KENCANA AGRI LIMITED

ANNUAL REPORT 2020

Corporate Profile

OUR VISION

To be a leading sustainable palm oil producer and supplier of choice for both local and global markets.

OUR MISSION

To expand our plantation business through sustainable and environmentally-friendly best management practices whilst reinforcing our responsibility as a good corporate citizen.

Listed on the Singapore Exchange on 25 July 2008, Kencana Agri Limited ("Kencana" or "the Group") is a plantation company engaged mainly in the cultivation of oil palms; processing of Fresh Fruit Bunches ("FFB") into Crude Palm Oil ("CPO"), Crude Palm Kernel Oil ("CPKO"), Palm Kernel Cake ("PKC") and Palm Kernel ("PK") and provision of bulking services.

Kencana's oil palm plantations are located mainly in Sumatra, Kalimantan and Sulawesi regions of Indonesia. Since its inception in 1996, the Group's planted area has grown to about 68,150 ha in 2020 including plasma. The Group currently has six palm oil mills with total processing capacity of 305 tonnes per hour and two kernel crushing plants with capacity of 435 tonnes per day.

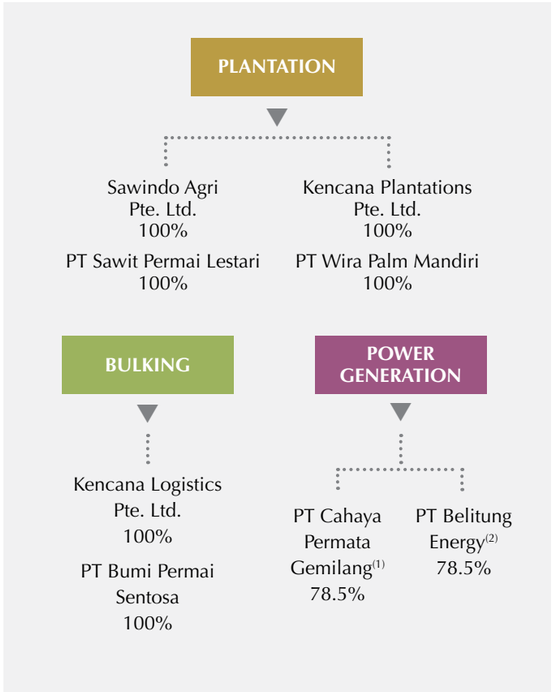
The Group currently has a relatively young palm profile with significant potential for production growth in the coming years as its palms continue to mature and reach peak production.

Kencana is committed to growing its plantation business in a sustainable, ecologically and socially acceptable manner. It has adopted environmentally friendly practices in its plantation development such as zero-burning and zero-waste management. Furthermore we commit and strive to adopt sustainable agricultural practices through certification with Indonesian Sustainable Palm Oil ("ISPO") as required by the Indonesian government.

It also sells "green" electricity to the state-owned electricity company PT Perusahaan Listrik Negara ("PLN") from its renewable biomass power plants in Bangka island.

Kencana is also committed to working with and improving the social and economic welfare of the local communities through its plasma and corporate social responsibility programmes.

Corporate Structure



(1) *As announced on 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021, the Company and its wholly-owned subsidiary, PT Sawindo Kencana, entered into a Conditional Share Sale and Purchase Agreement with PT Kencana Energi Lestari Tbk ("KEL") to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang ("CPG"). CPG indirectly owns 2 biomass power plants with total capacity of 12 MW. As at the date of the report, the transaction is held in abeyance pending further negotiation with KEL.*

(2) *PT Belitung Energy owns 1 biomass power plant with capacity of 7.5 MW and has ceased operations.*

Contents

Business And Operations

Kencana's integrated value chain comprises plantations, palm oil mills, kernel crushing plants, bulking facilities and renewable biomass power plants to support and complement our plantation operations.

PLANTATION

Our oil palm plantations are strategically located in Sumatra, Kalimantan and Sulawesi.

PLANTATION

Total Planted Area	: 68,150 ha
• Nucleus	: 51,680 ha
• Plasma	: 16,470 ha

PROCESSING

We have six palm oil mills and two kernel crushing plants in Sumatra and Kalimantan.

PALM OIL MILLS

No. of Mills	: 6
Processing Capacity	: 305 MT/hour

KERNEL CRUSHING PLANTS

No. of Plants	: 2
Processing Capacity	: 435 MT/day

PRODUCTS

Our main products are CPO, CPKO, PKC and PK which are derived from the fresh fruit bunches harvested from our plantations, our plasma farmers, and purchased from third parties.

Our products are typically sold to reputable trading companies, refineries, and oleochemical companies, among others, in Indonesia, Malaysia and other countries.

MAIN PRODUCTS

Crude Palm Oil ("CPO")
Crude Palm Kernel Oil ("CPKO")
Palm Kernel Cake ("PKC")
Palm Kernel ("PK")

RENEWABLE BY-PRODUCTS

Empty Fruit Bunches, Liquid Waste, Kernel Shells, Fibre.

SUPPORTING BUSINESS

Our bulking facilities complement and support our plantation operations by providing storage facilities for our products.

The "green" electricity generated by our renewable biomass power plants in Bangka are mainly sold to the state-owned electricity company PLN.

BIOMASS POWER PLANTS

1st Plant (2005)[1]	
Location	: Bangka
Capacity	: 6.0 MW
2nd Plant (2009)[2]	
Location	: Belitung
Capacity	: 7.5 MW
3rd Plant (2018)[1]	
Location	: Bangka
Capacity	: 6.0 MW

[1] *As announced on 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021, the Company and its wholly-owned subsidiary, PT Sawindo Kencana, entered into a Conditional Share Sale and Purchase Agreement with PT Kencana Energi Lestari Tbk ("KEL") to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang ("CPG"). CPG indirectly owns 2 biomass power plants with total capacity of 12 MW. As at the date of the report, the transaction is held in abeyance pending further negotiation with KEL.*

[2] *Ceased operations*

[1] Joint venture with Enco Holdings Sdn. Bhd. in Bangka & Belitung

MESSAGE FROM OUR CHAIRMAN AND CEO

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is our pleasure to present Kencana's annual report for the year ended 31 December 2020 ("FY2020").

The year 2020 was a year that our collective teamwork and collaboration with our stakeholders were truly put to a test. We saw a plunge of the CPO price in the first quarter of 2020 and the Group took concerted action to consolidate our operation and optimisation of our plantation and milling assets. In this challenging and uncertain time, the Group's focus is on maintaining an efficient cost structure and an effective plantation activity program.

CPO price had a big upswing and was in the growth trajectory in the second part of 2020. This was caused by the increase in demand as both China and India markets started to restock palm oil and the continuous absorption of CPO for B-30 biodiesel mandate in Indonesia and B-10 program in Malaysia. Coupled with the lower production of FFB due to the unfavorable climate condition in Indonesia, CPO price was showing a rally and surged to the highest level in the last 5-year period.

We have safely navigated the Group through the first year of this Covid-19 pandemic. As we embarked upon various strategic initiatives and internal reorganization in 2020, we remain focused as a "pure plantation operator" and believe that the Group will be more resilient to cope with the challenges in the coming years.

PERFORMANCE

Kencana Agri managed to record a resilient set of performance for FY2020 amid the uncertainties due to the Covid-19 pandemic.

The Group's revenue remained approximate that of 2019 despite reporting a lower Crude Palm Oil ("CPO") sales volume. This was mainly due to higher Average Selling Price ("ASP") of CPO in 2020. ASP of CPO increased 19% from US$450 in 2019 to US$537 in 2020. Our CPO sales volume decreased by approximately 16% from 201,526 MT in 2019 to 169,060 MT in 2020. The decrease was mainly due to lower yield in Fresh Fruits Bunches (FFB) harvested in 2020. However, the Group managed to record better extraction rates in the mills thus marginally offsetting the impact of the lower yield in the plantations.

The Group recorded an operating profit before tax ("OP") of US$26.5 million and a net profit of US$4.0 million. Our performance improved compared to that of 2019 and this was mainly attributable to higher ASP, lower cost of sales & other operation costs, lower interest expense and share of losses from equity accounted joint venture, offset by foreign exchange loss as a result of the IDR depreciating against the USD.

STRATEGY

In FY2020, as part of the restructuring exercise started in FY2019, the Group completed its internal restructuring phase for the biomass operation. This internal restructuring was part of the planned disposal of our stake in the joint venture biomass operation. As at the date of this report, taking into account the recent market developments in the energy sector in which the biomass business is operating, as well as the global economic trends, including the impact of the Covid-19 pandemic, the parties to the planned disposal of the biomass operation have agreed to relook at certain terms of the transaction. The proposed disposal is held in abeyance pending further discussion and renegotiation with the buyer.

Our strategy is to remain focused and consolidate our operation to become a "pure plantation operator" in order to focus and deploy all resources for achieving productivity and efficiencies in plantation and milling business.

SUSTAINABILITY

Kencana strives to develop its plantation business based on best management practices that are sustainable and environmentally friendly, whilst reinforcing our responsibility as a good corporate citizen. We fully embrace the principles and criteria of sustainable palm oil production under the Indonesian Sustainable Palm Oil schemes and are working towards the certification of all our estates and mills.

We recognize that while economic performance is a key driver of business sustainability, other drivers such as environmental, social and governance (ESG) factors also impact business value. Our 4th Sustainability Report was published in May 2020 and it is available on our website. In the report, you will find our commitment towards no deforestation of high carbon stock areas and the preservation of high conservation value areas, no burning and no new planting on peat of any depth as well as no exploitation of human rights. It represents our commitment to go beyond what is required and to progress to a more sustainable palm oil business by balancing our business targets with social and environmental consciousness.

PROSPECTS AND OUTLOOK

As Covid-19 pandemic situation continues to impact the economies, we remain cautiously optimistic on the sustainability of the current high CPO price in 2020. The CPO price outlook will be influenced by the CPO production output in Indonesia and Malaysia, the development of La Nina in South America and the demand arising from Indonesia's and Malaysia's bio-diesel mandates.

Looking ahead, we expect to see higher yield per hectare for our CPO production over the next few years as our plantation is moving towards prime mature stage. This together with management's continuous efforts to increase productivity and efficiency, means the Group is on track to have a positive sustainable long-term future.

DIVIDEND

In view of the capital expenditure and other internal funding requirements, the Board is not recommending any dividend to be paid for this financial year. We sincerely appreciate your kind understanding and support to achieve our long-term goals.

APPRECIATION

On behalf of the Board of Directors, we would like to thank our shareholders for their continued trust and patience in us as we make the necessary improvements for the long-term future, to our management team and staff for their commitment, dedication, and hard work to continuously improve our performance amidst a challenging global environment, to our customers and creditors for their unwavering support and trust in us and to all stakeholders for their enormous contributions.

We also wish all our readers good health and hope for recovery of global life and economy as soon as possible.

HENRY MAKNAWI
Executive Chairman

ALBERT MAKNAWI
Executive Director and CEO

Financial and Operational Review

FINANCIAL REVIEW

Year 2020 marked a shutdown of the world due to the Covid-19 pandemic. With huge uncertainties in the beginning of the year on the health and its macroeconomic implications, CPO dropped to below RM2,000/tonne while crude oil futures plunged to negative territories.

With COVID-19 vaccine development was advancing, the lower CPO inventory level in the world combined with the higher demand, the CPO price recovered from its dip and surged to a record-high level in the last 5-year period. Due to the increase of CPO price and better cost management, the Group's recorded net profit for the year was US$4.0 million versus loss of US$12.8 million in the preceding year.

SUMMARY OF RESULTS FOR FY2020

US$'000	FY2020	FY2019	% Change
Revenue	104,284	104,065	+0.2%
Gross profit	28,181	22,345	+26.1%
Operating profit	26,452	15,948	+65.9%
EBITDA	31,275	23,888	30.9%
Profit before tax from continuing operations	7,553	1,404	438.0%
Discontinued operations	-	(2,435)	n/m
Net profit/(loss) after tax	4,021	(12,821)	n/m

Revenues, Cost of Sales and Gross Profit

The Group's revenues remained approximately that of 2019 despite reporting a lower Crude Palm Oil ("CPO") sales volume. This was mainly due to higher Average Selling Price ("ASP") of CPO in 2020. ASP of CPO increased 19% from US$450 in 2019 to US$537 in 2020. Our CPO sales volume decreased by 16% from 201,526 MT in 2019 to 169,060 MT in 2020. The decrease was mainly due to lower yield in Fresh Fruit Bunches ("FFB") harvested in 2020 due to adverse weather condition.

Cost of sales consists mainly of harvesting cost, plantation upkeep and maintenance cost, general expenses and processing cost, as well as purchase of FFB and CPO from plasma farmers and third parties. The Group has taken continuous improvement measures in all plantations and milling facilities in order to achieve optimal efficiency and productivity.

Correspondingly, Gross Profit ("GP") increased by 26.1% to US$28.2 million from US$22.3 million booked in FY2019. Gross Margin was firm and remained at 27%.

Operating Profit

For the year ended 31 December 2020, the Group recorded an operating profit before tax ("OP") of US$26.5 million versus US$15.9 million in the preceding year. The Group reviewed its distribution mechanism and this resulted in the lower distribution expenses incurred in this year.

Administrative expenses also dropped by 2% to US$8.5 million from US$8.7 million in the preceding year. The Group streamlined its business reporting and administration processes and also utilised technology in reducing its traveling and office expenses.

Net Profit for the year

The Group recorded net profit of US$4.0 million from a net loss of US$12.8 million in the preceding year. Our performance improved compared to that of 2019 and this was mainly attributable to higher ASP, lower cost of sales & other operation costs, lower interest expense and share of losses from equity accounted joint venture, offset by foreign exchange loss as a result of the IDR depreciating against the USD.

FINANCIAL POSITION

BALANCE SHEET

US$'000	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2018
Current assets	90,739	93,351	69,215
Non-current assets	243,696	265,145	288,114
Total assets	**334,435**	**358,496**	**357,329**
Current liabilities	110,453	147,761	132,337
Non-current liabilities	210,291	200,879	202,848
Total liabilities	**320,744**	**348,640**	**335,185**
Shareholders' equity	**13,691**	**9,856**	**22,144**
Net debt/Equity ratio (x)	17.1	24.0	11.5
Net debt/Total assets (x)	0.7	0.7	0.7
Net debt/EBITDA (x)	7.5	9.9	22.5
EBITDA/Interest expense (x)	1.9	1.2	0.6

The Group's total current assets decreased by US$2.6 million from US$93.4 million as at 31 December 2019 to US$90.7 million as at 31 December 2020. Save for the movement in cash and cash equivalents as explained in the cash flow section below, the remaining movement in current assets arose mainly from:

a) decrease in inventory amounting to US$1.4 million mainly due to lower CPO stock on hand as at 31 December 2020;
b) decrease in carrying value of asset held for sale was due to waiver of loan payables following the restructuring exercise as announced on 23 January 2020; and
c) increase in biological assets amounting to US$8.5 million due to higher estimated FFB production with better selling price.

Total non-current assets decreased by US$21.4 million from US$265.1 million as at 31 December 2019 to US$243.7 million as at 31 December 2020. This was mainly due to the decrease in bearer plants and property, plant and equipment of US$7.2 million and US$9.2 million respectively as a result of depreciation.

The Group's total current liabilities decreased by US$37.3 million from US$147.8 million as at 31 December 2019 to US$110.5 million as at 31 December 2020. This was mainly due to the following:

a) decrease in trade and other payables amounting to US$19.2 million mainly due to decrease in advances from customers; and
b) decrease in other financial liabilities of US$18.4 million due to decrease in current portion of long - term borrowings as a result of refinancing activities and repayment of borrowings.

Total non-current liabilities increased by US$9.4 million from US$200.9 million as at 31 December 2019 to US$210.3 million as at 31 December 2020 mainly due to refinancing activities.

The Group reported negative working capital of US$19.7 million as at 31 December 2020. This was mainly due to a portion of borrowings used to invest in plantation assets.

Financial and Operational Review (cont'd)

CASH FLOW

US$'000	FY 2020	FY 2019	FY2018
Cash at the beginning of year	12,028	7,466	16,692
Net cash from operating activities	20,030	44,045	36,265
Net cash used in investing activities	(1,442)	(2,390)	(10,213)
Net cash used in financing activities	(26,762)	(37,793)	(34,158)
Net increase/(decrease) in cash	(8,174)	3,862	(8,106)
Net effect of exchange rate changes on cash and cash equivalents	(228)	700	(1,120)
Cash at end of year	**3,626**	**12,028**	**7,466**

The closing cash and cash equivalents (net of bank overdrafts and cash pledged) of the Group decreased by US$8.4 million from US$12.0 million as at 31 December 2019 to US$3.6 million as at 31 December 2020. The decrease was due to net cash outflow from investing and financing activities offset by net cash inflow from operating activities.

The Group's operating cash flows was lower by US$24 million in 2020 as compared to 2019 mainly due to decrease in advances from customers. The Group reported a net cash outflow used in investing activities of US$1.4 million in 2020 mainly due to payment for property, plant and equipment and bearer plants. Net cash flows used in financing activities was US$26.8 million mainly due to repayments of borrowings and interest, offset by funding from new borrowings.

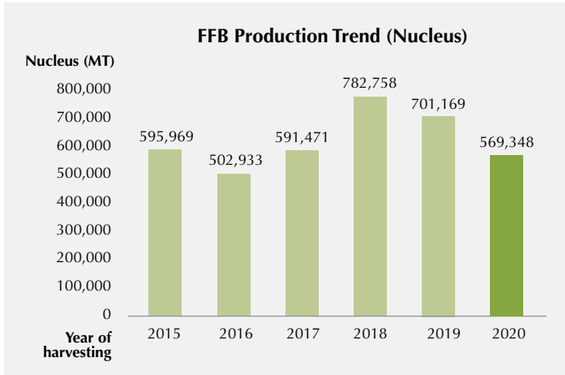
REVIEW OF OPERATIONAL PERFORMANCE

Our plantation profile as we are moving towards prime mature stage

Age Profile	Immature	%	Young Mature	%	Prime Mature	%	Old Mature	%	Total	%
Nucleus	3,899	8%	11,268	22%	29,267	56%	7,246	14%	51,680	100%
Plasma	2,680	16%	1,998	12%	9,869	60%	1,923	12%	16,470	100%
Total	6,579	10%	13,266	20%	39,136	57%	9,169	13%	68,150	100%

Decrease in production volume

The Group's production of Nucleus FFB has decreased from 701,169 MT in FY2019 to 569,348 MT in FY2020 due to adverse weather condition.



In general, oil palm trees start bearing fruit after 3 years and gradually increase until it reaches the peak production phase between 7 to 18 years before starting to fall.

Oil palm age parameters	Immature	Young Mature	Prime Mature	Old Mature
Oil Palm Age (years)	1 - 3	4 - 6	7 - 18	> 18

Financial and Operational Review (cont'd)

OPERATIONAL HIGHLIGHTS

	2020		2019		2018	
PLANTED AREA (HA)	**68,150**		**67,722**		**67,612**	
Nucleus	51,680	76%	51,586	76%	53,301	79%
Plasma	16,470	24%	16,136	24%	14,311	21%
PLANTED PROFILE (HA)						
Nucleus	51,680		51,586		53,301	
1 - 3 years (Immature)	3,899	8%	4,608	9%	6,495	12%
4 - 6 years (Young mature)	11,268	22%	14,258	28%	19,032	36%
7 - 18 years (Prime mature)	29,267	56%	25,474	49%	22,106	41%
> 18 years (Old mature)	7,246	14%	7,246	14%	5,668	11%
Plasma	16,470		16,136		14,311	
1 - 3 years (Immature)	2,680	16%	2,632	16%	1,173	8%
4 - 6 years (Young mature)	1,998	12%	3,076	19%	3,616	25%
7 - 18 years (Prime mature)	9,869	60%	8,631	54%	7,779	55%
> 18 years (Old mature)	1,923	12%	1,797	11%	1,743	12%
PRODUCTION VOLUME (MT)						
FFB Production	702,633		885,624		992,722	
Nucleus	569,348	81%	701,169	79%	782,758	79%
Plasma	133,285	19%	184,455	21%	209,964	21%
FFB Processed	689,917		896,729		979,115	
Oil Production						
CPO	148,837		187,899		197,149	
AVERAGE FFB YIELD (MT/HA)						
Nucleus	11.9		14.9		16.7	
Plasma	9.7		13.7		16.0	
OIL EXTRACTION RATES						
CPO	21.6%		21.0%		20.1%	
SALES VOLUME (MT)						
CPO	169,060		201,526		208,386	
AVERAGE SELLING PRICE (US$/MT)						
CPO	537		450		498	

Key Milestones

2020
- Entered into a Conditional Share Sale and Purchase Agreement with a related party, PT Kencana Energi Lestari Tbk to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang.

