strongly encouraged to submit completed Proxy Forms electronically.

9. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS investors, and who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 15 April 2024 at 3.00 p.m..

A "Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Board, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

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



HALCYON AGRI CORPORATION LIMITED

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