2019
- Commenced operation of 6th palm oil mill in Central Sulawesi

2018
- Commenced construction of 6th palm oil mill in Central Sulawesi

2017
- Completed the sale of KLDC Joint Venture to Louis Dreyfus Commodities

2016
- Issued 1st Sustainability Report

2015
- Commenced operation of 5th palm oil mill in East Kalimantan

2014
- Commenced joint venture operations for bio-energy with Enco

2013
- Commenced refinery operations

2012
- Commenced operation of 4th palm oil mill in East Kalimantan
- Commenced construction of 1st palm oil refinery in Balikpapan (JV with Louis Dreyfus Commodities)
- Acquired 2 additional vessels to support logistics operations
- Acquired 23,000 hectares of land bank in Sulawesi

2011
- Started palm oil cultivation in Sulawesi
- Commenced joint venture port operations in East Kalimantan with Louis Dreyfus Commodities, lifting total port and bulking capacity to 66,000 MT
- Built 4th palm oil mill in East Kalimantan

2010
- Signed an Emissions Reduction Purchase Agreement ("ERPA") with the Danish Ministry of Climate and Energy to sell Certified Emission Reduction ("CER") credits from Bangka's biomass power plant
- Raised S$52.5 million from Wilmar Group as 20% strategic shareholder in Kencana Agri

2009
- Entered into joint venture with Louis Dreyfus Commodities to build and operate a deep water port in Balikpapan
- Acquired 80,000 hectares land in Sulawesi
- Commenced 3rd oil palm mill at East Kalimantan with capacity of 30 MT/hour

2008
- Listed on Main Board of the Singapore Exchange in July

2007
- Signed contract to supply green electricity from biomass power plant at Bangka Island to the state owned electricity firm, PT Perusahaan Listrik Negara ("PLN")

2005
- Built first biomass power plant on Bangka Island with capacity of 6 MwH
- Acquired 46,000 hectares of land in East Kalimantan

2004
- Acquired 12,000 hectares of land in East Kalimantan
- Built and operated first oil barge
- Second kernel crushing plant at South Kalimantan with capacity of 300 MT/ day

2003
- Commenced 2nd oil palm mill at South Kalimantan with capacity of 45 MT/hour

2002
- First kernel crushing plant at Bangka Island with capacity of 100 MT/ day
- Commenced storage operation at bulking terminal in Belinyu

2001
- First oil palm mill at Bangka Island with capacity of 30 MT/hour

1998
- Commenced planting oil palms in South Kalimantan

1997
- Acquired 15,000 hectares of land in South Kalimantan

1996
- Commenced planting on Bangka's land

1995
- Acquired 9,000 Ha land on Bangka Island

Sustainability and Corporate Responsibility

Kencana Agri strives to develop its plantation business based on best management practices that are sustainable and environmentally friendly, and also seeks, wherever possible, to ensure compliance with applicable government rules and regulations in areas where we operate.

This is realised through continuous balanced assessment and development of its operations while simultaneously conserving and improving the natural environment, and uplifting the socioeconomic conditions of our employees, local communities, and smallholders (plasma farmers). Being a good corporate citizen, we would also seek guidance from the local authorities and local communities whenever there is any inconsistency or conflict between the provisions of this sustainability policy and the prevailing applicable rules and regulations.

ENVIRONMENTAL MANAGEMENT

We are mindful that some aspects of our plantation and mill operations impact the environment. Therefore, prior to expanding any of our plantation and mill operations, we undertake a comprehensive and participatory independent social and environmental impact assessment to identify any potential negative impact and ensure that we comply with the prevailing governmental rules and regulations. The findings from the assessments are taken into account when planning and managing any new plantings.

Our Environmental Management sustainable commitments are as follows:

- No deforestation of high carbon stock ("HCS") forest areas and no further land clearing of potential HCS areas until the results of the proposed HCS study are adopted.
- No deforestation of high conservation value ("HCV") areas.
- Apply a zero burning policy in respect of new planting and replanting.
- Refrain from undertaking new development on peat land of any depth.
- Endeavour to align ourselves with the industry practices and standards generally adopted by the market in relation to sustainable palm oil production.

COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

As part of our commitment to improve the social and economic welfare of the local communities in the areas where we operate, we are fully committed in our Plasma Programme and have implemented a multi-pronged Corporate Social Responsibility ("CSR") programme. We believe that through these community development programmes, we are able to establish good rapport with the local community, which is one of the key factors in ensuring the success of our plantation management.

Through our Plasma Programme, over 8,000 local villagers who were previously plantation workers have now become new plantation owners. As plantation owners, local villagers benefit economically and socially with increased income and better welfare. Additionally, in order to give them better support, these farmers were given training and education in oil palm cultivation. We believe that the improvement in their income will have a multiplier effect on the economy of the entire local community.

Our Community Development and Social Impact sustainable commitment as follows:

- Continually develop our plasma program based on applicable Indonesian laws and regulations.
- Facilitate the inclusion of qualified smallholders into the supply chain.
- Implement corporate social responsibility programs.
- Respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) on lands to which they hold legal, communal or customary rights in line with applicable government regulations.
- Endeavour to resolve complaints and conflicts through an open, transparent and consultative process.
- Respect land tenure rights.

HUMAN RIGHTS AND WORKPLACE

We respect human rights in all aspect and recognise the rights of all workers of our company. We value the diverse culture of Indonesia, and to further foster cultural values, we sponsor and participate in traditional events and social functions. We also contribute to the social and cultural welfare of the local communities by helping to build and repair places of worship such as mosques, churches and temples. In this way, we are able to maintain strong ties with the local communities.

Our Human Rights and Workplace sustainable commitment as follows:

- Respect and support the Universal Declaration of Human Rights.
- Respect and recognise the rights of all workers, including contract, temporary and migrant workers.
- Comply with minimum wage policies.
- Prohibit child labour and forced labour at every stage of our operations.
- Promote a healthy and safe working environment.

Board of Directors

MR HENRY MAKNAWI, 66
Executive Chairman

Mr Henry Maknawi is responsible for the overall business strategies and policies of the Group. He has developed his expertise in business operations and development based on his knowledge and experience gained in the plantation industry over 20 years. In November 1994, he was conferred the Primaniyarta award for outstanding export from 1989 to 1993 by the late President Soeharto, the second President of the Republic of Indonesia who held office from 1967 to 1998. The Primaniyarta award is the highest award from the Indonesian Government issued by the Menteri Perdagangan Republik Indonesia (Trade Minister of the Republic of Indonesia) and National Agency for Export Development given to exporters at the national and provincial levels for their achievements in increasing non-oil and gas exports. He is also a director of PT Kencana Energi Lestari Tbk, a public listed company in Indonesia engaged in the renewable energy business.

MS RATNA MAKNAWI, 51
Executive Vice-Chairman

Ms Ratna Maknawi was appointed as the Group's Executive Vice-Chairman on 1 January 2018. Prior to this, she served as Deputy CEO, managing the Group's overall business operations and development from 2008 until end of 2017. She started as Finance Manager in 1993 and had played pivotal senior management roles in the growth and development of the Group's diverse businesses before advancing to her present position. Ms Ratna Maknawi graduated cum laude from the University of Wisconsin-Whitewater, USA with a Bachelor of Business Administration (Accounting major).

TENGKU ALWIN AZIZ, 78
Vice-Chairman and Independent Director

Tengku Alwin Aziz has been appointed as Vice-Chairman since 2008. He is also an Independent Commissioner of PT Baramulti Suksessarana Tbk, an Indonesian listed company in the coal mining business and was an Independent Commissioner of PT London Sumatra Indonesia Tbk, an Indonesian listed company in the palm oil and rubber plantation business from 2000 to 2015. He was appointed by the Indonesian authorities as an interim President Director of PT Bank Umum Nasional from 1998 to 1999 to oversee the structuring of the bank. Prior to this, he served as an Executive Director of Bank Dagang Negara from 1992 to 1997 and as President Commissioner of various finance companies (including subsidiaries of Bank Dagang Negara) from 1990 to 1998. He also held the post of Managing Director of Staco International Financial Ltd in Hong Kong from 1990 to 1992. He graduated in 1968 with an Economics degree majoring in Accountancy from Universitas Sumatera Utara, Medan.

MR ALBERT MAKNAWI, 40
Executive Director and
Chief Executive Officer

Mr Albert Maknawi was appointed as Executive Director on October 2020 and is presently also the Chief Executive Officer of the Group since 2018. He first joined the Group in 2004, as Technical Manager of PT Sawindo Kencana and was in charge of managing daily operations of mills and purchasing of plant and equipment. Since 2005, he has been a director of PT Listrindo Kencana and is responsible for the development and construction of our renewable biomass power plant operations. He has been a director of PT Belitung Energy since 2006, where he is the founder and project leader responsible for the construction of our Belitung power plant. He is also the President Commissioner of PT Kencana Energi Lestari Tbk, a public listed company in Indonesia engaged in the renewable energy business. Mr Albert Maknawi graduated in 2004 from the University of Melbourne, Australia with a Bachelor of Engineering (Honours) and a Bachelor of Commerce.

Board of Directors (cond't)

MR SOH YEW HOCK, 77
Lead Independent Director

Mr Soh Yew Hock has been appointed as Lead Independent Director and Chairman of the Audit and Risk Committee since 2008. He has extensive experience in commerce and industry and is presently also the Chairman of CK Tang Limited. Mr Soh has previously served as a director of several listed companies in Singapore and Malaysia and was CEO & Managing Director of Wearnes International (1994) Limited. He is a Fellow of the Institute of Singapore Chartered Accountants, Certified Practising Accountants (Australia), Association of Chartered Certified Accountants (UK), Chartered Institute of Marketing (UK) and Singapore Institute of Directors. He holds a Bachelor of Accountancy degree from the University of Singapore (now National University of Singapore) and is a graduate of the Chartered Institute of Marketing (UK) and the Advanced Management Program of Harvard Business School. Mr Soh was a past President of CPA (Australia) Singapore Division.

MR SIM IDRUS MUNANDAR, 67
Independent Director

Mr Sim Idrus Munandar has been appointed as Independent Director since 2010. He is also an Independent Director of Samko Timber Limited since December 2007. He is also is a member of the board of commissioners and a member of the audit committee of PT Kencana Energi Lestari Tbk, a public listed company in Indonesia engaged in the renewable energy business. From August 2011 to April 2015, he was an Independent Commissioner of PT BCA Finance and prior to 2005 he was the President Director of PT. Bina Danatama Finance Tbk, public listed companies in Indonesia engaged in the financing business. Mr Sim obtained a Bachelor Degree in Economics in 1981 from the University of Indonesia.

MR DARWIN INDIGO, 39
Non-Executive and
Non-Independent Director

Mr Darwin Indigo has been appointed as Non-Executive Director since 2013. He is currently the Country Head – Indonesia of Wilmar International Limited. Mr Darwin graduated from Curtin University with a Bachelor of Commerce (Finance) degree in 2002 and was on the Vice Chancellor's list. He also holds a Master of Business Administration degree from the University of Technology, Sydney.

Key Management

MR TONNY HERMAWAN
Chief Operating Officer

Mr Tonny Hermawan joined our Group in July 2019 as Chief Operating Officer, and is responsible for the Group's operations both in mills and estates. He started his career in Federal Motor (now PT Astra Honda Motor), and it was a career that span from 1982 to 2000. His last position in PT Federal Motor was as Production Director. In the year 2000 he moved to PT Astra Agro Lestari Tbk and worked there until 2011. He was appointed as Operating Director and later on as Vice President Director, before stepping down, nonetheless still continued to act as an Advisor until 2012. He was also an Advisor for Amara Group oil palm plantation (2011 – 2016) and CT Agro Group (2011 – 2017). He is also currently the Independent Commissioner for PT Kirana Megatara Tbk since 2017. Mr Tonny Hermawan graduated from Institut Teknologi Bandung University with a Bachelor of Mechanical Engineering in 1982.

MR ADALIN ALI
Chief Financial Officer

Mr Adalin Ali joined our Group in 2020 as Chief Financial Officer, and is responsible for finance and accounting, corporate finance, treasury, tax, information technology, compliance and financial reporting at our Group.

He started his career at Public Accountant Firm Drs. Johan, Malonda, & Rekan (Baker Tilly Indonesia) in 1994 and later moved to Dutapalma Nusantara (Darmex) Group for 8 years with last position as GM Financial Administration. He then joined PT Sampoerna Agro Tbk, and it was a career that span from 2006 to 2012 with his last position as Deputy Managing Director for Sumatra Region. He then moved to Delta Plantations in 2012, appointed as Chief Financial Officer and worked there until 2018 before stepping down and continuing as Consultant.

Mr Adalin Ali graduated from Tarumanagara University with a Bachelor of Science in Accounting degree in 1996 and he is a Chartered Accountant Indonesia. He also holds a Master of Commerce in Information Systems degree from Curtin University of Technology and Master of Management degree from Bina Nusantara University.

Corporate Governance Report

The Board of Kencana Agri Limited (the "Company") and its subsidiaries (the "Group") as well as its Management are committed to ensuring high standards of corporate governance so as to ensure transparency, to protect shareholders' interests and promote investors' confidence.

This report describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2020, with specific reference made to the principles of the revised Code of Corporate Governance 2018 (the "Code") issued in August 2018 which is effective from financial year commencing from 1 January 2019.

The Board is pleased to confirm that for the financial year ended 31 December 2020, the Group has adhered to the principles and provisions as set out in the Code. In so far as any provision has not been complied with, the reason has been provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

The Board is entrusted with the responsibility of the overall management of the Group. The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to:

a) provide entrepreneurial leadership, and set strategic objectives, plans, policies and financial objectives of the Group and monitoring the performance of Management;

b) ensure that the necessary resources are in place for the Group to meet its strategic objectives;

c) establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance;

d) approve nominations and appointments of Board directors, committee members and key personnel;

e) review and approve annual budgets, investments, capital expenditures, major acquisitions and divestments;

f) instill an ethical corporate culture and ensure that the Group's values, standards, policies and practices are consistent with the culture;

g) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation and ensure transparency and accountability to key stakeholder groups; and

h) assume responsibility for corporate governance.

The Board exercises objective judgment independently from Management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board. All Directors are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interests of the Group. Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as it is practicable after the relevant facts have come to his/her knowledge. In the event that any Director faces a conflict of interest, he/she will recuse himself from any discussion and decision involving the issue of conflict.

Board members are apprised of the business and operations of the Group on a regular basis either through formal or informal meetings and discussions. They are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as directors. The Company works closely with professionals to update its Directors with changes to relevant laws, regulations and accounting standards.

There was one new director appointed during the financial year. When a new director is appointed, the Company will conduct a comprehensive orientation program. This is to provide the new Director with background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The orientation program gives the new Director an understanding of the Group's businesses to enable him to assimilate into his new role. It also allows the new Director to get acquainted with the Management, thereby facilitating interaction and independent access to the Management. The Company will also provide the newly appointed directors with a formal letter setting out the duties and obligations of a director.

The Directors are provided with continuous briefings and updates in areas such as changes in company law, changes in SGX listing rules, corporate governance practices and changes in financial reporting standards, so as to enable them to make well-informed decisions. Where possible and when opportunity arises, the Directors will be invited to locations within the Group's operating businesses to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations. New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting Corporate Regulatory Authority Limited ("ACRA") which are relevant to the Directors are also circulated to the Board.

The Board as a whole is updated regularly on corporate governance, industry specific knowledge and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties.

The Directors may also attend other appropriate courses, conferences and seminars, at the Company's expense. They can also request for further explanations, briefings or information on any aspect of the Group's operations or business issues from Management.

For FY2020, the external auditors, RSM Chio Lim LLP, briefed the Audit & Risk Management Committee and the Board on the developments in financial reporting and governance standards. The Chief Executive Officer also updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

The Group has adopted internal guidelines governing matters that require the Board's approval.

The matters requiring the Board's approval include:

- Annual Budgets/Forecasts;
- Announcement of half-year and full year results, and release of annual report;
- Issuance of shares and dividend payout;
- Declaration of interim dividends and proposed final dividends;
- Convening of shareholders' meetings;
- Material acquisition/investment, divestment or capital expenditure; and
- Corporate or financial restructuring.

The Board reviews these internal guidelines to ensure their relevance to the operations of the Group.

To assist the Board in the execution of its duties, the Board has established various Board Committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit & Risk Management Committee ("ARC"). Each of these committees is empowered to make decisions on matters within its terms of reference. The composition of each Board Committee, the key terms of reference and a summary of each Board Committee's activities can be found in this report.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Group. Minutes of all Board Committee meetings held are made available to the Board members. The Board acknowledges that while these Board Committees have the authority to examine specific issues and reports back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

A schedule of all Board and Board Committee meetings as well as the Annual General Meeting for the next calendar year is planned in advance. Board papers for Board meetings were sent to the Board in advance in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to the matters to be brought before the Board. The Board meets at least three times a year. In addition to the scheduled meetings, ad-hoc board briefings, conference calls and physical meetings are held as warranted by particular circumstances or as deemed appropriate by the Board members. The Company's Constitution permits meetings of the Directors to be conducted by telephone or other methods of simultaneous communication by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendances of the Directors at meetings of the Board, Board Committees and Annual General Meeting, as well as the frequency of such meetings held during the financial year ended 31 December 2020 are as follows:

	Board	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
No. of meetings held	4	4	1	1	1
No. of meetings attended by the Directors					
Henry Maknawi	4	N.A.	1	N.A.	1
Ratna Maknawi	4	N.A.	N.A.	N.A.	1
Tengku Alwin Aziz	4	4	1	1	1
Soh Yew Hock	4	4	1	1	1
Sim Idrus Munandar	3	4	N.A.	0	1
Darwin Indigo	3	N.A.	N.A.	N.A.	1
Albert Maknawi	1	N.A.	N.A	N.A	N.A.

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/She will review them and advise the Chairman of the Board or the Board Committee of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

All Directors are required to declare their board representations. The Board is of the view that the effectiveness of each director is best assessed by a qualitative assessment of the director's contribution and his ability to devote sufficient time and attention to the Company's affairs. Hence, the Board has decided not to set a numerical limit on the number of listed company board representations as it does not wish to omit from its consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC has reviewed and is satisfied that notwithstanding his multiple board appointments, Mr Sim Idrus Munandar, who sits on board of listed companies outside of the Group, has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his duties as Director of the Company.

The Board is furnished with Board papers prior to any Board meeting. These papers are issued in sufficient time to enable the Directors to obtain additional information or explanations from the Management, if necessary. The Board papers include minutes of the previous meeting, reports relating to investment proposals, budgets, financial results announcements and reports from committees, internal and external auditors. Any additional material or information requested by the Directors is promptly furnished.

The Directors may communicate directly with the Management team on all matters whenever they deem necessary. All directors have unrestricted access to the Group's records and information. The Directors also have separate and independent access to the Company Secretary, the Company's external auditors, internal auditors and other professional advisors, where relevant. The Company Secretary attends Board and committee meetings and is responsible for ensuring that Board procedures are followed and minutes of all meetings are recorded and circulated to the Board and the committees. The Company Secretary also assists the Chairman and CEO, the Chairman of each committee and Management in the development of the agendas for the various Board and committee meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Company currently does not have a formal procedure for directors to seek independent professional advice for the furtherance of their duties. However, directors may, on a case-to-case basis, propose to the Board for such independent professional advice, the cost of which may be borne by the Company.

The Company has a transparent policy wherein Directors are welcomed to request further information or informal discussions and make recommendations on any aspect of the Group's operations or business issues.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Company endeavours to maintain a strong and independent element on the Board. As at the date of this report, the Board consists of seven directors, of whom four are non-executive directors. Accordingly, the Company is in compliance with the requirement of the Code where non-executive directors make up a majority of the Board. The Board comprises the following members:

Henry Maknawi	Executive Chairman
Albert Maknawi	Chief Executive Officer and Executive Director (Appointment as Executive Director effective on 7 October 2020)
Tengku Alwin Aziz	Vice-Chairman and Independent Director
Ratna Maknawi	Executive Vice-Chairman
Soh Yew Hock	Lead Independent Director
Sim Idrus Munandar	Independent Director
Darwin Indigo	Non-Executive and Non-Independent Director

Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar are considered to be independent as they have no relationship with the Group, its related corporations, substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment with a view to the best interests of the Group.

Even though the Chairman is not independent, the Board is of the opinion that it is not necessary to have independent directors make up a majority of the Board at present. With non-executive directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made without any one individual influencing or dominating the decision-making process.

The ARC and RC consist of all independent directors while the NC consists of a majority of independent directors. All the Board Committee meetings are chaired by independent directors. Decisions made at these meetings are achieved by majority consensus. Management regularly puts up proposals or reports for Board approval, for example, proposals relating to specific proposed transactions or general business direction or strategy of the Group. The Independent Directors evaluate the proposals made by Management and provide guidance on relevant aspects of the Group's business.

To strengthen the independence of the Board, Mr Soh Yew Hock is appointed as the Lead Independent Director and he will be the principal liaison in the event that any issues arise between the Independent Directors and the Executive Directors. He is available to address the concerns of shareholders, employees or other persons in the event that interaction with the Chairman or CEO has failed to satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

The Board recognizes that a diverse Board is an important element which will better support the Group's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, knowledge, business experience, industry discipline, gender and age.

When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board and to allow for informed and constructive discussion and effective decision making at meetings of the Board and its Board Committees.

In this regard, the NC reviews board independence and diversity as part of its annual evaluation of the Board's performance and effectiveness. The NC will try to ensure that: (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates; (b) when seeking to identify a new director for appointment to the Board, the NC will request for female candidates to be fielded for consideration; and (c) female representation on the Board be continually improved over time based on the set objectives of the Board. The final decision on selection of directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

The Board currently comprises business leaders and professionals with financial (including accounting and tax), risk management and business management qualifications and backgrounds. The Board has one female member, and directors with ages ranging from late 30s to more than 70 years old, who have served on the Board for different tenures. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual directors' background, experience and skills can be found in the 'Board of Directors' section in the AR. Having considered the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Committees. The Board will however continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

Management regularly puts up proposals or reports for the Board's consideration and approval, for instance, proposals relating to specific transactions or general business direction or strategy of the Group. Independent and Non-Executive Directors, will then evaluate these proposals or reports and where appropriate, provide guidance to Management. The Independent Directors meet on a need-to basis amongst themselves and with the Company's external auditors and internal auditors without the presence of Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, board processes and any audit observations. The outcome or suggestion arising from such meetings will be provided to the Board and/or Chairman as appropriate.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and Chief Executive Officer of the Company are separate individuals but are however, immediate family members. The Chief Executive Officer of the Company, Mr Albert Maknawi, is the son of Mr Henry Maknawi, the Chairman of the Company.

The roles of the Chairman and Chief Executive Officer are separate and their responsibilities are clearly defined to ensure a balance of power and authority within the Company.

The Chief Executive Officer, Mr Albert Maknawi, has full executive responsibilities of the overall business and operational decisions of the Group.

The overall role of the Chairman, Mr Henry Maknawi, is to lead and ensure the effectiveness of the Board and this includes promoting a culture of openness and debate at the Board, facilitating the effective contribution of all directors and promoting high standards of corporate governance.

The Chairman's duties and responsibilities includes:-

(a) Leading the Board to ensure it is effective in its role;
(b) Setting directions and agendas for the Company and scheduling of meetings to enable the Board to perform its duties responsibly;
(c) Ensuring the proper conduct of meetings and accurate documentation of the proceedings;
(d) Ensuring the smooth and timely flow of information between the Board and Management;
(e) Ensuring compliance with internal polices and guidelines of the Company and high standards of corporate governance;
(f) Ensuring effective communication with shareholders through investors' relationship channels and timely announcements of Company's development; and
(g) Encouraging constructive relations between the Board and Management as well as between all directors.

In addition to the above duties, the Chairman will assume duties and responsibilities as may be required from time to time.

All major proposals and decisions are discussed and reviewed by the Board. The Chairman and CEO's performance and appointment to the Board is reviewed by the NC and their remuneration packages are reviewed by the RC. The ARC and RC consist of all independent directors and the NC consists of a majority of independent directors. Given this, the Board believes that there are sufficient strong and independent elements and safeguards in place against an uneven concentration of power and authority.

The Board has appointed Mr Soh Yew Hock as the Lead Independent Director to coordinate and lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Chairman and Chief Executive Officer have failed to satisfactorily resolve or is considered inappropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is established and it comprises 3 members, the majority of whom, including the Chairman, are independent non-executive directors. The Lead Independent Director, Mr Soh Yew Hock, is a member of the NC.

Chairman	:	Tengku Alwin Aziz
Member	:	Soh Yew Hock
Member	:	Henry Maknawi

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its membership, administration and duties. Some of the duties of the NC include:

(a) To make recommendations to the Board on all Board appointments, including development of a set of criteria for director appointments, which includes qualifications of director; ability to exercise sound business judgments, relevance to the Company and the industry and appropriate personal qualities;
(b) To review and make recommendation to the Board on the succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
(c) To re-nominate directors having regard to the director's contribution and performance (e.g. attendance, participation and critical assessment of issues deliberated upon by the Board) including, if applicable, as an independent director;
(d) To determine annually whether or not a director is independent;
(e) To make recommendation to the Board on the process and criteria for evaluation of the performance of the Board, its board committees and Directors; and
(f) To review and make recommendation to the Board on the training and professional development programmes for the Board and its Directors.

A summary of the NC's activities during FY2020 is shown below:

(i) Reviewed and revised the criteria for evaluation of the performance of the Board
(ii) Reviewed the Board's performance for FY2020 on a collective basis
(iii) Reviewed and recommended to the Board the re-election of Mr Henry Maknawi, Mr Sim Idrus Munandar and Mr Albert Maknawi as Directors
(iv) Annual review of the independence of the independent directors

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for directors, the Chairman, the Chief Executive Officer and key management personnel to ensure the progressive and orderly renewal of Board membership and management team.

Process for selection and appointment of new directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of new directors.

Where an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as a new director. The selection criterion includes age, gender, qualification, skills, calibre, industry experience and financial literacy. The NC seeks potential candidates widely and beyond director/management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director.

Process for re-appointment of directors

The role of NC also includes the reviewing of the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence, contribution and performance. The Constitution of the Company requires one-third of the directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). In addition, the Company shall require all directors (including the Managing Director) to submit themselves for re-nomination and re-election at least once every three years. The Constitution of the Company also provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected at least once every three years. A director who is due for retirement, shall abstain from voting on any resolution in respect of his re-nomination as a director. In this aspect, the NC has recommended and the Board has agreed for Mr Henry Maknawi, Mr Sim Idrus Munandar and Mr Albert Maknawi to retire and seek re-election at the forthcoming AGM.

On an annual basis, the NC determines whether or not a director is independent, taking into account the Code definition of an "independent" director and guidance on relationships, the existence of which could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

Each independent director is required to complete a Director's independence form to confirm his independence annually to confirm his independence based on the guidelines as set out in the Code. For FY2020, the NC carried out a review on the independence of each independent director based on the foregoing considerations, the respective Director's independence form and their actual performance on the Board and Board Committees. Having carried out their review, the NC is satisfied that the three Directors, who are non-executive, are independent.

The Board recognises that the independent directors may over time develop significant insights in the Group's businesses and operations, and can continue to provide noteworthy and valuable contribution to the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, objectivity and not merely based on the number of years which they have served on the Board. As such, the Board has not set a term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.

As at the end of FY2020, Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar have served on the Board for more than nine years from the date of their first appointment. The Board has subjected their independence to a rigorous review before extending their tenure as directors. After due consideration and with the concurrence of the NC, the Board is of the view that Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar have demonstrated strong independence of character and judgment over the years in discharging their duties and responsibilities as the Independent Directors of the Company with the utmost commitment in upholding the interests of the shareholders. Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar do not represent any substantial shareholder of the Company and they are not accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of any shareholder. They have always been objective, frank and candid in expressing their opinions during meetings. They would raise queries, objectively debate and scrutinise issues in meeting discussion. They will also seek clarification as they deemed necessary, including direct access to the Management. In addition, Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar had declared their independence and confirmed that they had no relationships with the Company or any of its related corporations which would affect or interfere with the exercise of their judgment.

Taking into account the above, and having weighed the need for the Board's refreshment against tenure for relative benefit, the Board is satisfied that Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar have and will continue to exercise independent business judgment with the view to the best interests of the Company, notwithstanding the length of tenure of their service.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will come into effect on 1 January 2022, a director will not be independent if, inter alia, he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in 2 separate resolutions by certain classes of shareholders (a "two-tier shareholders' vote"). The continued appointment of Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar as independent directors will be subject to a two-tier shareholders' vote no later than 1 January 2022. Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar will be offering themselves for re-election at the forthcoming AGM and will seek approval for their continued appointment as independent directors under a two-tier shareholders' vote.

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote appropriate time and attention to the Group. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committees meetings, the NC and the Board are satisfied that all Directors have adequately carry out their duties as Directors of the Company in FY2020.

The details of the Board members' directorship including the year of initial appointment and election are disclosed as follows:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Present Directorship in other Listed Companies	Previous Directorship in other Listed Companies (FY2018 to FY2020)
Henry Maknawi	Executive	30 May 2008	27 April 2018	PT Kencana Energi Lestari Tbk	-
Ratna Maknawi	Executive	26 September 2007	29 April 2019	-	-
Tengku Alwin Aziz	Independent and Non-Executive	30 May 2008	26 June 2020	PT Baramulti Suksessarana Tbk (as Independent Commissioner)	-
Soh Yew Hock	Independent and Non-Executive	30 May 2008	26 June 2020	-	Japan Residential Assets Manager Limited (Manager of Saizen REIT)
Sim Idrus Munandar	Independent and Non-Executive	30 September 2010	27 April 2018	Samko Timber Limited PT Kencana Energi Lestari Tbk (as Independent Commissioner)	-
Darwin Indigo	Non-Executive	26 April 2013	29 April 2019	-	-
Albert Maknawi (Appointment as Executive Director with effect from 7 October 2020)	Executive	7 October 2020	-	PT Kencana Energi Lestari Tbk (as President Commissioner)	-

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has adopted a process for assessing the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors including board structure, board processes, corporate strategy and planning, board performance and risk management and internal control etc.

The NC undertakes the Board performance appraisal annually. All Directors are requested on an annual basis to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board. The checklists are completed and submitted to the company secretary (the "Company Secretary") for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board. The responses are reviewed by the NC and discussed with Board members for determining areas of improvement.

The NC has decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different aspects to the success of the Group, and therefore, it would be more appropriate to assess the Board as a whole. Following its review, the NC is of the view that the Board and its Board Committees operate effectively and despite multiple board representations in certain instance, each Director has been adequately contributing to the overall effectiveness and objectives of the Board.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC is established and it comprises 3 non-executive and independent directors.

Chairman : Sim Idrus Munandar
Member : Tengku Alwin Aziz
Member : Soh Yew Hock

The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors and key management personnel. The overriding principle is that no director should be involved in deciding his own remuneration and the level of remuneration should be appropriate to attract, retain and motivate the executive directors to run the Group successfully and ensure that they are fairly rewarded for their individual contributions to overall performance. The RC will work within the principle that the remuneration should be structured so as to link rewards to corporate and individual performance.

The RC has adopted written terms of reference that defines its membership, roles and functions and administration. The duties of the RC are as follows:

(a) to review and recommend to the Board, in consultation with senior management, a framework of remuneration for the Executive Directors, the CEO and key management personnel;

(b) to review the remuneration packages of all managerial staff who are related to any director, CEO and/or substantial shareholder of the Company; and

(c) to oversee the payment of fees to non-executive directors and to ensure, as far as is possible, that the quantum is commensurate with the non-executive directors' contribution to the Board and the Company.

A summary of the RC's activities during FY2020 is shown below:

(i) Reviewed and recommended to the Board the annual remuneration (including variable bonus to be granted) of the Executive Directors, the CEO and the key management personnel
(ii) Reviewed the remuneration of an employee who is an immediate family member of a Director, the CEO or a substantial shareholder and whose remuneration exceeded S$100,000 for the financial year ended 31 December 2020
(iii) Reviewed and recommended to the Board the directors' fee for the financial year ended 31 December 2020

The RC considers all aspects of remuneration (including directors' fees, salaries, allowances, bonuses, benefits in kind and termination payments) and will aim to be fair and avoid rewarding poor performance. The RC also review the Company's obligations arising in the event of termination of the Executive Directors, the CEO and key management personnel's contracts of service, to ensure that such contract of service contain fair and reasonable termination clauses.

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Group.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors, CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. As part of its review, the RC ensures that the Directors, CEO and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also ensures that the Independent and Non-Executive directors are not overly-compensated to the extent that their independence may be compromised.

The remuneration framework of the Executive Directors, CEO and key management personnel comprises mainly a fixed component and a variable component. In developing the framework, the RC has taken into consideration factors, such as the Group's performance, the economic scenario, market practices, the individual's duties and responsibilities and his contribution to the Group. The fixed component is paid in the form of a base salary. The variable component is paid in the form of a bonus, which is linked to Group and individual performance. This is structured to focus on achieving sustainable performance and create value in the short, medium and long term with the interests of shareholders and link rewards to corporate and individual performance, taking into account the strategic objectives and business model of the Group.

Non-executive Directors will be paid a fee for their board services and appointment to board committees, taking into account factors such as their level of contribution to the Board, the effort and time spent, and responsibilities of these Directors. While the remuneration frameworks are not subject to shareholders' approval, the directors' fees for the non-executive directors will be subjected to the approval of shareholders at AGMs.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place. Whilst the Company currently does not have a share-based compensation scheme in place, it will consider the establishment of other forms of long-term incentive schemes, as and when appropriate.

The Company had entered into separate Service Agreements with the Executive Directors, namely, Mr Henry Maknawi and Ms Ratna Maknawi for an initial term of three years commencing from the Listing Date, which will continue thereafter. The service agreements may be terminated by not less than six months' notice in writing served by either party on the other. The Group is of the view that it is not necessary to incorporate contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors, CEO and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. In addition, the Company has in place alternative corporate governance practices described herein, such as the establishment of whistle-blowing policy, rigorous selection criteria of its directors and key management personnel, private discussions between the Independent Directors with the internal and external auditors and the granting of full access to all employees and documents of the Group to the Independent Directors, as checks and balances to prevent the occurrence of such instances.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors and CEO of the Company

A breakdown, showing the level and mix of each individual director's and CEO's remuneration paid for the financial year ended 31 December 2020, is as follows:-

Remuneration Band	Fee [1] (%)	Salary & fixed allowance (%)	Bonus & incentives (%)	Other Benefits (%)	Total (%)
S$250,001 to S$500,000					
Henry Maknawi		97		3	100
Ratna Maknawi		99		1	100
Albert Maknawi		97		3	100
S$250,000 and below					
Tengku Alwin Aziz	100				100
Soh Yew Hock	100				100
Sim Idrus Munandar	100				100
Darwin Indigo [2]	100				100

(1) Directors' fees are payable after approval by shareholders in the 2021 AGM.
(2) The proposed fee for Mr Darwin Indigo, upon approval by shareholders in the 2021 AGM, will be paid to Wilmar International Limited.

The Board believes that it is for the benefit of the Company that the actual remuneration of the Directors and CEO be kept confidential, due to the sensitive nature of such information.

Remuneration of Key Management personnel of the Group

The remuneration policy for key management personnel takes into consideration the responsibility and performance of individual personnel. The following table below sets out the remuneration of our key management personnel (who are not Directors and CEO of the Company) for the financial year ended 31 December 2020.

Remuneration Band	Number of Key Management personnel
S$250,000 and below	5

In considering the disclosure of remuneration of the key management personnel of the Group, the Company has regarded the industry conditions in which the company operates as well as the confidential nature of such remuneration. The Company believes that full detailed disclosure of the remuneration of each key management personnel on a name basis as recommended by the Code would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Company's talent pool. The aggregate remuneration of the top five key management personnel (who are not Directors or the CEO) for FY2020 is S$857,762. Save as disclosed above, there are no other key management personnel.

There is one employee who is an immediate family member of a Director, the CEO or a substantial shareholder and whose remuneration exceeded S$100,000 for the financial year ended 31 December 2020: Mr Eddy Maknawi, who is the brother of both Mr Henry Maknawi and Ms Ratna Maknawi.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report.

The Company currently does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options for Executive Directors, CEO and key management personnel. The Company will consider the establishment of other forms of long-term incentive schemes, as and when appropriate.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its stakeholders.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making.

The Board is assisted by the Risk Working Group ("RWG") which was formed in FY2012, as part of the Group's efforts to strengthen its risk management processes and framework. The RWG constitutes representatives from different business units in the Company.

The Group has put in place a documentation on its risk profile which summarizes the material risks faced by the Group, the appropriate risk rankings set for the respective risk and the countermeasures in place to manage or mitigate those risks. On an annual basis, the RWG will review the key risks identified, considered the relevance of these risks, identify new risks which may arise and assess the internal controls in place to mitigate such risks. The RWG will also carry out internal risk management exercise and report the findings and action plans to the ARC on an annual basis.

The RWG reviewed and assessed the adequacy and effectiveness of the Group's risk management and internal control systems that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.

For FY2020, the Board has received:

(a) assurance from the CEO and CFO that 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) assurance from the CEO and the key management personnel who are responsible for the Group's risk management and internal control systems that the Group's risk management and internal control systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the current scope of the Group's business operations.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors, as well as reviews performed by the RWG, the Board, with the concurrence of the ARC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2020.

Audit & Risk Management Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The ARC comprises 3 members, all of whom, including the Chairman are non-executive and independent directors.

Chairman : Soh Yew Hock
Member : Tengku Alwin Aziz
Member : Sim Idrus Munandar

The Chairman, Mr Soh Yew Hock, has extensive experience in finance, commerce and industry. The other members of the ARC possess experience in finance and business management. At least two members have the appropriate accounting or related financial management experience or expertise.

The Board is of the opinion that the members of the ARC have sufficient financial management expertise and experience in discharging their duties. None of the members of the AC is a former partner or director of the Company's external or internal auditors.

As a sub-committee of the Board of Directors, the ARC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group. The ARC also reviews and supervises the internal audit functions of the Group.

The ARC provides a channel of communication between the Board, Management and the external auditors on matters relating to audit.

The ARC has adopted written terms of reference defining its membership, administration and duties. The duties and responsibilities of the ARC include:

(a) discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
(b) discuss problems and concerns, if any, arising from the interim and final audits and any matters that the external auditors may wish to discuss with the AC in the absence of the Management;
(c) review of interim and full year financial results, including review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;
(d) review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
(e) review the assurance from the CEO and CFO on the financial records and financial statements;
(f) review the independence and objectivity of the external auditors and make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
(g) review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
(h) review of interested person transactions (as defined in the Chapter 9 of the Listing Manual of SGX-ST);
(i) review 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. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
(j) any other functions that are requested by the Board, as may be required by statute or the Listing Manual.

Apart from the duties listed above, the ARC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

In discharging the above duties, the ARC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director to attend its meetings. In addition, the ARC has also been given reasonable resources to enable it to perform its functions properly.

The Company has implemented a whistle-blowing policy, which serves to encourage and provide a channel to employees to report in good faith and in confidence, concerns about possible improprieties. The objective of such arrangement is to ensure independent investigation of such matters and appropriate follow-up action.

The ARC also considered the key audit matters (KAMs) reported by the external auditors. The KAMs included those relating to (a) valuation of biological assets; (b) deferred tax assets. The ARC and the external auditors discussed these two KAMs and other audit matters, their reasons for justifying them as KAMs and the approach they took in their audit of these account balances.

The ARC considered the analytical and assurance work by Management that supports the significant judgements and estimates in the financial statements.

Valuation of biological assets

The Management made certain judgements on the accounting estimates and assumptions used in the valuation of biological assets as disclosed in Note 22 of the financial statements. These were discussed with the Management and the external auditors so as to be satisfied as to relevance of the assumptions applied in the measurement of the fair value of the biological assets. Management also engaged an independent valuer for assistance in measuring the fair value. The ARC was satisfied with the Management's approach and subsequent recognition of biological assets at fair value.

Deferred tax assets

The Group has significant tax loss carryforwards. Recognition of a deferred tax asset relating to these tax loss carryforwards is only made when it is probable that they will be utilised in the future and it is therefore dependent on the entities expected future taxable profits in Indonesia for five subsequent reporting years. This involves significant judgements and assumptions regarding future performance and the ability to utilise the tax losses. For the plantation subsidiaries that are in the immature and young mature stage, such judgement is still required to support the recognition of the deferred tax assets in relation to future taxable profits. This is supported by forecasted results of the relevant subsidiaries, prepared by the Management and reviewed by the Board. The ARC was satisfied with the Management's approach and subsequent recognition of a deferred tax asset in relation to the subsidiaries.

The ARC is aware that internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The Company currently has an in-house internal audit department for reviewing and implementing appropriate internal accounting controls, risk management and good corporate governance. The internal auditor ("IA") is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The IA reports directly to the ARC.

The IA employs suitably qualified and experienced independent personnel to provide audit and consulting services. They have the requisite experience, possess a recognised degree in accountancy or an equivalent professional qualification such as Qualified Internal Auditor certification. The Head of the IA has 19 years of audit experience across operational, financial and IT domains. Training and development programme is in place to ensure that the internal auditors are equipped with technical knowledge and skill sets that are appropriate and relevant. To further enhance the effectiveness of its internal audit function, the Group had also engaged PT Deloitte Konsultan Indonesia in 2018 to conduct an audit review of certain aspects of its annual audit programme.

The ARC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. The internal control weaknesses identified during the internal audit reviews, the recommended corrective actions and Management's responses are reported to the ARC on a quarterly basis.

The ARC has assessed the adequacy, effectiveness and independence of the IA and is satisfied that the IA is independent, effective and adequately resourced.

A summary of the ARC's activities during FY2020 is shown below:

(i) Reviewed the Group's financial performance, internal and external audit reports
(ii) Reviewed with the Management and the external auditors, the financial results of the Group before submitting them to the Board for its approval and announcement of the financial results
(iii) Conducted an annual review of the volume of non-audit services provided by the external auditors to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board. A breakdown of the fees in total for audit and non-audit services is set out in the notes to the financial statement on page 88 of this annual report. The ARC is satisfied with their independence and has recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.
(iv) Reviewed the adequacy of the resources, experience of the external auditors and of the audit engagement partner assigned to the audit. The ARC is satisfied that the external auditors are able to meet their audit obligations.
(v) The ARC met with the internal auditors and the external auditors, without the presence of Management.
(vi) The external auditors updated the ARC on changes and updates to the accounting standards, and other issues which might have a direct impact on the financial statements of the Group.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET and the Company's website, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports and circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were explained by the scrutineers at such general meetings.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. Under the Companies Act, cap. 50, a member who is defined as a "relevant intermediary" may appoint more than 2 proxies to attend and participate in general meetings. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Company's annual report which gives shareholders a balanced and understandable assessment of its performance, position and prospects, is available on its corporate website. The notice is also published in the local newspaper and made available on the SGXNET and the Company's website. Participation of shareholders is encouraged at the Company's general meetings. Resolutions tabled at general meetings are on each substantially separate issue. Each item of special business included in the notice of meeting will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

To facilitate voting by shareholders, the Company's Constitution allows shareholders to appoint up to two proxies to attend and vote at the same general meeting. The Board of Directors (including the Chairman of the respective Board committees), Management, as well as the external auditors will attend the Company's Annual General Meeting to address any questions that shareholders may have. The attendance of the Directors at the last AGM is set out under Principle 1 of this report.

The Board is of the view that absentia voting at general meeting may only be possible following careful study to ensure that the integrity of the information and authentication of the identify of shareholders through the web is not compromised.

For FY2019, as the AGM on 26 June 2020 was held by electronic means, voting at the AGM was by proxy only. Shareholders who wish to vote on any or all of the resolutions at the AGM, appointed the Chairman of the AGM as their proxy by completing the proxy form for the AGM, and submitted the proxy form by post or by email to the Company before the AGM.

The minutes of all general meetings are posted on the Company's corporate website as soon as practicable. The minutes include comments and questions received from shareholders, together with responses from the Board and the Management, as well as details of the proceedings. For the AGM of the Company held on 26 June 2020, the Company had published the minutes of the AGM on its corporate website and the SGXNET within one month from the conclusion of the AGM.

All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET and the Company's website.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. In view of the current market condition, the Board has decided not to recommend a dividend for the financial year ended 31 December 2020.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. Timely, as well as, detailed disclosure is made to the public in compliance with SGX-ST guidelines. The Company does not practise selective disclosure. All price sensitive information is announced on the SGXNET on a timely basis.

Financial results are published via SGXNET and are usually followed by a news release. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results are announced or issued within the mandatory period and are available on the Company's website. The Company does not practise selective disclosure.

Shareholders are encouraged to attend and raise questions to the directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to express their views and raise issues either formally or informally. These meetings provide opportunities for the Board to engage with shareholders and solicit their feedback.

The Company's website at http://www.kencanaagri.com is also another channel to solicit and understand the views of the shareholders.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing 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 Board considers ongoing stakeholder engagement as an important activity to develop effective management strategies and pursue sustainable business practices. The Company's approach to stakeholder engagement is to ensure that it has a good understanding of the key stakeholders' concern and expectation, and develop practical and responsive sustainability strategies. In its pursuit of sustainable business practices, the Group has regularly engaged its stakeholders in the implementation of various initiatives and programs that ensure the sustainability of its business, the environment, and society.

The stakeholders have been identified as entities or individuals who are either directly or indirectly involved in the Group's business, have specific interests in the Group and may be significantly impacted by how the Group operates. The key stakeholders include the shareholders, customers, employees, non-governmental organizations, industry groups, and government agencies. The Company identifies and prioritizes issues based on the impact of its business on stakeholders or the potential impact on its business from stakeholders' view and action.

The Group highlights that in 2020, with the unique challenges brought by COVID-19 pandemic, the Group is continuing to engage in its sustainability development program. The focus has been emphasized on the implementation of "new normal" within the Group and its plantations as well as to ensure its current and moving forward plan is designed to abide with the "new normal" and government health and safety protocol during the pandemic. Many actions have been implemented since the first quarter of 2020 such as the execution of new health protocols, masks distribution, safe distancing, monthly rapid or antigen tests for our workers, work from home (WFH) initiative, control and restriction for business trip to plantations, among others. As COVID-19 pandemic has changed how business is being done and its recovery from COVID-19 pandemic is expected to take some time, the Group is learning to contribute to its sustainability development program in more

innovative ways. This has been implemented during the audit for internal purposes as well as audit for certification of ISCC (The International Sustainability & Carbon Certification), ISPO (Indonesian Sustainable Palm Oil), or PROPER (Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolan Lingkungan) whereby the Group has developed new systems and programs to help both the management and auditor to monitor the plantations without having have to travel often. At the same time, the Group has also continued to work with Manggala Agni, a special force under the Ministry of Forestry and Environment, to help better monitor forest fires by conducting regular firefighting simulation training.

The Company will make available all media releases, financial results, annual reports, SGXNET announcements and other corporate information relating to the Group in the "Investor Relations" section of its corporate website http://www.kencanaagri.com.

DEALING IN SECURITIES

The Company has devised and adopted its own internal Code of Conduct on dealing in the securities of the Company (the "Code"). This code will provide guidance to the Group's directors and employees on their dealings in its securities. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing two weeks before the announcement of the Company's half yearly financial results and one month before the announcement of the Company's full-year financial results. The prohibition ends on the day of the announcement of such results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers are required to observe the insider trading laws under the Securities and Futures Act (Chapter 289) at all times even when engaging in dealings of securities within the non-prohibitory periods. To enable the Company to monitor such share transactions, Directors and key officers are required to report to the Company whenever they deal in the Company's securities.

The Company has complied with the Code for the financial year ended 31 December 2020.

INTERESTED PERSON TRANSACTIONS

The Company has adopted internal guidelines in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. The main objective is to ensure that all interested person transactions are conducted on arm's length basis and on normal commercial terms and will not be prejudicial to the interests of our shareholders.

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the ARC on a quarterly basis.

The aggregate value of interested person transactions for the financial year ended 31 December 2020 is as follows:-

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		2020	2020
		US$'000	US$'000
Wilmar Group [1] (Sales)	Controlling shareholder	-	-
Wilmar Group [1] (Purchases)	Controlling shareholder	-	-
Wilmar Group [2] (Interest)	Controlling shareholder	183	-
PT Berkat Wahana Sukses [3] (Services Received, shareholders' mandate obtained at EGM held on 29 April 2019)	Associate of Maknawi family	1,963	-

[1] *In respect of transactions conducted pursuant to General Mandate for transactions with Willmar Group.*
[2] *In respect of interest paid on trade payables due to Wilmar Group.*
[3] *In respect of transactions conducted pursuant to Specific Mandate for transactions PT Berkat Wahana Sukses.*

In addition to the above, as announced on 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021, the Company and its wholly-owned subsidiary, PT Sawindo Kencana, entered into a Conditional Share Sale and Purchase Agreement with PT Kencana Energi Lestari Tbk ("KEL") to dispose its 78.5% equity interests in a subsidiary, PT Cahaya Permata Gemilang ("CPG"). CPG indirectly owns 2 biomass power plants with total capacity of 12 MW. As at the date of the report, the transaction is held in abeyance pending further negotiation with KEL.

Save as disclosed above, pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there was no material contract involving the interests of any director or controlling shareholder entered into by the Company or any of its subsidiaries, either still subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

APPOINTMENT OF AUDITORS

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST in relation to its auditors.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information as set out in Appendix 7.4.1 to the SGX-ST Listing Manual relating to the Directors who are seeking re-election at the forthcoming AGM, is set out below:

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar
Date of Appointment	30 May 2008	30 September 2010
Date of last re-appointment (if applicable)	27 April 2018	27 April 2018
Age	66	67
Country of principal Residence	Indonesia	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC has recommended and the Board has agreed for Mr Henry Maknawi to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Sim Idrus Mumandar to retire and seek re-election at the forthcoming AGM.
Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for the overall business strategies, policies and overall operating activities including strategic planning of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Member, Nominating Committee	• Chairman, Remuneration Committee • Member, Audit Committee
Professional Qualifications	Nil	Nil

Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
7 October 2020	30 May 2008	30 May 2008
-	26 June 2020	26 June 2020
40	78	77
Indonesia	Indonesia	Singapore
The NC has recommended and the Board has agreed for Mr Albert Maknawi to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Tengku Alwin Aziz to seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Soh Yew Hock to seek re-election at the forthcoming AGM.
Executive, responsible for the overall business strategies, policies and overall operating activities including strategic planning of the Group.	Non-Executive	Non-Executive
-	• Chairman, Nominating Committee • Member, Audit Committee • Member, Remuneration Committee	• Lead Independent Director • Chairman, Audit Committee • Member, Remuneration Committee • Member, Nominating Committee
Nil	Nil	• Fellow, Institute of Chartered Accountants, Singapore • Fellow, CPA (Australia) • Fellow, Certified Chartered Accountant, UK • Fellow, Chartered Institute of Marketing, UK • Fellow, Singapore Institute of Directors • Advanced Management Program, Harvard University

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar
Working experience and occupation(s) during the past 10 years	• Executive Director and Chairman of Kencana Agri Limited • Director of PT Kencana Energi Lestari Tbk • Director of PT Mega Investindo	• Non-Executive and Independent Director of Kencana Agri Limited • Non-Executive and Independent Director of Samko Timber Limited • Independent Commissioner of PT Kencana Energi Lestari Tbk • Director of PT Catur Manunggal Hidup Sejahtera
Shareholding interest in the listed issuer and its subsidiaries	1,774,970 shares	Nil
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	Father of Albert Maknawi (Executive Director and Chief Executive Officer) Brother of Ratna Maknawi (Executive Vice-Chairman)	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
• Executive Director and Chief Executive Officer of Kencana Agri Limited • Director of PT Sawit Permai Lestari • Director of PT Wira Palm Mandiri • Director of PT Mentari Bangun Persada • Director of Citra Megah Kencana • Director of Global Eastern Capital Pte. Ltd. • Director of PT Bumi Permai Sentosa • Director of Sawindo Agri Pte. Ltd. • Director of Enco Power Pte. Ltd. • Director of LDC Kencana Trading Pte. Ltd. • Director of Kencana LDC Pte. Ltd. • Director of PT Cahaya Permata Gemilang • Director of PT Listrindo Kencana • Director of PT Belitung Energy	• Non-Executive and Independent Director of Kencana Agri Limited • Independent Commissioner and Chairman of Audit Committee of PT Baramulti Suksessarana Tbk • Independent Commissioner and Chairman of Audit Committee of PT PP London Sumatra Indonesia Tbk	• Lead Independent Director and Chairman of Audit & Risk Committee of Japan Residential Assets Manager Limited • Director and Chairman of Audit & Risk Committee of HTL Corporation Limited • Chairman of C.K. Tang Limited • Director and Chairman of Audit & Risk Committee of Tang Holdings Pte Ltd • Deputy Chairman and Chairman of Audit & Risk Committee of Abilities Beyond Limitations and Expectations Limited (Charity)
2,561,380 shares held in the name of DBS Nominees Pte Ltd	418,970 shares	50,000 shares held in the name of DBS Nominees Pte Ltd
Son of Henry Maknawi (Executive Chairman) Nephew of Ratna Maknawi (Executive Vice-Chairman)	Nil	Nil
Nil	Nil	Nil
Yes	Yes	Yes

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar	Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
Other Principal Commitments including Directorships					
• Past (for the last 5 years)		**Directorships** • PT Catur Manunggal Hidup Sejahtera	**Directorships** • Enco Power Pte. Ltd. • LDC Kencana Trading Pte. Ltd. • Kencana LDC Pte. Ltd.	**Directorships** • PT PP London Sumatra Indonesia Tbk	**Directorships** • Japan Residential Assets Manager • Limited (Manager of Saizen REIT) • HTL International Holdings Limited
• Present	**Directorships** • Kencana Holdings Pte Ltd • PT Kencana Energi Lestari Tbk • PT Mega Investindo	**Directorships** • Samko Timber Limited • PT Kencana Energi Lestari Tbk	**Directorships** • PT Sawit Permai Lestari • PT Wira Palm Mandiri • PT Mentari Bangun Persada • PT Citra Megah Kencana • Global Eastern Capital Pte. Ltd. • PT Bumi Permai Sentosa • Sawindo Agri Pte. Ltd. • PT Cahaya Permata Gemilang • PT Listrindo Kencana • PT Belitung Energy	**Directorships** • PT Baramulti Suksessarana Tbk	**Directorships** • C.K. Tang Limited • Tang Holdings Private Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.					
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he 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) Whether there is any unsatisfied judgment against him?	No	No	No	No	No

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar	Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e) Whether he has ever 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, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him 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 his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever 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) Whether he has 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

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar	Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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; or 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 iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has 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?	No	No	No	No	No

Name of Director	Mr Henry Maknawi	Mr Sim Idrus Munandar	Mr Albert Maknawi	Tengku Alwin Aziz	Mr Soh Yew Hock
Any prior experience as a director of a listed Company? *If **yes**, please provide details of prior experience.* *If **no**, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).*	Yes Mr Henry Maknawi is currently a director of Kencana Agri Limited and PT Kencana Energi Lestari Tbk.	Yes Mr Sim Idrus Munandar is currently a director of the Kencana Agri Limited, Samko Timber Limited and independent commissioner of PT Kencana Energi Lestari Tbk.	Yes Mr Albert Maknawi is currently a director of Kencana Agri Limited and president commissioner of PT Kencana Energi Lestari Tbk.	Yes Tengku Alwin Aziz is currently a director of Kencana Agri Limited and independent commissioner of PT Baramulti Suksessarana Tbk and past non-executive director of PT PP London Sumatra Tbk	Yes Mr Soh Yew Hock is currently a director of Kencana Agri Limited and a past director of the following companies listed on the SGX-ST previously: • Japan Residential Assets Manager Limited (Manager of Saizen REIT) • HTL International Holdings Limited • Asia Dekor Holdings Limited • WBL Corporation Limited • MFS Technology Ltd • Goodpack Limited • Wearnes International (1994) Limited

Financial Statements Contents

Statement by Directors

The directors of the company are pleased to present the accompanying audited financial statements of the company and of the group for the reporting year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

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

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Henry Maknawi
Tengku Alwin Aziz
Ratna Maknawi
Soh Yew Hock
Sim Idrus Munandar
Darwin Indigo
Albert Maknawi (Appointed on 7 October 2020)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	At beginning of the reporting year or date of appointment, if later	At end of the reporting year	At beginning of the reporting year or date of appointment, if later	At end of the reporting year
	Number of shares of no par value			
Kencana Holdings Pte. Ltd.	Direct interest		Deemed interest	
(The ultimate parent company)				
Henry Maknawi	31,056,776	31,056,776	–	–
Ratna Maknawi	5,172,551	5,172,551	135,932	135,932
Albert Maknawi	2,103,362	2,103,362	–	–
Tengku Alwin Aziz	1,595,406	1,595,406	–	–

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	At beginning of the reporting year or date of appointment, if later	At end of the reporting year	At beginning of the reporting year or date of appointment, if later	At end of the reporting year
	Number of shares of no par value			
Kencana Agri Limited	Direct interest		Deemed interest	
(The company)				
Henry Maknawi	1,774,970	1,774,970	152,555,224	152,555,224
Ratna Maknawi	–	–	1,416,530	1,416,530
Tengku Alwin Aziz	418,970	418,970	–	–
Soh Yew Hock	–	–	50,000	50,000
Albert Maknawi	–	–	2,561,380	2,561,380

The directors' interests as at 21 January 2021 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit and risk management committee

The members of the audit and risk management committee at the date of this report are as follows:

Soh Yew Hock	(Chairman of audit and risk management committee and Lead Independent Director)
Tengku Alwin Aziz	(Vice Chairman and Independent Director)
Sim Idrus Munandar	(Independent Director)

7. Report of audit and risk management committee (cont'd)

The audit and risk management committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit and risk management committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The audit and risk management committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit and risk management committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2020.

9. Subsequent developments

On 5 March 2021, the board of directors of the company announced that the company has decided to hold the proposed disposal of the joint ventures as indicated in Note 21 of the financial statements in abeyance pending the conclusion of further discussion and negotiations, after taking into account the recent market developments as well as global economic trends and the impact of the COVID-19 pandemic.

Statement by Directors (cont'd)

9. Subsequent developments (cont'd)

Other than the above, there are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 1 March 2021, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

.....

Henry Maknawi
Director

.....

Ratna Maknawi
Director

30 March 2021

Independent Auditor's Report

to the Members of KENCANA AGRI LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Kencana Agri Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 company 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 ("KAMs") are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. 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.

Valuation of biological assets:

Please refer to Note 2A on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Note 22 on biological assets and the annual report on the section on the audit and risk management committee's views and responses to the reported KAMs.

SFRS(I) 1-41 requires the produce growing on bearer plants (fresh fruit bunches or "FFB") to be measured at fair value less costs to sell at the point of harvest.

We focused on the valuation of biological assets as the fair value measurement requires the use of significant accounting estimates and assumptions. Significant components of fair value measurement were determined using assumptions and estimates such as the yield of oil palm trees, annual discount rate and projected selling prices of FFB. Any changes in fair values of these biological assets would affect the group's profit and carrying value of the biological assets significantly.

Independent Auditor's Report (cont'd)

to the Members of KENCANA AGRI LIMITED

Key audit matters (cont'd)

Valuation of biological assets: (cont'd)

Our audit procedures and the audit procedures of the component auditors on bearer plants included site visits remotely via electronic means and substantive testing of management's projections against underlying documentation. Management engaged an independent valuer to perform the valuation exercise on the biological assets (the un-harvested FFB). With the assistance of our internal valuation specialist, we assessed the capabilities, objectivity and competence of the independent valuer. We also considered the assumptions in the input data made by management and the independent valuer through discussions with management and comparisons to industry peers.

We also assessed the adequacy of the disclosures included in the financial statements.

Deferred tax assets:

Please refer to Note 2A on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 11 on income tax and the annual report on the section on the audit and risk management committee's views and responses to the reported KAMs.

Substantially all of the group's operations are located in Indonesia. Due to the complexity of the tax legislation in Indonesia in which the significant subsidiaries of the group operate, management is required to exercise a degree of judgement as to the application of corporate tax laws and the recoverability of deferred tax assets including the relevant applicable tax rate. The amount of deferred tax assets recognised and the amount of unrecognised tax losses are disclosed in Note 11 to the financial statements. For Indonesian companies, the realisation of the future income tax benefits from tax loss carryforwards is available for a period of 5 years subject to the conditions imposed by Indonesian laws. Management makes a number of judgements on the future profitability of the significant subsidiaries of the group when recognising deferred tax assets on tax loss carryforwards and other items. The tax reconciliation is included in Note 11 to the financial statements.

The component auditors tested the completeness and accuracy of the above balances including the assessment by the tax authorities for past years. The audit procedures included the assessment of correspondence with the tax authorities, testing the group's process for the continuous re-assessment of amounts recognised, and the involvement of the local component auditors in Indonesia. We and the component auditors evaluated management's forecasts and assessed management's conclusions on the sufficiency and availability of future profits to support the recognition of deferred tax assets and the probability that deferred tax assets recognised in the statement of financial position would be recovered. We also assessed the adequacy of the disclosures included in Note 11 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and 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.

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 the financial reporting standards, 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

(e) 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.

Independent Auditor's Report (cont'd)

to the Members of KENCANA AGRI LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Uthaya Chandrikaa d/o Ponnusamy.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2021

Engagement partner – effective from year ended 31 December 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2020

	Notes	Group 2020	2019
		US$'000	US$'000
Continuing operations			
Revenue	4	104,284	104,065
Cost of sales	5	(76,103)	(81,720)
Gross profit		28,181	22,345
Interest income		872	3,348
Other gains	6	863	9,323
Changes in biological assets and plasma receivables	7	8,885	8,776
Distribution costs	8	(1,807)	(2,569)
Administrative expenses		(8,521)	(8,692)
Finance costs	9	(16,893)	(20,470)
Other losses	6	(3,878)	(5,665)
Share of results from equity-accounted joint ventures	19	(149)	(4,992)
Profit before tax from continuing operations		7,553	1,404
Income tax expense	11	(3,532)	(11,790)
Profit/(loss) from continuing operations, net of tax		4,021	(10,386)
Discontinued operations			
Loss from discontinued operations	21	–	(2,435)
Net profit/(loss) for the year		4,021	(12,821)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating group entities' functional currency to US$ presentation currency, net of tax		42	422
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax	31	(228)	111
Other comprehensive (loss)/income for the year, net of tax		(186)	533
Total comprehensive income/(loss)		3,835	(12,288)
Earnings/(Loss) per share			
Earnings/(Loss) per share currency unit		Cents	Cents
Basic			
Continuing operations		1.40	(3.62)
Discontinued operations		–	(0.85)
Total	13	1.40	(4.47)
Diluted			
Continuing operations		1.40	(3.62)
Discontinued operations		–	(0.85)
Total	13	1.40	(4.47)

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2020

	Notes	Group 2020	Group 2019	Company 2020	Company 2019
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	70,695	79,850	–	–
Right-of-use assets	15	489	670	–	–
Bearer plants	17	129,303	136,473	–	–
Investments in subsidiaries	18	–	–	37,320	37,868
Investments in joint ventures	19	–	–	–	–
Land use rights	20	33,179	34,887	–	–
Deferred tax assets	11	5,448	6,460	–	–
Other receivables	24	4,582	6,805	–	–
Total non-current assets		243,696	265,145	37,320	37,868
Current assets					
Assets held for sale	21	4,864	6,431	–	–
Biological assets	22	23,841	15,315	–	–
Inventories	23	10,735	12,135	–	–
Trade and other receivables	24	35,536	35,947	32,553	36,880
Other non-financial assets	25	1,904	1,174	1	1
Cash and cash equivalents	26	13,859	22,349	71	33
Total current assets		90,739	93,351	32,625	36,914
Total assets		334,435	358,496	69,945	74,782
EQUITY AND LIABILITIES					
Equity					
Share capital	27	93,860	93,860	93,860	93,860
(Accumulated losses) / Retained earnings		(40,959)	(44,752)	2,629	3,437
Other reserve		2,485	2,485	–	–
Translation reserve		(41,695)	(41,737)	(26,626)	(25,588)
Total equity attributable to owners of the parent		13,691	9,856	69,863	71,709
Non-current liabilities					
Deferred tax liabilities	11	2,345	1,903	–	–
Lease liabilities	29	24	272	–	–
Other financial liabilities	28	201,785	193,359	–	–
Other non-financial liabilities	31	6,137	5,345	–	–
Total non-current liabilities		210,291	200,879	–	–
Current liabilities					
Income tax payable		3,904	3,525	–	–
Trade and other payables	30	59,557	78,786	82	3,073
Lease liabilities	29	252	354	–	–
Other financial liabilities	28	46,740	65,096	–	–
Total current liabilities		110,453	147,761	82	3,073
Total liabilities		320,744	348,640	82	3,073
Total equity and liabilities		334,435	358,496	69,945	74,782

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 31 December 2020

	Total equity attributable to owners of the parent	Share capital	Accumulated losses	Other reserve	Reserve on post-employment benefits	Translation reserve
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Current year:						
Opening balance at 1 January 2020	9,856	93,860	(44,752)	2,485	–	(41,737)
Changes in equity:						
Total comprehensive income/ (loss) for the year	3,835	–	4,021	–	(228)	42
Transferred to accumulated losses	–	–	(228)	–	228	–
Closing balance at 31 December 2020	13,691	93,860	(40,959)	2,485	–	(41,695)
Previous year:						
Opening balance at 1 January 2019	22,144	93,860	(32,042)	2,485	–	(42,159)
Changes in equity:						
Total comprehensive (loss)/ income for the year	(12,288)	–	(12,821)	–	111	422
Transferred to accumulated losses	–	–	111	–	(111)	–
Closing balance at 31 December 2019	9,856	93,860	(44,752)	2,485	–	(41,737)

	Total equity	Share capital	Retained earnings	Translation reserve
	US$'000	US$'000	US$'000	US$'000
Company				
Current year:				
Opening balance at 1 January 2020	71,709	93,860	3,437	(25,588)
Changes in equity:				
Total comprehensive loss for the year	(1,846)	–	(808)	(1,038)
Closing balance at 31 December 2020	69,863	93,860	2,629	(26,626)
Previous year:				
Opening balance at 1 January 2019	67,537	93,860	2,116	(28,439)
Changes in equity:				
Total comprehensive income for the year	4,172	–	1,321	2,851
Closing balance at 31 December 2019	71,709	93,860	3,437	(25,588)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2020

	Group	
	2020	2019
	US$'000	US$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	7,553	1,404
Loss before tax from discontinued operations	–	(2,435)
Profit/(loss) before tax	7,553	(1,031)
Adjustments for:		
Interest income	(872)	(3,348)
Interest expense	16,893	20,470
Amortisation of land use rights	1,259	1,353
Depreciation expense	15,049	15,740
Fair value changes in biological assets	(8,437)	(9,253)
Changes in plasma receivables	(448)	477
Provision for employment pension benefits (Note 31)	552	878
Loss on disposal of property, plant and equipment	1	66
Impairment loss on property, plant and equipment	–	474
Bearer plants written off (Note 17)	105	218
Impairment on loan receivable from joint venture (Note 24A)	188	4,120
Share of results from equity-accounted joint ventures from continuing operations	149	4,992
Share of results from equity-accounted joint ventures from discontinued operations	–	2,435
Net effect of exchange rate changes in consolidating entities	3,133	(6,766)
Operating cash flows before changes in working capital	35,125	30,825
Inventories	1,224	1,382
Trade and other receivables	5,125	(1,498)
Other non-financial assets	(746)	1,032
Trade and other payables	(20,020)	15,204
Net cash flows from operations	20,708	46,945
Income taxes paid	(678)	(2,900)
Net cash flows from operating activities	20,030	44,045
Cash flows used in investing activities		
Proceeds on disposal of property, plant and equipment	57	142
Purchase of property, plant and equipment	(1,316)	(3,618)
Additions to bearer plants	(628)	(1,200)
Purchase of land use rights	(98)	(63)
Interest received	543	849
Refundable deposit received in respect of disposal of discontinued operations	–	1,500
Net cash flows used in investing activities	(1,442)	(2,390)

The accompanying notes form an integral part of these financial statements.

	Group	
	2020	2019
	US$'000	US$'000
Cash flows used in financing activities		
Cash restricted in use	143	(576)
Proceeds from borrowings	99,082	299,547
Repayment of borrowings	(107,658)	(315,287)
Repayments of lease liabilities	(339)	(134)
Interest paid	(17,830)	(21,815)
Advances from related parties	–	6,971
Repayment to related parties	(160)	(6,499)
Net cash flows used in financing activities	(26,762)	(37,793)
Net (decrease)/increase in cash and cash equivalents	(8,174)	3,862
Net effect of exchange rate changes on cash and cash equivalents	(228)	700
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	12,028	7,466
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 26A)	3,626	12,028

The accompanying notes form an integral part of these financial statements.

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in United States dollars and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activity of the company is investment holding.

The company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are described in Note 38 to the financial statements below.

The registered office is: 36 Armenian Street, #03-02, Singapore 179934. The company is situated in Singapore.

The group's current liabilities are more than the current assets. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital, the financial risk management objectives, details of its financial instruments, availability of borrowing facilities and its exposures to credit risk and liquidity risk. The group has considerable financial resources in the form of undrawn borrowing facilities (Note 34E) together with some satisfactory arrangements with a number of customers, bankers and suppliers. In addition, the group successfully restructured its bank loans of US$111,201,000 to extend the repayment period by 2 to 4 years after year end which will further help to enhance the group's cash flows. The financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet its obligations as and when they fall due in the next twelve months. The group also had net operating cash inflows in 2020 and 2019.

If the group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the group may have to provide for further liabilities which may arise.

As a consequence and in view of the available financial resources and arrangements, the directors believe that the group is well placed to manage its business risks. After consideration of the above, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Uncertainties relating to the COVID-19 pandemic:

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity's business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an effect on its financial position, financial performance, cash flows and prospects for the foreseeable future. There is significant uncertainty around the medium to long term impact of the COVID-19 pandemic. The company's subsidiaries and joint ventures are also evolving and assets held by them may have material uncertainties and / or disclaimers regarding the impact of COVID-19. These uncertainties gave rise to difficulties in making an accurate assessment by management of the future financial impacts on the reporting entity. The management is monitoring the situation closely to mitigate the financial impact. It is carefully managing its operations by adopting an operating cost reduction strategy and conserving liquidity by working with major suppliers and lenders to align repayment obligations with receivable collections.

1. General (cont'd)

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss.

Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, quality claim adjustments, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods - Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services - Revenue from rendering of services is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Rental income - Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Other income

Interest income - Interest income is recognised using the effective interest method.

Management fee from plasma - Management fee is recognised over the period in which the services are provided.

Employee benefits

Certain overseas subsidiaries of the group are required to provide for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees as required under existing manpower regulations in Indonesia. Short-term employee benefits are recognised at an undiscounted amount where employees have rendered their services to the group during the accounting period. Post-employment benefits are recognised at discounted amounts when the employees have rendered their services to the group during the accounting periods. Liabilities and reserves are measured using actuarial techniques which include constructive obligations that arise from the group's common practices. In calculating the liabilities, the benefits are discounted by using the projected unit credit method and changes in fair value recognised through other comprehensive income.

This plan is in addition to the contributions to government managed defined contribution retirement benefit plans such as the Central Provident Fund ("CPF") in Singapore which specifies the employer's obligations. Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the CPF.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the company and all of its subsidiaries except for Sawindo Agri Pte. Ltd. is the Indonesian Rupiah ("IDR"). The functional currency of Sawindo Agri Pte. Ltd. is the United States Dollar ("US$"). The functional currency reflects the primary economic environment in which these entities operate. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively.

All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any foreign exchange component on that gain or loss is recognised in other comprehensive income. The presentation currency is the US$ as the financial statements are meant primarily for international users. For the US$ financial statements, assets and liabilities are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translations of IDR amounts into US$ amounts are included solely for the convenience of readers. The reporting year end rates used are US$1 to IDR14,105 (2019: US$1 to IDR13,901) which approximate the rate of exchange at the end of the reporting year. The average rates of exchange for the reporting year were US$1 to IDR14,625 (2019: US$1 to IDR14,131). Such translation should not be construed as a representation that the US$ amounts could be converted into IDR at the above or other rates.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for leasehold improvements and certain leased assets, the shorter lease term). The annual rates of depreciation are as follows:

Freehold land	–	Depreciation is not provided
Leasehold buildings	–	Over the terms of the lease that are from 1% to 6.25%
Assets under construction	–	Depreciation is not provided until the asset is available for use
Plant, fixtures and equipment	–	12.5% to 25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease 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 sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value less costs to sell. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once yearly by management.

The annual rates of depreciation till classification as held for sale were as follows:

Leasehold buildings – Over the terms of the lease that is 1%

Land use rights

Land use rights relate to right-of-use assets that have a limited useful life and are depreciated in a manner that reflects the benefits to be derived from these rights. Costs associated with the legal transfer or renewal for titles of land rights, such as legal fees, land survey and re-measurement fees, taxes and other related expenses, are deferred and amortised using the straight-line method over the legal terms of the related land rights of thirty-five years.

Bearer plants

Bearer plants related to agricultural activity are accounted for using the cost model within the scope of SFRS(I) 1-16. The immature plants are stated at accumulated costs which consist mainly of accumulated costs of land clearing, planting, fertilising, up-keeping and maintaining the plantation, and allocations of indirect overhead costs up to the time the plants become commercially productive and available for harvest. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature plantations. Immature plants are not depreciated, and are subject to impairment reviews. Mature plantations are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The annual rates of depreciation are as follows:

Oil palm trees – 5%

Bearer plants include mature and immature oil palm plantations. Oil palm trees have an average life that ranges from 23 to 25 years, with the first 3 to 4 years as immature and the remaining years as mature. In general, an oil palm plantation takes between 3 and 4 years to reach maturity from the time seedlings are planted.

Biological assets

The biological assets (un-harvested fresh fruit bunches ("FFB") are stated at fair value less costs to sell at the point of harvest. The change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises.

The fair value of biological assets is estimated by reference to the projected harvest quantities and publicly available index prices set by the government for FFB, net of maintenance and harvesting costs and estimated costs to sell.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Biological assets (cont'd)

In determining the estimated FFB projected harvest quantities, the group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded in property, plant and equipment. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term of 25 years. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leases of lessor

For a lessor, each lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with the financial reporting standard on joint ventures.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Joint arrangements – joint venture (cont'd)

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the joint venture is not necessarily indicative of the amounts that would be realised in a current market exchange.

The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of a joint venture in excess of the reporting entity's interest in the relevant joint venture are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of joint venture are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be a joint venture and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

In the company's separate financial statements, an investment in joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture 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. The carrying value and the net book value of an investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

There were no acquisitions during the reporting year.

Carrying amount of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value-in-use method is adopted, in assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

#1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

#2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.

#3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.

#4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. On initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Plasma receivables

Plasma receivables represent loans to Plasma farmers under various Indonesian Government policies as elaborated in Note 32. Plasma receivables are either immediately claimed to the financing banks, or temporarily self-funded by the group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables will include advances to Plasma farmers for loan instalments paid to banks. This account is presented at net amount after financing costs, received from the banks. Bank financing are soft loans obtained by cooperatives whose agreements were signed by Plasma farmers and the respective banks for which the group acts as guarantors for the loan repayments.

Costs incurred during development of the oil palm plantations and temporary funding to the Plasma farmers for working capital purposes are included in plasma receivables in the consolidated statement of financial position. The funds received from the designated banks on behalf of the Plasma farmers for the development and operations of the plantations are deducted from the plasma receivables. Plasma receivables are classified as financial assets classified as measured at amortised cost.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale, no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held for sale or has been abandoned. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Valuation of biological assets:

The biological assets (un-harvested FFB) are stated at fair value less costs to sell at the point of harvest. This measurement is significant and the process is highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins.

The disclosures about measurement of fair values are included in Note 22, which explains that small changes in the key assumptions used could give rise to gains and losses. Actual outcomes could vary from these estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Deferred tax assets:

The group has exposure to income taxes in mainly two jurisdictions, Indonesia and Singapore. The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

Property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units, if applicable, is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of property, plant and equipment at the end of the reporting year affected by the assumption are disclosed in the note on property, plant and equipment.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the relevant property, plant and equipment at the end of the reporting year affected by the assumption are US$69,721,000 (2019: US$76,295,000).

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Land use rights:

The group holds location permits or *Ijin Lokasi* in respect of plantation land in Indonesia allocated by the Indonesian authorities. Upon the completion of the acquisition of such land, the group will be entitled to begin the process of application for Business Usage Rights ("Hak Guna Usaha" or "HGU") certificates over such land. The *Ijin Lokasi* may not be extended by the Indonesian authorities and will automatically expire if the group fails to acquire the land covered in the *Ijin Lokasi* within the stipulated validity period of the said *Ijin Lokasi*. In such an event, the group may lose their rights granted by the Indonesian authorities under the *Ijin Lokasi* in respect of the remaining area covered by the original *Ijin Lokasi*. At the date of this report, the group is in the final process of obtaining HGU certificates for conversion in respect of 4,371 (2019: 4,371) hectares of Kadastral land. Kadastral land is land that is measured to determine the actual land area for the HGU title based on the application submitted by the group. The group is also in the process of acquiring and clearing land held under their land bank prior to the issuance of Kadastral for such land. Prior to the issuance of the HGU certificates, such land is considered as uncertified land. Pending the issue of HGU certificates, the group is permitted to physically occupy and build on the uncertified land and to plant and harvest crops. However, as the administration of land laws and regulations may be subject to a certain degree of discretion by the Indonesian authorities, there is no assurance with certainty that the relevant authorities would not take a different approach or view as regard the uncertified land, its use, registration and future disposal for value. Should the relevant authorities take a different approach or view as regards the same and the group is unable to convert the uncertified land to HGU certified land, the group's interest in the uncertified land as well as the use of such land may be adversely affected. Further details are included in Note 20.

Pension and employee benefits:

The determination of the group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increases, annual employee turnover rates, disability rates, retirement age and mortality rates.

Actual results that differ from the assumptions are recognised immediately in profit or loss as and when they occur. While the group believes that its assumptions are reasonable and appropriate, significant differences in the group's actual experience or significant changes in the assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the estimated liabilities for employee benefits as at 31 December 2020 was US$6,137,000 (2019: US$5,345,000).

Measurement of impairment of subsidiary or joint venture:

Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amounts. The carrying amounts of the company's investments in subsidiaries and the group's investments in joint ventures are disclosed in Notes 18 and 19 respectively.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Advances/guarantees under the Plasma Programme:

The group has provided guarantees in respect of loans granted by banks to villagers under the Plasma Programme. The villagers will repay the bank loans from the sale proceeds of FFB. In the event the villagers default on their obligations to repay the bank loans, the banks may call upon the guarantees, which have been provided by the group to the banks to secure the loans of the villagers. The entity recognises expected losses, if any, which require significant judgement. Details of the bank guarantees provided are disclosed in Note 32.

Impairment of assets held for sale:

In 2019, the group decided to dispose off its investment property and certain joint ventures and have classified them as held for sale as they were available for immediate sale and could be sold to potential buyers in their current condition and the actions to complete the sale were initiated and expected to be completed within the next one year.

Management has assessed that the assets continue to meet the criteria to be classified as held for sale in the current year despite the delay in finalising the sale brought about by the current COVID-19 climate and ongoing negotiations and discussions with potential buyers.

In addition, management has performed an assessment based on the latest market prices/negotiation prices at the end of the year and have concluded that these assets are carried at the lower of their carrying amount and fair value less costs of disposal. For more details on the assets held for sale, refer to Note 21 to the financial statements.

Environmental regulations:

The main environmental concerns relate to the discharge of effluent arising from the milling of FFB and clearance of land and forest for developing the group's plantations. The main social concern relates to possible conflicts that may arise with local communities in the areas around the plantations. Any environmental claims or failure to comply with any present or future regulations could result in the imposition of fines, the suspension or a cessation of the group's operations. The group's plantations are subject to both scheduled and unscheduled inspections by various Indonesian government agencies, each of whom may have differing perspectives or standards from the others. These agencies have the power to examine and control the group's compliances with their environmental regulations, including the imposition of fines and revocation of licenses and land rights. However, governmental agencies may adopt additional regulations that would require the group to spend additional funds on environmental matters.

Environmental regulations and social practices in Indonesia tend to be less exact than in developed countries. It is possible that these regulations could become more exact in the future and compliance with them may involve incurring significant costs. This may consequently have an adverse effect on the group's operations. Any failure to comply with the laws and regulations could subject the group to further liabilities. It is impracticable to disclose the extent of the possible effects of the above matters on the consolidated financial statements of the group.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Henry Maknawi, a director.

3. Related party relationships and transactions (cont'd)

3A. Members of a group:

Name	Relationship	Country of incorporation
Kencana Holdings Pte. Ltd.	Ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantee, if any, are unsecured without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following significant related party transactions:

	2020	2019
	US$'000	US$'000
Group		
Related parties:		
Sales of commodities [(a)]	–	7,799
Purchases of commodities [(a)]	–	(463)
Receiving of service expense [(b)]	(1,963)	(2,023)
Interest expense to a shareholder [(a)]	(183)	(189)
Interest expense to companies with common interest [(b)]	–	(272)
Interest expense to a director [(c)]	(36)	–
Joint ventures:		
Miscellaneous service income	107	85
Interest income (Note 24A)	137	2,499
Management fee income (Note 4)	–	75

(a) The related party, Wilmar International Limited, has 20% interest in and significant influence over the reporting entity.

(b) The related parties are companies in which certain directors of the company or their immediate family members have a significant or controlling interest.

(c) The related party, Henry Maknawi, is a director and an ultimate controlling party.

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

	Group	
	2020	2019
	US$'000	US$'000
Salaries and other short-term employee benefits	1,690	1,575
Post-employment benefits	22	18

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2020	2019
	US$'000	US$'000
Remuneration of directors of the company	650	665
Remuneration of directors of the subsidiaries	508	648
Fees to directors of the company	151	152

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries	
	2020	2019
	US$'000	US$'000
Company		
Other receivables:		
Balance at beginning of the year	36,880	32,934
Amounts paid out and settlement of liabilities on behalf of subsidiaries - net	–	2,307
Amounts paid in and settlement of liabilities on behalf of the company - net	(589)	–
Allowance for impairment	(2,949)	–
Written off	(10)	–
Foreign exchange difference	(779)	1,639
Balance at end of the year (Note 24)	32,553	36,880

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties: (cont'd)

	Related parties	
	2020	2019
	US$'000	US$'000
Group		
Other payables:		
Balance at beginning of the year	640	–
Loans from related parties	–	6,971
Repayments to related parties	(160)	(6,499)
Interest expense (Note 3B)	42	272
Foreign exchange difference	(23)	(104)
Balance at end of the year (Note 30)	499	640

4. Revenue

Revenue classified by type of good or service:

	Group	
	2020	2019
	US$'000	US$'000
Sale of goods	103,778	103,517
Rental income	506	473
Management fee income (Note 3)	–	75
	104,284	104,065

The revenue from sale of goods such as Crude Palm Oil ("CPO"), palm kernel and FFB, and rendering of services is earned from customers who are mainly wholesalers and producers of oil palm products. Also see Note 35. All contracts are short-term and recognised at a point-in-time.

The sales consideration is based on the market prices or predetermined monthly contract values.

5. Cost of sales

	Group	
	2020	2019
	US$'000	US$'000
Cost of goods produced and purchases	75,807	81,388
Cost incurred for rental income and rendering of services	296	332
	76,103	81,720

6. Other gains and (other losses)

	Group 2020	Group 2019
	US$'000	US$'000
Loss on disposal of property, plant and equipment	(1)	(66)
Impairment loss of property, plant and equipment (Note 14)	–	(474)
Foreign exchange translation (loss)/gain	(2,729)	7,570
Withholding and other tax losses	(855)	(904)
Insurance claim	1	8
Impairment on other receivables - joint venture (Note 24A)	(188)	(4,120)
Management fee from plasma	587	871
Tolling fee	107	85
Sale of waste	156	789
Bearer plants written off (Note 17)	(105)	(218)
Miscellaneous	12	117
	(3,015)	3,658
Presented in profit or loss as:		
Other gains	863	9,323
Other losses	(3,878)	(5,665)
Net	(3,015)	3,658

7. Changes in biological assets and plasma receivables

	Group 2020	Group 2019
	US$'000	US$'000
Gain on fair value changes in biological assets (Note 22)	8,437	9,253
Gain/(Loss) on changes in plasma receivables	448	(477)
	8,885	8,776

8. Distribution costs

The major components include the following:

	Group 2020	Group 2019
	US$'000	US$'000
Freight and storage costs	1,652	2,396

9. Finance costs

	Group 2020	Group 2019
	US$'000	US$'000
Gross finance costs	17,830	21,886
Less: capitalised in bearer plants (Note 17)	(937)	(1,416)
Net finance costs	16,893	20,470

10. Employee benefits expense

	Group 2020	Group 2019
	US$'000	US$'000
Employee benefits expense	10,012	9,963
Contribution to defined contribution plans	140	298
Other post-employment benefits (Note 31)	552	878
Employee benefits expense included in cost of sales, administrative expenses and distribution costs	10,704	11,139

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	Group 2020	Group 2019
	US$'000	US$'000
Current tax expense:		
Current tax expense	2,134	4,737
Deferred tax expense:		
Deferred tax expense	1,398	7,053
Total income tax expense	3,532	11,790

The group's operations are predominantly located in Indonesia. In 2020, the Indonesian government enacted a change in the national income tax rate from 25% to 22%. The new rate 22% will apply for the reporting year ended 31 December 2020 and the year ending 31 December 2021. The rate applicable for deferred tax assets and liabilities that are expected to crystallise for the years ending 31 December 2022 and onwards is 20%.

Companies in Indonesia are generally subject to a tax rate of 22% (2019: 25%). Accordingly, the Indonesian statutory tax rate of 22% (2019: 25%) is used in the reconciliation below.

11. Income tax (cont'd)

11A. Components of tax expense recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax determined by applying the Indonesian statutory income tax rate of 22% (2019: 25%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2020	2019
	US$'000	US$'000
Profit/(loss) before tax from:		
- continuing operations	7,553	1,404
- discontinued operations	–	(2,435)
	7,553	(1,031)
Share of results from equity-accounted joint ventures from continuing operations	149	4,992
Share of results from equity-accounted joint ventures from discontinued operations	–	2,435
Profit before tax and share of results from equity-accounted joint ventures, net of tax	7,702	6,396
Income tax expense at the applicable tax rate	1,694	1,599
Non-allowable items	4,195	2,246
Effect of different tax rates in different countries	67	25
Unrecognised deferred tax assets	–	7,920
Adjustments to previously recognised deferred tax assets	(3,336)	–
Change in tax rate	912	–
Total income tax expense	3,532	11,790

There are no income tax consequences of dividends to owners of the company.

The amount of income tax payable outstanding as at the end of the reporting year was US$3,904,000 (2019: US$3,525,000).

11B. Deferred tax expense recognised in profit or loss include:

	Group	
	2020	2019
	US$'000	US$'000
Changes in biological assets and plasma receivables	1,161	2,150
Employee benefits provision	171	(197)
Tax loss carryforwards	2,953	(1,564)
Others	449	(1,256)
Deferred tax assets not recognised	(3,336)	7,920
Total deferred tax expense recognised in profit or loss	1,398	7,053

11. Income tax (cont'd)

11C. Deferred tax expense recognised in other comprehensive income include:

	Group	
	2020	2019
	US$'000	US$'000
Deferred tax:		
Employee benefits provision	60	(22)
Exchange differences on translation to presentation currency	(118)	358
Total tax expense recognised in other comprehensive income	(58)	336

The above amounts are included in the exchange differences on translating IDR functional currency to US$ presentation currency in other comprehensive income.

11D. Deferred tax balance in the statement of financial position:

	Group	
	2020	2019
	US$'000	US$'000
From deferred tax (liabilities)/assets recognised in profit or loss:		
Changes in biological assets and plasma receivables	(4,589)	(3,428)
Employee benefits provision	1,206	1,377
Tax loss carryforwards	13,711	16,664
Others	(522)	43
Unrecognised deferred tax assets	(6,719)	(10,055)
From deferred tax liabilities recognised in other comprehensive income:		
Employee benefits provision	16	(44)
Net balance	3,103	4,557

Presented in the statement of financial position as follows:

	Group	
	2020	2019
	US$'000	US$'000
Deferred tax liabilities	(2,345)	(1,903)
Deferred tax assets	5,448	6,460
Net balance	3,103	4,557

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax assets for the tax losses that have not been recognised are in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised.

11 Income tax (cont'd)

11D. Deferred tax balance in the statement of financial position: (cont'd)

Included in unrecognised tax losses are losses that will expire as follows:

Unrecognised deferred tax assets:	Tax losses		Unrecognised deferred tax assets	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Indonesian companies				
Expiring in year				
2020	–	7,332	–	1,833
2021	8,023	6,640	1,765	1,660
2022	3,291	3,556	658	889
2023	7,964	9,072	1,592	2,268
2024	6,364	7,564	1,272	1,891
2025	1,491	–	298	–
Singapore companies				
Unlimited period	6,673	8,906	1,134	1,514
	33,806	43,070	6,719	10,055

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowance is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. For the Indonesian companies, the realisation of the future income tax benefits from tax loss carryforwards is available for a period of 5 years subject to the conditions imposed by Indonesian laws.

No deferred tax liability of approximately US$7,770,000 (2019: US$7,019,000) has been recognised for taxes that would be payable on the undistributed earnings of the group's foreign subsidiaries as the group has determined that these undistributed earnings will not be distributed in the foreseeable future.

12. Items in the statement of profit or loss and other comprehensive income

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the profit or loss includes the following charges:

	Group	
	2020	2019
	US$'000	US$'000
Audit fees to independent auditors included under administrative expenses:		
- company's auditors	72	89
- other auditors	92	78
Other fees to independent auditors included under administrative expenses:		
- company's auditors	55	44

13. Earnings/(loss) per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount of earnings/(loss) per share of no par value:

	Group	
	2020	2019
	US$'000	US$'000
A. Numerators: Profit/(loss) attributable to equity		
Continuing operations: profit/(loss) attributable to equity holders	4,021	(10,386)
Discontinued operations: loss for the year	–	(2,435)
	4,021	(12,821)
B. Denominators: weighted average number of equity shares		
Basic and diluted (Note 27)	287,011	287,011
Earnings/(Loss) per share (US$ cents)		
From continuing operations	1.40	(3.62)
From discontinued operations	–	(0.85)
	1.40	(4.47)

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented are adjusted for events, if any, that have changed the number of ordinary shares outstanding without a corresponding change in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

There is no dilution of earnings/(loss) per share as there are presently no dilutive shares outstanding as at the end of the reporting year. The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

14. Property, plant and equipment

	Freehold land US$'000	Leasehold buildings US$'000	Assets under construction US$'000	Plant, fixtures and equipment US$'000	Total US$'000
Group					
Cost:					
At 1 January 2019	35	31,517	10,197	95,896	137,645
Foreign exchange difference	–	1,362	961	3,178	5,501
Additions	–	237	2,248	1,536	4,021
Disposals	–	(41)	(4)	(1,731)	(1,776)
Reclassifications	–	2,589	(9,882)	7,293	–
At 31 December 2019	35	35,664	3,520	106,172	145,391
Foreign exchange difference	–	(485)	(295)	(1,846)	(2,626)
Additions	–	13	803	500	1,316
Disposals	–	–	(25)	(177)	(202)
Reclassifications	–	836	(3,064)	2,228	–
At 31 December 2020	35	36,028	939	106,877	143,879
Accumulated Depreciation and Impairment Losses:					
At 1 January 2019	–	9,798	–	45,015	54,813
Foreign exchange difference	–	445	–	2,404	2,849
Depreciation for the year	–	2,198	–	6,775	8,973
Disposals	–	(18)	–	(1,550)	(1,568)
Impairment for the year	–	–	–	474	474
At 31 December 2019	–	12,423	–	53,118	65,541
Foreign exchange difference	–	(102)	–	(520)	(622)
Depreciation for the year	–	2,099	–	6,310	8,409
Disposals	–	–	–	(144)	(144)
Reclassifications	–	14	–	(14)	–
At 31 December 2020	–	14,434	–	58,750	73,184
Carrying Value:					
At 1 January 2019	35	21,719	10,197	50,881	82,832
At 31 December 2019	35	23,241	3,520	53,054	79,850
At 31 December 2020	35	21,594	939	48,127	70,695

In the previous reporting year, there was an impairment of equipment that was no longer in use in a subsidiary.

Assets under construction represent partial payments for the construction of the following assets:

	Group	
	2020	2019
	US$'000	US$'000
Leasehold buildings	589	950
Plant and equipment	350	2,570
	939	3,520

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

	2020	2019
	US$'000	US$'000
Allocation of the depreciation expense:		
Bearer plants (Note 17)	318	399
Cost of sales	7,771	8,217
Administrative expenses	320	357
Total	8,409	8,973

Certain items of property, plant and equipment at a carrying value of US$12,849,000 (2019: US$17,029,000) are pledged as security for the bank facilities (see Note 28).

Certain plant and equipment with carrying value of US$658,000 (2019: US$1,044,000) are under finance lease arrangements (see Note 29).

15. Right-of-use assets

The details of right-of-use assets in the statement of financial position are as follows:

	Lease of office and warehouse premises	
	2020	2019
	US$'000	US$'000
Group		
Cost:		
At beginning of the year	714	686
Foreign exchange difference	(12)	28
At end of the year	702	714
Accumulated depreciation:		
At beginning of the year	44	–
Depreciation for the year	170	44
Foreign exchange difference	(1)	–
At end of the year	213	44
Carrying value:		
At beginning of the year	670	686
At end of the year	489	670

The right-of-use assets are for the lease of office and warehouse premises from a related party. The lease agreement covers a period of 25 years from 1 July 2008 to 30 June 2033. The group has prepaid the lease payments to the related party. Accordingly, no lease liability has been recognised.

16. Investment property

	Group	
	2020	2019
	US$'000	US$'000
At cost:		
At beginning of the year	–	2,526
Reclassified as held for sale (Note 21)	–	(2,526)
At end of the year	–	–
Accumulated depreciation:		
At beginning of the year	–	176
Depreciation for the year	–	27
Reclassified as held for sale (Note 21)	–	(203)
At end of the year	–	–
Net book value at beginning of the year	–	2,350
Net book value at end of the year	–	–
Fair value for disclosure purposes only:		
Fair value at end of the year	–	–
Rental and service income from investment property	–	–
Allocation of depreciation expense:		
Administrative expenses	–	27
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	–	30

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The investment property was leased out under an operating lease. The management has not entered into contractual obligations for the maintenance or enhancement of the investment property.

The fair value of the investment property was measured at the end of the previous reporting year based on the highest and best use method to reflect the actual market state and circumstances as at the end of the previous reporting year. The fair value was based on a valuation made by management, on a systematic basis at least once yearly. There was no change to the valuation technique during the previous year.

17. Bearer plants

	Group	
	2020	2019
	US$'000	US$'000
Cost:		
At beginning of the year	175,938	174,726
Additions	628	1,200
Transfer to Plasma [(a)]	–	(8,765)
Capitalisation of interest cost (Note 9)	937	1,416
Capitalisation of depreciation expense (Note 14)	318	399
Written off	(105)	(218)
Foreign exchange difference	(2,479)	7,180
At end of the year	175,237	175,938
Accumulated Depreciation:		
At beginning of the year	39,465	32,041
Depreciation for the year	6,788	7,095
Foreign exchange difference	(319)	(1,106)
Transfer to Plasma[(a)]	–	1,435
At end of the year	45,934	39,465
Carrying Value:		
At beginning of the year	136,473	142,685
At end of the year	129,303	136,473

(a) During the reporting year ended 31 December 2019, a reclassification from bearer plants to plasma receivables was made. The reclassification related to costs incurred for development of plasma plantations previously capitalised under bearer plants, so as to be in line with reference costs published by the Indonesian government's Ministry of Agriculture. The reference costs are for plantation companies to develop plasma plantations for villagers who are members of rural cooperatives.

Depreciation expense of bearer plants is included in cost of sales.

The interest capitalised is the actual interest incurred on the bank borrowings to finance the development of oil palm plantations. The interest rates are disclosed in Note 28.

At the end of the reporting year, bearer plants comprise of oil palm trees as follows:

	Group	
	2020	2019
	US$'000	US$'000
Planted area amounts:		
- mature (US$'000)	95,151	87,767
- immature (US$'000)	34,152	48,706
	129,303	136,473
Planted area size:		
- mature (hectares)	47,781	46,978
- immature (hectares)	3,899	4,608
	51,680	51,586

17. Bearer plants (cont'd)

At the end of reporting year, US$129,303,000 (2019: US$136,473,000) of bearer plants are pledged for certain bank borrowings (see Note 28).

18. Investments in subsidiaries

	Company	
	2020	2019
	US$'000	US$'000
Movements during the year:		
At the beginning of the year	37,868	36,351
Foreign exchange difference	(548)	1,517
At the end of the year	37,320	37,868
Total carrying value comprises:		
Unquoted shares, at cost	12,961	12,961
Quasi-equity loans receivable	34,842	34,842
Allowance for impairment loss	(339)	(339)
Foreign exchange difference	(10,144)	(9,596)
Total	37,320	37,868
Movements in allowance for impairment:		
At beginning and end of the year	339	339

The quasi-equity loans are interest-free loans to subsidiaries for which there are no significant settlements planned or likely to occur in the foreseeable future. They are, in substance, part of the company's net investment in the subsidiaries.

The listing of and information on the subsidiaries are disclosed in Note 38.

19. Investments in joint ventures

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Movements during the year:				
At beginning of the year	–	–	–	–
Loans and advances to joint ventures (Note 24A)	149	7,427	–	–
Share of results from equity-accounted joint ventures – continuing operations	(149)	(4,992)	–	–
Share of results from equity-accounted joint ventures – discontinued operations (Note 21)	–	(2,435)	–	–
At end of the year	–	–	–	–
Carrying value:				
Unquoted equity shares, at cost	–	–	–	2,586
Loans and advances to joint ventures	149	23,734	–	–
Share of loss from equity-accounted joint ventures	(149)	(23,734)	–	(2,586)
At end of the year	–	–	–	–

19. Investments in joint ventures (cont'd)

The listing of and information on the joint arrangements are given below:

Name of joint arrangements, country of incorporation, place of operations and principal activities	Percentage of equity held by the group 2020	2019
	%	%
Joint venture – Enco Power Pte. Ltd. (formerly known as Kencana Bio-Energy Pte. Ltd.) #a Singapore Investment holding	–	70
Joint venture – PT Cahaya Permata Gemilang. ("CPG") #b #c Indonesia Investment holding	78.5	71.5
Joint venture – PT Belitung Energy. ("BE") #b #c #d Indonesia Investment holding	78.5	–

Name of subsidiaries owned by joint arrangement, country of incorporation, place of operations and principal activities	Percentage of equity held by the group 2020	2019
	%	%
Held through PT Cahaya Permata Gemilang		
PT Listrindo Kencana ("LK") #b #c #d Indonesia Power generation	78.5	71.5
PT Energy Karya Persada ("EKP") #b #c #d Indonesia Power generation	78.5	71.5
PT Belitung Energy ("BE") #b #c #d Indonesia Investment holding	-	71.5
Held through PT Belitung Energy		
PT Energy Cipta Utama ("ECU") #b #c #d Indonesia Dormant	78.5	71.5

#a. Enco Power Pte. Ltd. ("EP") is an investment holding company. The company disposed EP to Enco Ventures (Singapore) Pte. Ltd. in the current year. There was no net gain on disposal as all amounts from EP were previously written off and the disposal of EP was at nil consideration, pursuant to the restructuring of the joint ventures in the group. EP's interests in its subsidiaries were novated to PT Sawindo Kencana, a subsidiary of the group at nil consideration.

19. Investments in joint ventures (cont'd)

#b. Audited by a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name of the member firm is Amir Abadi Jusuf, Aryanto, Mawar dan Rekan ("RSM Indonesia"), Jakarta.

#c. In 2019, the equity interest included in the percentage equity held by the group was a 5% direct interest in CPG acquired by a wholly owned subsidiary of the company, PT Sawindo Kencana ("SWK") on 31 December 2015. In 2020, after completion of the restructuring and disposal of EP, the group via SWK has an effective interest of 78.5% in these joint ventures.

#d. In 2019, LK, EKP, BE and ECU were directly held through CPG. In 2020, pursuant to the restructuring, CPG and BE are held through SWK. LK and EKP are subsidiaries of CPG, while ECU is a subsidiary of BE.

19A. Joint venture – Agreement with Enco Holdings Sdn Bhd

The company entered into an agreement with Enco Holdings Sdn Bhd, ("Enco") a company in the business of manufacturing and installation of boiler systems in 2013. Under this arrangement, Enco invested MYR15,000,000 (equivalent to US$4,500,000) in the form of equity and convertible loan into EP for a 30% stake in the EP group. The company owned the remaining shares in the EP group.

The shareholders' agreement established joint control of the activities of EP. The joint arrangement was carried out through a separate vehicle whose legal form conferred separation between the parties and the separate vehicle and the parties had rights to the net assets of EP. The parties recognised their rights to the net assets of EP as investments and accounted for them using the equity method.

The group completed the restructuring of the bio-energy business in January 2020. Upon completion of the restructuring, the group disposed of its 70% equity shareholding in EP to Enco Ventures (Singapore) Pte. Ltd. The group's effective interest in CPG and BE (held through SWK) after year-end has increased from 71.5% to 78.5% while Enco Ventures (Singapore) Pte. Ltd.'s interest in CPG and BE (held through EP) has been diluted from 28.5% to 21.5%. The group will continue to account for the investment in BE as a joint venture.

As elaborated in Note 21, management is intending to sell CPG and its subsidiaries, LK and EKP, and will continue to account for them as held for sale till disposed.

There is no joint venture that is considered material to the reporting entity in the current reporting year.

In 2019, EP was a joint venture that was considered material to the reporting entity. The summarised financial information of this material joint venture and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the joint venture were as follows after adjustments made by the reporting entity when using the equity method.

19. Investments in joint ventures (cont'd)

19A. Joint venture – Agreement with Enco Holdings Sdn Bhd (cont'd)

	Group	
	2020	**2019**
	US$'000	**US$'000**
Joint venture – Enco Power Pte. Ltd.		
Revenue	–	–
Loss for the reporting year – continuing operations	–	(48)
Loss for the reporting year – discontinued operations	–	(10,902)
Net loss for the reporting year attributable to owners	–	(10,402)
Other comprehensive income	–	4
Total comprehensive loss attributable to owners	–	(10,398)
Depreciation and amortisation	–	–
Interest income	–	–
Interest expense	–	–
Income tax expense	–	(26)
Current assets	–	13,090
Cash and cash equivalents	–	1,883
Assets of a disposal group	–	11,207
Non-current assets	–	–
Current liabilities	–	(48,588)
Current financial liabilities (excluding trade and other payables and provisions)	–	–
Liabilities of a disposal group classified as held-for-sale	–	(42,769)
Non-current liabilities	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–
Non-controlling interests	–	(1,860)
Reconciliation:		
Net liabilities of the joint venture	–	(35,498)
Proportion of the reporting entity's interest in the joint venture	–	71.5%
Carrying amount of the interest in the joint venture [(a)]	–	–
Capital commitments for construction of plant, fixtures and equipment	–	–

(a) After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

20. Land use rights

	Group	
	2020	2019
	US$'000	US$'000
Cost:		
At beginning of the year	43,105	41,369
Foreign exchange difference	(619)	1,673
Additions	98	63
At end of the year	42,584	43,105
Accumulated amortisation:		
At beginning of the year	(8,218)	(6,620)
Foreign exchange difference	72	(245)
Amortisation for the year included under cost of sales	(1,259)	(1,353)
At end of the year	(9,405)	(8,218)
Carrying value:		
At beginning of the year	34,887	34,749
At end of the year	33,179	34,887
Balance to be amortised:		
Not later than one year	1,306	1,317
Later than one year and not later than five years	5,222	5,269
Later than five years	26,651	28,301
	33,179	34,887

The land rights with a carrying value of US$30,448,000 (2019: US$32,027,000) have been pledged as security for the bank facilities (see Note 28).

At the end of the reporting year, the group's land rights covering a total land area shown below, represent Business Usage Rights ("Hak Guna Usaha" or "HGU") that have been applied for. Out of these land rights, the certificates for 115,737 hectares were obtained before 31 December 2020 while the land rights certificates covering the remaining area of 4,371 hectares are still in the progress of preparation as at the date of this report. The group has been given a permit to arrange for land clearing for oil palm plantation purposes. The land rights will be amortised once the land is available for use by the group.

The legal terms of the group's existing certified land rights expire in various years. The details are as follows:-

Land rights	Expire in years
23,464 hectares	2028 – 2032
92,273 hectares	2033 – 2052
4,371 hectares	Certificates have yet to be received as of the date of this report
120,108 hectares	

21. Discontinued operations and assets held for sale

Details of the assets classified as held for sale are as follows:

	Group	
	2020	2019
	US$'000	US$'000
Investment property	2,323	2,323
Loan receivable from joint venture	2,541	4,108
Total assets classified as held for sale	4,864	6,431

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities, and accordingly, no impairment loss has been recognised on the classification of these assets as held for sale.

Investment property

The group's investment property which relates to a leasehold property is presented as held for sale following the decision of management in 2019 to sell the investment property. The sale is expected to be completed in 2021.

The investment property is mortgaged as security for certain bank facilities (see Note 28), and the related bank loan of US$1,250,000 (2019: US$1,363,000) has also been classified as current.

Joint ventures

On 12 December 2019, the company, together with its subsidiary, PT Sawindo Kencana ("SWK"), entered into a Conditional Sales and Purchase Agreement with a related party, PT Kencana Energi Lestari, Tbk, for the sale and purchase of 78.5% of the issued shares and paid-up share capital of CPG. As at 31 December 2019, share of results for CPG and its subsidiaries were accordingly presented in the consolidated statement of profit or loss and other comprehensive income as "loss from discontinued operations". The related assets of CPG and its subsidiaries have been presented in the statement of financial position as "assets held for sale". The disposal was expected to be completed in 2020.

The share of results of the discontinued operations was as follows:

	Group	
	2020	2019
	US$'000	US$'000
Share of results from equity-accounted joint ventures	-	2,435

21. Discontinued operations and assets held for sale (cont'd)

Joint ventures (cont'd)

	Group	
	2020	**2019**
	US$'000	**US$'000**
Movement during the year on loan receivable:		
Balance at beginning of the year	4,108	–
Additions	1,064	–
Reclassification from loan receivable from joint ventures (Note 24A)	–	4,108
Waiver of loans due to Enco Power Pte Ltd's waiver of the company's payables pursuant to the restructuring	(2,629)	–
Foreign exchange difference	(2)	–
Balance at end of the year	2,541	4,108

The impact of the discontinued operations on the cash flows of the group for the reporting year ended 31 December 2020 and 2019 was as follows:

	Group	
	2020	**2019**
	US$'000	**US$'000**
Operating cash outflows	(1,064)	(4,371)
Total cash outflows	(1,064)	(4,371)

On 5 March 2021, the board of directors of the company announced that the company has decided to hold the proposed disposal of the joint ventures in abeyance pending the conclusion of further discussion and negotiations, after taking into account the recent market developments as well as global economic trends and the impact of the COVID-19 pandemic.

22. Biological assets

	Group	
	2020	**2019**
	US$'000	**US$'000**
Movement in fair value		
At beginning of the year	15,315	5,681
Foreign exchange difference	89	381
Fair value less estimated point-of-sale costs (Note 7)	8,437	9,253
At end of the year (Level 3)	23,841	15,315

There was no change in the fair value hierarchy during the year. The group's oil palm plantations are located in Indonesia.

22. Biological assets (cont'd)

Biological assets comprise of un-harvested fresh fruit bunches ("FFB") growing on oil palm trees (bearer plants). The group measures its biological assets at fair value less cost to sell at the point of harvest, which require use of accounting estimates and assumptions. Significant components of fair value measurement on a recurrent basis were determined using assumptions and estimates such as the yield of oil palm trees, annual discount rate, and projected selling prices of FFB. Any changes in fair values of these biological assets would affect the group's profit and carrying value of the biological assets. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

The fair value of the biological assets was measured with the assistance of KJPP Benedictus Darmapuspita dan Rekan, a firm of independent professional valuers on 4 March 2021 based on the present value of the expected net cash flows of the FFB on the trees as at the valuation date of 31 December 2020 (fair value hierarchy: Level 3). The expected net cash flows of the FFB are determined using the forecast market price of FFB. The significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(i) Projected volumes of FFB harvested subsequent to year-end are based on management inspection on actual condition of un-harvested FFB growing on the trees in December 2020;

(ii) The discount rate used in 2020 is 11.05% per annum (2019: 12.05% per annum) (such discount rates represent the asset specific rate for the group's plantation operations which is applied in the discounted future cash flows calculations); and

(iii) The projected selling prices of FFB are based on FFB published prices for the respective provinces for December 2020, which is used as an estimate for the forecasted market price.

The fair value of biological assets would be affected by changes in the above assumptions used, particularly the FFB prices used and projected volumes of FFB.

Sensitivity on unobservable inputs:

Favourable or adverse changes in discount rate, projected selling price and projected volume of FFB will increase or decrease the fair value.

If the projected selling prices of FFB used in the above valuation increased or decreased by 5%, assuming all other variables are held constant, the group's profit before tax and the carrying value of biological assets would increase or decrease by approximately US$1,624,000 (2019: US$1,297,000) as a result of higher or lower gains arising from changes in fair value of the biological assets.

If the projected volume of FFB harvested used in the above valuation increased or decreased by 5%, assuming all other variables are held constant, the group's profit before tax and the carrying value of biological assets would increase or decrease by approximately US$1,742,000 (2019: US$1,307,000) as a result of higher or lower gains arising from changes in fair value of the biological assets.

If the discount rate used in the above valuation increased or decreased by 1%, assuming all other variables are held constant, the group's profit before tax and the carrying value of biological assets would decrease or increase by approximately US$60,000 (2019: US$40,000).

During the reporting year, the group harvested approximately 569,348 tonnes (2019: 701,169 tonnes) of FFB from the oil palm trees.

At the end of the reporting year, US$23,841,000 (2019: US$15,315,000) of the biological assets are pledged for certain bank borrowings (see Note 28).

22. Biological assets (cont'd)

Risk management strategy related to agricultural activities:

The group is exposed to the following risks relating to its oil palm plantations.

Regulatory and environmental risks:
The group is subject to laws and regulations in Indonesia. The group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risks:
The group is exposed to risks arising from fluctuations in the price and sales volume of CPO and Crude Palm Kernel Oil ("CPKO"). When possible, the group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks:
The group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plantation health inspections and industry pest and disease surveys. The group is also insured against natural disasters such as floods and hurricanes.

23. Inventories

	Group	
	2020	**2019**
	US$'000	**US$'000**
Raw materials, consumables and supplies	4,955	6,397
Finished goods and goods for resale (CPO and CPKO)	5,780	5,738
	10,735	12,135
Decrease/(Increase) in inventories of finished goods	393	(2,020)
Raw materials and consumables used included in cost of sales	28,231	26,096

Inventories with a carrying value of US$11,537,000 (2019: US$11,706,000) are pledged as security for the bank facilities (see Note 28).

24. Trade and other receivables

	Group	
	2020	**2019**
	US$'000	**US$'000**
Non-current		
Other receivables:		
Advances under Plasma Programme (Note 32)	4,582	6,805
Current		
Trade receivables:		
Outside parties	1,263	1,621
Related parties (Note 3)	–	56
Net trade receivables – Subtotal	1,263	1,677
Other receivables:		
Staff advances	204	203
Prepaid taxes	3,850	2,796
VAT receivable	9,280	12,574
Advances under Plasma Programme (Note 32)	20,498	18,099
Loan receivable from joint venture (Note 24A)	–	203
Other receivables	441	395
Net other receivables – Subtotal	34,273	34,270
Total trade and other receivables, current	35,536	35,947
Total trade and other receivables	40,118	42,752

Certain receivables with a carrying value of US$29,501,000 (2019: US$24,898,000) have been pledged as security for the bank facilities (see Note 28).

	Company	
	2020	**2019**
	US$'000	**US$'000**
Current		
Other receivables:		
Subsidiaries	37,914	39,292
Less allowance for impairment	(5,361)	(2,412)
Total other receivables (Notes 3 and 18)	32,553	36,880
Movements in above allowance on other receivables:		
At beginning of the year	2,412	2,412
Charge to profit or loss	2,949	–
At end of the year	5,361	2,412

24. Trade and other receivables (cont'd)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The expected credit losses are based on the past payment experience and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables. The group deals with regular customers and has arrangements to obtain advance payments to limit its credit risk. At the end of the reporting year, there were no amounts for trade receivables that were impaired. At the end of the reporting year, the aging analysis of trade receivables which were past due but not impaired is as follows:

	Group	
	2020	2019
	US$'000	US$'000
Receivables past due:		
0-90 days past due	190	–
More than 91 days past due	14	56
	204	56

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is about 60 days (2019: 60 days). However, some customers take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of the reporting year:

	Group	
	2020	2019
	US$'000	US$'000
Top 1 customer	408	312
Top 2 customers	679	602
Top 3 customers	856	857

The other receivables at amortised cost are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

24. Trade and other receivables (cont'd)

24A. Loan receivable from joint venture

	Group	
	2020	2019
	US$'000	US$'000
Movement during the year:		
Balance at the beginning of the year	203	9,176
Additions	303	36,598
Repayments	(222)	(32,227)
Interest income (Note 3B)	137	2,499
Amount off-set against loan receivable from joint ventures (Note 19)	(149)	(7,427)
Allowance for impairment (Note 6)	(188)	(4,120)
Reclassified as held for sale (Note 21)	–	(4,108)
Foreign exchange difference	(84)	(188)
Balance at the end of the year	–	203

The loan is carried at amortised cost using the effective interest method. The carrying amount is a reasonable approximation of fair value (Level 3).

In 2019, the loan receivable from certain entities were reclassified and presented as "Assets held for sale" as the group expected to recover the receivable through disposal (Note 21).

25. Other non-financial assets

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Advance payments	1,557	280	–	–
Other prepayments	347	894	1	1
Total other assets	1,904	1,174	1	1

26. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Not restricted in use	4,103	12,450	71	33
Deposits pledged for bank facilities	9,756	9,899	–	–
Cash at end of the year	13,859	22,349	71	33

The interest earning balances are not significant.

26A. Cash and cash equivalents in consolidated statement of cash flows:

	Group	
	2020	2019
	US$'000	US$'000
Amount as shown above	13,859	22,349
Bank overdrafts (Note 28)	(477)	(422)
Deposits pledged for bank facilities	(9,756)	(9,899)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	3,626	12,028

26B. Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of US$Nil (2019: US$403,000) acquired by means of finance leases.

26C. Reconciliation of liabilities arising from financing activities:

	1 January 2020	Cash flows (net of repayment)	Non-cash changes		31 December 2020
	US$'000	US$'000	US$'000		US$'000
Lease liabilities [(a)]	626	(339)	(11)	(c) & (d)	276
Other financial liabilities [(b)]	258,455	(8,576)	(1,354)	(d)	248,525
Total liabilities from financing activities	259,081	(8,915)	(1,365)		248,801

	1 January 2019	Cash flows (net of repayment)	Non-cash changes		31 December 2019
	US$'000	US$'000	US$'000		US$'000
Lease liabilities [(a)]	343	(134)	417	(c) & (d)	626
Other financial liabilities [(b)]	271,221	(15,740)	2,974	(d)	258,455
Total liabilities from financing activities	271,564	(15,874)	3,391		259,081

26. Cash and cash equivalents (cont'd)

26C. Reconciliation of liabilities arising from financing activities: (cont'd)

(a) Lease liabilities include current and non-current portions. Also see Note 29.

(b) Other financial liabilities include current and non-current portions. Also see Note 28.

(c) Acquisition of property, plant and equipment.

(d) Foreign exchange movements.

27. Share capital

	Number of shares issued	Share capital
	'000	US$'000
Ordinary shares of no par value:		
Balance at 1 January 2019, 31 December 2019 and 31 December 2020	287,011	93,860

The ordinary shares of no par value which are fully paid carry no right to fixed income. The company is not subject to any externally imposed capital requirements except as noted below.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

27. Share capital (cont'd)

27A. Capital management: (cont'd)

	Group	
	2020	2019
	US$'000	US$'000
Net debt:		
All current and non-current borrowings including lease liabilities	248,801	259,081
Less: cash and cash equivalents	(13,859)	(22,349)
Net debt	234,942	236,732
Adjusted capital:		
Total equity	13,691	9,856
Debt-to-adjusted capital ratio	1,716%	2,402%

The decrease in the debt-to-adjusted capital ratio for the reporting year resulted mainly from the increased equity due to profit for the year.

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

28. Other financial liabilities

	Group	
	2020	2019
	US$'000	US$'000
Non-current		
Floating interest rates:		
Investment loans (secured) (Note 28A)	132,812	122,954
Term loans (secured) (Note 28A)	68,973	70,405
	201,785	193,359
Current		
Floating interest rates:		
Bank overdrafts (secured) (Notes 26A and 28A)	477	422
Bank loans (secured) (Note 28A)	22,585	33,552
Investment loans (secured) (Note 28A)	12,943	21,656
Term loans (secured) (Note 28A)	10,735	9,466
	46,740	65,096
Total	248,525	258,455

28. Other financial liabilities (cont'd)

28A. Bank overdrafts and bank loans

The range of floating interest rates paid was as follows:

	Group	
	2020	2019
Bank overdrafts – secured		
Indonesian Rupiah	9.75% - 10.25%	10.75%
Bank loans – secured		
United States dollar	3.92% - 4.50%	4.75% - 5.75%
Indonesian Rupiah	6.15% - 10.00%	6.15% - 10.75%
Investment loans – secured		
United States dollar	5.25% - 6.00%	4.91% - 6.00%
Indonesian Rupiah	9.25% - 11.00%	9.75% - 11.00%
Term loans – secured		
United States dollar	3.25% - 6.20%	4.75% - 5.75%
Singapore dollar	3.55% - 4.48%	3.55% - 4.48%

The bank overdrafts and other secured banking facilities are covered by way of negative pledges on certain inventories, receivables, land use rights, investment properties, property, plant and equipment, bearer plants and biological assets of the group.

The floating rate loans are with interest rates that are re-set regularly at one to three months intervals.

The scheduled maturities of the group's borrowings are as follows:

	Indonesian Rupiah US$'000	Singapore dollars US$'000	United States dollars US$'000	Total US$'000
Long-term borrowings:				
2020				
2 – 5 years	52,337	547	95,301	148,185
Over 5 years	16,489	241	36,870	53,600
Total	68,826	788	132,171	201,785
2019				
2 – 5 years	43,942	531	77,854	122,327
Over 5 years	24,565	277	46,190	71,032
Total	68,507	808	124,044	193,359

The loan agreements include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans becoming repayable immediately upon service of a notice by default by the lenders. As at reporting year end, there were certain breaches in loan agreement covenants for loans amounting to US$55,337,000 (2019: US$119,990,000) and the lenders have not made a demand for repayment and agreed to waive the breaches prior to the reporting year end.

29. Lease liabilities

	Group	
	2020	2019
	US$'000	US$'000
Lease liabilities, current	252	354
Lease liabilities, non-current	24	272
Total	276	626

A summary of the maturity analysis of lease liabilities is disclosed in Note 34E.

There are leased assets for certain plant and equipment under finance leases (see Note 14). The average lease term is 3 years (2019: 3 years). The fixed rate of interest for finance leases is about 8.2% to 13.4% (2019: 6.5% to 13.0%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The fair value (Level 2) is a reasonable approximation of the carrying amount. The fair value of the finance leases was estimated by discounting the future cash flows payable under the terms of the finance leases using the year-end interest rates ranging between 8.2% to 13.4% (2019: 6.5% to 13.0%) per year.

30. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Trade payables:				
Outside parties and accrued liabilities	21,849	24,662	–	–
Net trade payables - Subtotal	21,849	24,662	–	–
Other payables:				
Advances from customer	21,370	36,935	–	–
Related parties (Note 3)	499	640	–	–
Other payables and accrued liabilities	15,839	16,549	82	3,073
Net other payables - Subtotal	37,708	54,124	82	3,073
Total trade and other payables	59,557	78,786	82	3,073

The related parties' balances, which includes balances to a director of US$457,000 (2019: US$444,000), bear interest at 10.5% (2019: 10.5%) and are unsecured.

The movements in advances from customers are as follows:

	Group	
	2020	2019
	US$'000	US$'000
At beginning of the year	36,935	33,261
Consideration received during the year	81,437	124,902
Revenue recognised during the year	(97,002)	(121,228)
At the end of the year	21,370	36,935

31. Other non-financial liabilities

	Group	
	2020	2019
	US$'000	US$'000
Employee pension benefits	6,137	5,345

Estimated liability for employee pension benefits

Besides the benefits provided under the defined contribution retirement plans, the group has recorded additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to the qualified employees, as required under existing manpower regulations in Indonesia. The additional provisions are measured based on actuarial computations prepared by an independent firm of actuaries, KKA Azwir Arifin & Rekan (2019: PT Quattro Asia Consulting), using the "Projected Unit Credit" method which is covered in their reports dated 5 January 2021. The related actuarial liabilities for employee pension benefits are as follows:

	Group	
	2020	2019
	US$'000	US$'000
Present value of employee benefits obligation in addition to the defined contribution scheme	6,183	5,131
Foreign currency alignment	(46)	214
	6,137	5,345

Changes in the present value of the defined benefits obligation are as follows:

	Group	
	2020	2019
	US$'000	US$'000
Benefits obligation at beginning of the year	5,345	4,448
Current service costs	561	575
Interest costs on benefits obligation	392	303
Actuarial loss/(gain)	286	(179)
Gains on curtailment	(221)	–
Past service costs – vested	(180)	–
Foreign currency alignment	(46)	198
Benefits obligation at end of the year	6,137	5,345

31. Other non-financial liabilities (cont'd)

Estimated liability for employee pension benefits (cont'd)

The following table summarises the component of net employee benefits expense recognised in the profit or loss and other comprehensive income:

	Group	
	2020	**2019**
	US$'000	**US$'000**
Current service costs	561	575
Gains on curtailment	(221)	–
Past service costs – vested	(180)	–
Interest costs on benefits obligation	392	303
Components of employee benefits expense recognised in profit or loss (Note 10)	552	878
Component of employee benefits loss/(gain) recognised in other comprehensive income, net of tax	228	(111)
	780	767

The principal assumptions used in determining post-employment obligations for the plan are as follows:

Annual discount rate	:	6.54% to 7.64% in 2020 and 7.16% to 8.19% in 2019
Future annual salary increase	:	5% in 2020 and 2019
Annual employee turnover rate	:	7% in 2020 and 2019 for employees under 40 years old and decreasing linearly until 0% at the age of 55 years
Disability rate	:	10% per year in 2020 and 2019
Retirement age	:	55 years of age
Mortality rate	:	Indonesian mortality table 3

The assumptions relating to longevity used to compute the defined benefit obligation liabilities are based on best estimate of the mortality of plan members both during and after employment based on the published mortality tables commonly used by the actuarial profession in each territory concerned.

For the above significant actuarial assumptions, a sensitivity analysis on the defined benefit obligation has been determined based on reasonably possible changes of the assumption occurring at the end of the reporting year, while holding all other assumptions constant:

	Group	
	Decrease	**Increase**
	US$'000	**US$'000**
If the discount rate is 1% higher/(lower)	345	(288)
If the salary rate is 1% higher/(lower)	(313)	278

For the above sensitivity analysis, the present value of the defined benefit obligation has been determined using the projected unit credit method at the end of the reporting year. Such sensitivity analysis might not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another.

32. Contingent liabilities

Arrangements under the Plasma Programme

The Indonesian authorities require oil palm plantations to develop the surrounding local plantation areas held by small landholders when applying for land rights for oil palm plantations. This form of assistance to local small landholders is generally known as the Plasma Programme. Under the Plasma Programme, a plantation developer transfers a designated land area to the small landholders, who then operate the plasma plantation under the supervision of the plantation developer.

Certain subsidiaries of the group have implemented the Plasma Programme using plantation business cooperatives scheme (Kredit Koperasi Primer Anggota or "KKPA"), cooperation in local community oil palm plantation scheme (Kebun Kelapa Sawit Rakyat or "KKSR"), and independent plasma scheme (Plasma Mandiri).

Under the KKPA scheme, the villagers typically occupy the land and the group helps to develop the land and manage the oil palms to maturity. The development costs are funded by bank loans, which are guaranteed by the group using the aforementioned land certificates and/or other appropriate forms of security as collateral. Upon maturity of the oil palms, the land will be maintained and managed by the villagers or in the future by the group. The harvested fresh fruit bunches ("FFB") will then be sold to the group. The villagers will repay the loan facilities from a portion of the FFB sale price. The group obtains a power of attorney to manage the accounts of the villagers into which all monies from the sale of FFB will be deposited. This power of attorney allows the group to withdraw funds from such accounts to pay for all the villagers operating costs and expenses. Under the KKSR scheme, the villagers also typically occupy the land. The group will provide seedlings and the regional authorities will provide fertiliser to the villagers.

Post-harvest, the FFB will be sold to the group and part of the sale proceeds will be paid to the group and the regional authorities as payment for the seedlings and fertiliser respectively. Plasma Mandiri is a scheme whereby the group will provide the seedlings to the villagers, and the villagers will plant and maintain the plantations. Post-harvest, the FFB will be sold to the group and part of the sale proceeds will be paid to the group as payment for the seedlings provided. There is no governmental involvement under this scheme.

Costs incurred during development up to conversion of the oil palm plantations and temporary funding to the villagers for working capital purposes are included in other receivables in the statement of financial position. The funds received from the designated banks on behalf of villagers for the development and operations of the plantations are offset against advances under plasma program in the statement of financial position.

The development of plantations is financed by credit investment facilities granted by designated banks to the villagers through local cooperatives as the representatives of the villagers. The loan facilities are secured by the land certificates held by the villagers and corporate guarantees from the group. The credit facility amounts and the outstanding balances of the bank loans granted by the banks to the villagers as at the end of the reporting year are as follows:

	Group	
	2020	**2019**
	US$'000	**US$'000**
Facility amounts	29,217	31,964
Outstanding balances	18,327	24,839

32. Contingent liabilities (cont'd)

Arrangements under the Plasma Programme (cont'd)

Upon maturity of the oil palm, the land will be maintained and managed by the villagers or in the future by the group. The harvested FFB will then be sold to the group. The villagers will repay the loan facilities from a portion of the FFB sale price. In addition to the scheme, the group provided temporary funding to the local cooperatives for working capital purposes. The cost of development of plantations and temporary funding provided by the group to local cooperatives as at the end of the reporting year is US$25,080,000 (2019: US$24,904,000):

	Group	
	2020	2019
	US$'000	US$'000
Presented as other receivables (Note 24):		
Advances under Plasma Programme, current	20,498	18,099
Advances under Plasma Programme, non-current	4,582	6,805
Total	25,080	24,904

The advances under plasma programme that are not secured by bank facilities and to be repaid by villagers using FFB was measured by management at the end of the reporting year based on the present value of the expected net cash flows with the following significant assumptions.

(i) Yield per hectare of oil palm trees is determined by reference to guidelines issued by the Indonesian Oil Palm Research Institute (Pusat Penelitian Kelapa Sawit), which varies with the average age of oil palm trees;

(ii) The discount rate for 2020 is 3.75% (2019: 5%) per annum;

(iii) The projected selling prices of FFB are derived from adjusting CPO prices to the FFB extraction rate (% of CPO extractable from FFB) and processing costs. The CPO prices are based on the World Bank forecasts.

The carrying value of advances under plasma programme would be affected by changes in the assumptions used.

Relationship of unobservable inputs to carrying value:

Favourable or adverse change in discount rate will increase or decrease carrying value.

Sensitivity on unobservable inputs:

If the discount rate used in the above valuation increased or decreased by 1%, assuming all other variables are held constant, the group's pre-tax profit or loss and the carrying value of advances under plasma programme would increase or decrease by approximately US$328,000 (2019: US$315,000) and US$349,000 (2019: US$180,000) respectively.

33. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2020	2019
	US$'000	US$'000
Commitments for construction of leasehold buildings	265	258
Commitments for construction of plant, fixtures and equipment	282	1,130

34. Financial instruments: information on financial risks

34A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	36,061	42,523	32,624	36,913
Financial assets at FVTPL	4,582	6,805	–	–
	40,643	49,328	32,624	36,913
Financial liabilities:				
Financial liabilities measured at amortised cost	286,988	300,932	82	3,073

Further quantitative disclosures are included throughout these financial statements. Certain disclosures for the company have not been made as the financial assets and financial liabilities are not significant.

34B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate, consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

34. Financial instruments: information on financial risks (cont'd)

34B. Financial risk management (cont'd)

The entity is exposed to currency and interest rate risks. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as derivatives against changes in interest rates, cash flows or the fair value of the financial assets and liabilities.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief financial officer who monitors the procedures reports to the chief executive officer and the board.

34C. Fair value of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

34D. Credit risk on financial assets

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach, the financial assets move through the three stages as their credit quality changes.

However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

34E. Liquidity risk – financial liability maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 105 days (2019: 110 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

34. Financial instruments: information on financial risks (cont'd)

34E. Liquidity risk – financial liability maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year US$'000	2 – 3 years US$'000	4 – 5 years US$'000	Over 5 years US$'000	Total US$'000
Group					
Non-derivative financial liabilities:					
2020					
Gross borrowings	49,635	92,082	91,286	84,474	317,477
Gross lease liabilities	271	25	–	–	296
Trade and other payables	38,187	–	–	–	38,187
Total	88,093	92,107	91,286	84,474	355,960
2019					
Gross borrowings	69,288	69,371	85,127	111,828	335,614
Gross lease liabilities	389	308	–	–	697
Trade and other payables	41,918	–	–	–	41,918
Total	111,595	69,679	85,127	111,828	378,229

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee contracts – For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	Less than 1 year US$'000	2 – 5 years US$'000	Over 5 years US$'000	Total US$'000
Group				
2020				
Financial guarantees in respect of the Plasma Programme (Note 32)	1,770	8,506	8,050	18,326
2019				
Financial guarantees in respect of the Plasma Programme (Note 32)	3,476	10,375	10,988	24,839

34. Financial instruments: information on financial risks (cont'd)

34E. Liquidity risk – financial liability maturity analysis (cont'd)

The fair value of the financial guarantees is not significant.

	Group	
	2020	2019
	US$'000	US$'000
Bank facilities:		
Undrawn borrowing facilities	17,046	30,816

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

34F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Financial liabilities with interest:				
Floating rate	248,525	258,455	–	–
Fixed rate	733	1,070	–	–
Total at end of year	249,258	259,525	–	–
Financial assets with interest:				
Floating rate	13,859	22,349	71	33

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

34. Financial instruments: information on financial risks (cont'd)

34F. Interest rate risk (cont'd)

Sensitivity analysis:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax profit or loss for the year by	139	223	–	–
Financial liabilities:				
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit or loss for the year by	2,485	2,585	–	–

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

34G. Foreign currency risks

Analysis of significant amounts denominated in non-functional currencies:

	SGD dollars	USD dollars	Total
Group	US$'000	US$'000	US$'000
2020			
Financial assets:			
Cash and cash equivalents	167	229	396
Total financial assets	167	229	396
Financial liabilities:			
Borrowings	(2,175)	(155,866)	(158,041)
Total financial liabilities	(2,175)	(155,866)	(158,041)
Net financial liabilities at the end of the year	(2,008)	(155,637)	(157,645)
2019			
Financial assets:			
Cash and cash equivalents	187	339	526
Total financial assets	187	339	526
Financial liabilities:			
Borrowings	(2,340)	(163,426)	(165,766)
Total financial liabilities	(2,340)	(163,426)	(165,766)
Net financial liabilities at the end of the year	(2,153)	(163,087)	(165,240)

The company had no significant amounts denominated in non-functional currencies.

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks (cont'd)

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to US$ currency risk due to the loans denominated in United States dollars.

	Group	
	2020	2019
	US$'000	US$'000
Sensitivity analysis:		
A hypothetical 10% strengthening in the exchange rate of the functional currency against the US$ would have a favourable effect on pre-tax profit of	(15,564)	(16,309)
A hypothetical 10% strengthening in the exchange rate of the functional currency against the S$ would have a favourable effect on pre-tax profit of	(201)	(215)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

34H. Price risk

The group is exposed to commodity price risk due to certain factors, such as weather, government policy, level of demand and supply in the market and the global economic environment resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of its open sales and purchase commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodity. To the extent that its open sales and purchase commitments do not match at the end of each business day, the group will be subject to price fluctuations in the commodities market. Consequently, it is the group's policy to minimise the risks arising from the fluctuations in the commodity prices by being partly self-sufficient in CPO and CPKO as this provides a hedge against such cost fluctuations. To the extent it is unable to do so, the group may minimise such risks through direct purchases of the similar commodities or through forward purchase and sales contracts. As such, it may also be exposed to commodity price risk as changes in fair value of forward commodity contracts are recognised directly in the statement of profit or loss and other comprehensive income.

Decisions to enter into forward purchase and sales contracts must be approved by at least two directors and are currently under the purview of the group's chairman and chief executive officer. The group does not enter into forward purchase and sales contracts for speculative purposes.

35. Financial information by operating segments

35A. Information about reportable segment profit or loss, assets and liabilities

Segment reporting is not presented as the group is primarily engaged in the palm oil plantation business. The core business consists of planting of palm oil trees, processing of fresh fruit bunches into palm oil and palm kernel at the palm oil mills and kernel crushing plants and the sale of crude palm oil and palm kernel. The measurement of profit or loss that is used by the chief operating decision makers is on a group basis.

35B. Geographical information

	Revenue		Non-current assets	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Indonesia	104,284	104,065	231,007	249,189
Singapore	–	–	2,659	2,691
Total	104,284	104,065	233,666	251,880

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

35C. Information about revenue from major customers

	Group	
	2020	2019
	US$'000	US$'000
Top 1 customer in plantation segment	20,699	19,929
Top 2 customers in plantation segment	37,242	39,808
Top 3 customers in plantation segment	48,787	53,062

36. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS (I) 3	Definition of a Business – Amendments
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to
	The Conceptual Framework for Financial Reporting
SFRS (I) 16	COVID-19 Related Rent Concessions - Amendment to (effective from 30 June 2020)

37. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are not expected to result in changes in the detailed application of the accounting policies and significant modifications to financial statements presentation and measurement.

SFRS(I) No	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to	1 Jan 2022
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 Jan 2022
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to	1 Jan 2022
SFRS (I) 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (Annual Improvement Project)	1 Jan 2022
SFRS (I) 9	Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
SFRS (I) 1-41	Agriculture – Taxation in fair value measurements (Annual Improvement Project)	1 Jan 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments to	1 Jan 2022

38. Listing of and information on subsidiaries

#A. The following subsidiaries are wholly owned by the group:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of company	
	2020 US$'000	2019 US$'000
Kencana Logistics Pte. Ltd. ("KL") [(a)] Singapore Investment holding	315	315
Kencana Plantations Pte. Ltd. ("KP") [(a)] Singapore Investment holding	2,043	2,043
Sawindo Agri Pte. Ltd. ("SA") [(a)] Singapore Trading and investment holding	10,603	10,603
	12,961	12,961

#B. The following wholly-owned subsidiaries are held through the above subsidiaries:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)

Global Eastern Capital Pte. Ltd. ("GEC") [(c)]
Singapore, Dormant

PT Agri Eastborneo Kencana ("AEK") [(b)]
Indonesia, Agribusiness

PT Agro Inti Kencanamas ("AIK") [(b)]
Indonesia, Agribusiness

PT Agrojaya Tirta Kencana ("ATK") [(b)]
Indonesia, Agribusiness

PT Agro Mas Lestari ("AML") [(b)]
Indonesia, Agribusiness

PT Agro Sawit Mas Lestari ("ASML") [(b)]
Indonesia, Agribusiness

PT Alamraya Kencana Mas ("AKM") [(b)]
Indonesia, Agribusiness

38. Listing of and information on subsidiaries (cont'd)

#B. The following wholly-owned subsidiaries are held through the above subsidiaries (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)

PT Bumi Permai Sentosa ("BPS") [(b)]
Indonesia, Dormant

PT Citra Megah Kencana ("CMK") [(b)]
Indonesia, Agribusiness and transportation

PT Delta Subur Permai ("DSP") [(b)]
Indonesia, Agribusiness

PT Indotrust ("IDT") [(b)]
Indonesia, Logistics

PT Kencana Agro Jaya ("KAJ") [(b)]
Indonesia, Agribusiness

PT Karunia Alam Makmur ("KAM") [(b)]
Indonesia, Agribusiness

PT Karunia Sawit Permai ("KSP") [(b)]
Indonesia, Agribusiness

PT Langgeng Nusa Makmur ("LNM") [(b)]
Indonesia, Agribusiness

PT Loka Indah Lestari ("LIL") [(b)]
Indonesia, Agribusiness

PT Mentari Bangun Persada ("MBP") [(b)]
Indonesia, Agribusiness and transportation

PT Palm Makmur Sentosa ("PMKS") [(b)]
Indonesia, Agribusiness

PT Pelayaran Asia Marine ("PAM") [(b)]
Indonesia, Dormant

PT Sawindo Cemerlang ("SCEM") [(b)]
Indonesia, Agribusiness

PT Sawindo Kencana ("SWK") [(b)]
Indonesia, Agribusiness

38. Listing of and information on subsidiaries (cont'd)

#B. The following wholly-owned subsidiaries are held through the above subsidiaries (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)

PT Sawit Kaltim Lestari ("SKL") [(b)]
Indonesia, Agribusiness

PT Sawit Permai Lestari ("SPL") [(b)]
Indonesia, Wholesaler of plantation-related products

PT Sawit Tiara Nusa ("STN") [(b)]
Indonesia, Agribusiness

PT Wira Mas Permai ("WMP") [(b)]
Indonesia, Agribusiness

PT Wira Palm Mandiri ("WPM") [(b)]
Indonesia, Wholesaler of plantation-related products

PT Wira Sawit Mandiri ("WSM") [(b)]
Indonesia, Agribusiness

(a) Audited by RSM Chio Lim LLP, a member of RSM International.

(b) Audited by a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name of the member firm is Amir Abadi Jusuf, Aryanto, Mawar dan Rekan ("RSM Indonesia"), Jakarta.

(c) Not audited as it is not material.

39. Litigation

During the current financial year, a subsidiary of the group and its subcontractor received a court summon from an external party for the alleged misuse of a patent. Litigation is still in the preliminary stages and only a first session of court has been held on 5 October 2020.

Management is of the opinion that the lawsuit is without merit and no provision is required for the plaintiff's claim approximating US$14 million.

Information on Shareholdings

As at 16 March 2021

Issued and fully paid-up capital	: SGD133,451,118
Number of shares issued	: 287,011,177
Class of shares	: ordinary shares
Voting rights	: one vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	25	1.97	1,033	0.00
100 - 1,000	163	12.82	95,625	0.04
1,001 - 10,000	758	59.64	3,075,471	1.07
10,001 - 1,000,000	307	24.15	25,435,036	8.86
1,000,001 AND ABOVE	18	1.42	258,404,012	90.03
TOTAL	1,271	100.00	287,011,177	100.00

Shareholding Held by the Public

Based on the information available to the Company as at 16 March 2021, approximately 21.9% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Shareholders	No. of Shares	% of Shares	No. of Shares	% of Shares
Kencana Holdings Pte. Ltd.	152,555,224	53.15	–	–
Newbloom Pte. Ltd.	57,402,236	20.00	–	–
Wilmar International Limited [1]	–	–	57,402,236	20.00
Henry Maknawi [2]	1,774,970	0.62	152,555,224	53.15

Notes:-

(1) Wilmar International Limited is deemed to be interested in the shares held by Newbloom Pte. Ltd. by virtue of its 100% shareholding interest in Newbloom Pte. Ltd.

(2) Mr Henry Maknawi is deemed to be interested in the shares held by Kencana Holdings Pte Ltd by virtue of his 43.41% shareholding interest in Kencana Holdings Pte. Ltd.

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	KENCANA HOLDINGS PTE. LTD.	152,555,224	53.15
2	NEWBLOOM PTE LTD	57,402,236	20.00
3	DBS NOMINEES (PRIVATE) LIMITED	10,888,517	3.79
4	PHILLIP SECURITIES PTE LTD	7,482,225	2.61
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,650,340	1.97
6	MORPH INVESTMENTS LTD	3,937,100	1.37
7	SUSANTO AMIN @ LIM HWA MIN	2,677,250	0.93
8	SOEKARTO	2,168,080	0.76
9	IFAST FINANCIAL PTE. LTD.	2,157,050	0.75
10	GLOBAL PALM RESOURCES HOLDINGS LIMITED	1,810,900	0.63
11	HENRY MAKNAWI	1,774,970	0.62
12	DICKY PERMANA	1,596,090	0.56
13	RAFFLES NOMINEES (PTE.) LIMITED	1,572,050	0.55
14	OCBC SECURITIES PRIVATE LIMITED	1,553,000	0.54
15	SOEPRAPTO KASNAWI ABDUL LATIF	1,436,480	0.50
16	FONG SOON YONG	1,379,050	0.48
17	KGI SECURITIES (SINGAPORE) PTE. LTD.	1,272,500	0.44
18	CITIBANK NOMINEES SINGAPORE PTE LTD	1,090,950	0.38
19	ARIFIN @ LIE TJONG TJIN @ LIE CHANG CHIN	1,000,000	0.35
20	PANG WING SENG	910,750	0.32
	TOTAL	**260,314,762**	**90.70**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN That the 2021 Annual General Meeting of the Company will be held by way of electronic means on 29 April 2021 at 2.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect the following director retiring pursuant to the Company's Constitution: **Resolution 2**

   Mr Henry Maknawi (Article 91)

3. To re-elect the following director retiring pursuant to the Company's Constitution: **Resolution 3**

   Mr Albert Maknawi (Article 97)

4. To re-elect the following director retiring pursuant to the Company's Constitution and the Listing Manual of the SGX-ST: **Resolution 4**

   Mr Sim Idrus Munandar (Article 91)

   [See Explanatory Note (i)]

5. **To approve the continued appointment of Mr Sim Idrus Munandar as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders** **Resolution 5**

   That contingent upon the passing of Resolution 4 and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Mr Sim Idrus Munandar as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Sim Idrus Munandar as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   [See Explanatory Note (ii)]

6. **To approve the continued appointment of Mr Sim Idrus Munandar as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates** **Resolution 6**

   That contingent upon the passing of Resolution 4 and the passing of Resolution 5 and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Mr Sim Idrus Munandar as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Sim Idrus Munandar as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   [See Explanatory Note (ii)]

7. **To approve the continued appointment of Tengku Alwin Aziz as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders** **Resolution 7**

   That in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Tengku Alwin Aziz as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Tengku Alwin Aziz as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   [See Explanatory Note (iii)]

8. **To approve the continued appointment of Tengku Alwin Aziz as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates** **Resolution 8**

   That contingent upon the passing of Resolution 7 and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Tengku Alwin Aziz as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Tengku Alwin Aziz as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   [See Explanatory Note (iii)]

9. **To approve the continued appointment of Mr Soh Yew Hock as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders** **Resolution 9**

   That in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Mr Soh Yew Hock as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Soh Yew Hock as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   [See Explanatory Note (iv)]

10. **To approve the continued appointment of Mr Soh Yew Hock as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associate** **Resolution 10**

    That contingent upon the passing of Resolution 9 and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022: (a) the continued appointment of Mr Soh Yew Hock as an independent director be and is hereby approved; and (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Soh Yew Hock as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

    [See Explanatory Note (iv)]

11. To approve the Directors' fees of SGD207,900 for the year ended 31 December 2020. **Resolution 11**

12. To re-appoint RSM Chio Lim LLP as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 12**

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

13. **Proposed Share Issue Mandate** **Resolution 13**

"That pursuant to Section 161 of the Companies Act, Cap. 50. and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

(a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the listing rules of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the listing rules of the SGX-ST;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall 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 earlier."

[See Explanatory Note (v)]

14. **Proposed Renewal Of A Shareholders' Mandate For Interested Person Transactions** **Resolution 14**

"THAT:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of interested person transactions set out in Section 2.1.2 of the Appendix to the Annual Report dated 13 April 2021 (the "Appendix"), with any party who is of the class or classes of interested persons described in Section 2.2 of the Appendix, provided that such transactions are made on normal commercial terms in accordance with the review procedures for interested person transactions as set out in Section 2.5 of the Appendix (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company;

(c) the Audit & Risk Management Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the listing rules which may be prescribed by SGX-ST from time to time; and

(d) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and to do all such acts and things, and to approve, modify, ratify and execute such documents, acts and things as they, he or she may consider necessary, desirable or expedient to give effect to the abovementioned resolutions."

15. To transact any other business which may be properly transacted at an Annual General Meeting.

Notice of Annual General Meeting

Explanatory Note:

(i) Mr Sim Idrus Munandar, if re-elected, will remain as the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee. The Board considers Mr Sim Idrus Munandar to be independent for the purpose of Rule 704(8) of the listing rules of the SGX-ST. Detailed information on Mr Sim Idrus Munandar can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Nominated for Re-election" of the Company's Annual Report 2020. The Annual Report 2020 was published on 13 April 2021 and is available on the SGX website and on the Company's website. Mr Sim Idrus Munandar does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

(ii) The ordinary resolutions proposed in Resolutions 5 and 6 are in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.

Mr Sim Idrus Munandar is an independent director who has served for more than nine years. Since Mr Sim Idrus Munandar is seeking re-election as a director at this Annual General Meeting, the Company is proposing to seek, at the same time, the requisite approval from shareholders for his continued appointment as an independent director via a two-tier voting process for a three-year term, with effect from the passing of these resolutions until the conclusion of the third Annual General Meeting of the Company following the passing of these resolutions.

(iii) The ordinary resolutions proposed in Resolutions 7 and 8 are in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.

Tengku Alwin Aziz is an independent director who has served for more than nine years. The Company is proposing to seek the requisite approval from shareholders for his continued appointment as an independent director via a two-tier voting process for a three-year term, with effect from the passing of these resolutions until the conclusion of the third Annual General Meeting of the Company following the passing of these resolutions.

(iv) The ordinary resolutions proposed in Resolutions 9 and 10 are in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.

Mr Soh Yew Hock is an independent director who has served for more than nine years. The Company is proposing to seek the requisite approval from shareholders for his continued appointment as an independent director via a two-tier voting process for a three-year term, with effect from the passing of these resolutions until the conclusion of the third Annual General Meeting of the Company following the passing of these resolutions.

(v) The proposed Resolution 13 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

By Order Of the Board

LEE YING YING
Company Secretary

Date: 13 April 2021

Notice of Annual General Meeting

Notes:

a) A Shareholder (including a relevant intermediary*) entitled to vote at the Annual General Meeting (the "AGM") must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM.

b) The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy 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, failing which the instrument of proxy may be treated as invalid.

c) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

d) In the case of joint shareholders, all holders must sign the form of proxy.

IMPORTANT NOTICE TO SHAREHOLDERS ON ALTERNATIVE ARRANGEMENTS FOR THE AGM

In view of the safe distancing regulations to hold physical meetings and to minimize physical interactions and COVID-19 transmission risks, the Company will conduct its AGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM ("Notice"), the proxy form and the FY2020 Annual Report will NOT be sent to Shareholders. Instead, the documents will be made available to Shareholders via publication on the Company's corporate website (http://www.kencanaagri.com) and on the SGX website (https://www.sgx.com/securities/company-announcements).

Alternative arrangements relating to, among others, attendance at the AGM by way of electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to, or at the AGM and/or voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (including a relevant intermediary*) will NOT be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

* Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any shareholder who is a relevant intermediary is required to appoint the Chairman of the AGM to attend and vote at the AGM. Relevant intermediary is either:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

(iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Shareholders may participate at the AGM by taking note of the following steps:

1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, "Live Webcast") via mobile phone, tablet, computer or any such electronic device.

In order to do so, a Shareholder must pre-register no later than 2.00 p.m. 26 April 2021 ("Registration Deadline"), at the URL http://KAL.availeasemgdwebinar.com/ , for authentication of their status as Shareholders.

Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 2.00 p.m. on 28 April 2021. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 2.00 p.m. on 28 April 2021 may contact the Company by email at AGM.TeamE@boardroomlimited.com for assistance.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the AGM should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

2. Shareholders' Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the AGM.

All questions must be submitted no later than 2.00 p.m. on 26 April 2021 to the Company:

(a) via the pre-registration website at the URL http://KAL.availeasemgdwebinar.com/; or

(b) via email to AGM.TeamE@boardroomlimited.com.

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the AGM and upload the Company's responses on the SGX website. The minutes of the AGM, which include responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the AGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

Notice of Annual General Meeting

3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the AGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The instrument appointing the Chairman of the AGM as proxy has been uploaded together with this Notice of AGM on SGX website on the same day.

Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

(a) if by post, to the Share Registrar of the Company, at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays); or

(b) if sent by email to AGM.TeamE@boardroomlimited.com.

in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGX website at the URL https://www.sgx.com/securities/company-announcements, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit competed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 2.00 p.m. on 19 April 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

The Annual Report 2020 has been uploaded on SGX website on 13 April 2021.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGX website. Shareholders are advised to check the SGX website regularly for updates on the AGM.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via Live Webcast, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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KENCANA AGRI LIMITED

PROXY FORM

Registration No. 200717793E
(Incorporated in Singapore)

IMPORTANT

1. The Annual General Meeting (the "AGM") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Meeting has been published on 13 April 2021 on the SGX website and the Company's website at http://www.kencanaagri.com.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream (collectively "Live Webcast"), submission in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying section entitled "Important Notice to Shareholders" of the Notice of AGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of AGM in respect of the AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.
4. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF and/or SRS investors who wish to vote should contact their CPF and/or SRS Approved Nominees to submit their voting instructions by 2.00 p.m. on 19 April 2021.
6. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in this proxy form.
7. Please read the notes overleaf which contain

I/We_____ NRIC/Passport No./Registration No. _____

of _____

being a member(s) of Kencana Agri Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the 2021 Annual General Meeting of the Company ("AGM") to be held by way of electronic means on 29 April 2021 at 2:00 p.m. and at any adjournment thereof.

*I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

No.	Resolutions	For**	Against**	Abstain**
1	Directors' Statement and Audited Accounts for the year ended 31 December 2020.			
2	Re-election of Mr Henry Maknawi as Director.			
3	Re-election of Mr Albert Maknawi as Director.			
4	Re-election of Mr Sim Idrus Munandar as Director.			
5	To approve the continued appointment of Mr Sim Idrus Munandar as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders.			
6	To approve the continued appointment of Mr Sim Idrus Munandar as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.			
7	To approve the continued appointment of Tengku Alwin Aziz as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders.			
8	To approve the continued appointment of Tengku Alwin Aziz as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.			
9	To approve the continued appointment of Mr Soh Yew Hock as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders.			

No.	Resolutions	For**	Against**	Abstain**
10	To approve the continued appointment of Mr Soh Yew Hock as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associate.			
11	Approval of Directors' fees for the year ended 31 December 2020.			
12	Re-appointment of RSM Chio Lim LLP as Auditors.			
13	Proposed Share Issue Mandate.			
14	Proposed renewal of a Shareholders' Mandate for Interested Person Transactions.			

Notes:

* Delete accordingly.

** Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that resolution.

Total number of Shares held

Dated this _____ day of _____ 2021

_____

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares in the capital of the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form is available on the SGX website.**

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. Any member who is a relevant intermediary is entitled to appoint the Chairman of the Meeting to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting). Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

   (a) if by post, to the Share Registrar of the Company, at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays); or

   (b) if sent by email to AGM.TeamE@boardroomlimited.com.

   in either case, not less than 48 hours before the time for holding the AGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS Investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 2.00 p.m. on 19 April 2021).

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2021.

Corporate Information

BOARD OF DIRECTORS

Mr Henry Maknawi
Executive Chairman

Tengku Alwin Aziz
Vice-Chairman and
Independent Director

Ms Ratna Maknawi
Executive Vice-Chairman

Mr Albert Maknawi
Chief Executive Officer and
Executive Director

Mr Soh Yew Hock
Lead Independent Director

Mr Sim Idrus Munandar
Independent Director

Mr Darwin Indigo
Non-Executive and
Non-Independent Director

AUDIT & RISK MANAGEMENT COMMITTEE

Mr Soh Yew Hock
Chairman

Tengku Alwin Aziz

Mr Sim Idrus Munandar

REMUNERATION COMMITTEE

Mr Sim Idrus Munandar
Chairman

Tengku Alwin Aziz

Mr Soh Yew Hock

NOMINATING COMMITTEE

Tengku Alwin Aziz
Chairman

Mr Soh Yew Hock

Mr Henry Maknawi

COMPANY REGISTRATION NUMBER

Kencana Agri Limited
Registration Number:
200717793E
Incorporated in the
Republic of Singapore

REGISTERED OFFICE

36 Armenian Street
#03-02
Singapore 179934

PRINCIPAL OFFICE

Kencana Tower, 8th Floor
Business Park Kebon Jeruk
Jalan Raya Meruya Ilir No. 88
Jakarta Barat 11620
Indonesia

COMPANY SECRETARY

Ms Lee Ying Ying

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Boardroom Corporate & Advisory
Services Pte. Ltd.

AUDITORS

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
8 Wilkie Road,
#03-08, Wilkie Edge,
Singapore 228095

Partner in Charge:
Ms Uthaya Chandrikaa d/o Ponnusamy

INDEPENDENT VALUER (Biological Assets)

KJPP Benedictus Darmapuspita dan Rekan
Property & Business Appraisal,
Feasibility Study, Advisory
Jalan Musi 38
Jakarta 10150, Indonesia

PRINCIPAL BANKERS

PT Bank OCBC NISP Tbk
PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk

KENCANA AGRI LIMITED
Registration No. 200717793E

www.kencanaagri.com

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