

KENCANA AGRI LIMITED
ANNUAL REPORT 2024



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.

Contents

- 01 Corporate Profile
- 01 Corporate Structure
- 02 Business and Operations
- 04 Message from our Chairman and CEO
- 06 Financial and Operational Review
- 14 Key Milestones
- 16 Sustainability and Corporate Responsibility
- 18 Board of Directors
- 20 Key Management
- 21 Corporate Information
- 23 Corporate Governance
- 48 Financial Statement Contents

Corporate Profile

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 67,885 Ha in 2024 including plasma. The Group currently has seven palm oil mills with total processing capacity of 335 tonnes per hour and two kernel crushing plants with capacity of 435 tonnes per day.

The Group’s plantations are progressively moving toward prime mature stage 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.

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



Business and Operations

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

PLANTATION

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

PLANTATION

Total Planted Area	:	67,885 ha
• Nucleus	:	51,283 ha
• Plasma	:	16,602 ha

PROCESSING

We have seven palm oil mills and two kernel crushing plants in Sumatra, Kalimantan and Sulawesi.

PALM OIL MILLS

No. of Mills	:	7
Processing Capacity	:	335 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.



Message from our Chairman and CEO



Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present Kencana Agri’s Annual Report for the fiscal year ending 31 December 2024 (“FY2024”).

Throughout FY2024, the price of Crude Palm Oil (“CPO”) experienced a strong upward trend. In the fourth quarter, prices surged to their highest level since June 2022, driven by supply constraints and increased demand from the biodiesel sector. The Group effectively capitalized on this momentum, leading to a positive performance outcome for FY2024.

PERFORMANCE

In FY2024, the Group achieved a profit after tax of US\$11.9 million, primarily driven by higher revenue and a revaluation gain from biological assets, resulting from the increase in CPO prices during the year.

Although the Group improved its CPO extraction rate, CPO production declined by 4.7%, from 171,467 MT in FY2023 to 163,489 MT in FY2024. This decrease was due to lower yields from Fresh Fruit Bunches (“FFB”) production. CPO sales volume decreased slightly from 174,598 MT in FY2023 to 173,323 MT in FY2024. However, the Group experienced higher revenue, attributed to a rise in the average selling price (“ASP”) of CPO. The ASP increased from US\$698/MT in FY2023 to US\$785/MT in FY2024.

Additionally, the Group’s gross margin improved to 28% in FY2024, compared to 19% in FY2023. The Group also recorded a fair value gain of US\$5.9 million on biological assets and other receivables, primarily driven by higher CPO prices and the potential for future CPO production.

STRATEGY

The Group will continue to prioritize cost management, while optimizing maintenance and harvesting practices to enhance production yields. We will also remain vigilant in monitoring global economic volatility and dynamics, identifying opportunities to leverage positive momentum and unlock the full potential of the Group.

SUSTAINABILITY

Kencana is committed to developing its plantation business through the adoption of best management practices that are both sustainable and environmentally responsible, reinforcing our role as a responsible corporate citizen. We fully adhere to the principles and criteria of sustainable palm oil production under the Indonesian Sustainable Palm Oil (ISPO) certification schemes and are working towards certifying all our estates and CPO mills.

We recognize that, while economic performance is crucial to business sustainability, other factors such as environmental, social, and governance (ESG) considerations also play a vital role in enhancing business value. Our 8th Sustainability Report, published in April 2024, is available on our website. The report outlines our commitment to preventing deforestation of high carbon stock areas, preserving high conservation

value areas, and eliminating burning and new planting on peatlands of any depth. Additionally, it highlights our commitment to human rights and our climate strategy, which supports global efforts to mitigate the impacts of climate change.

This report represents our dedication to exceeding regulatory requirements and progressing toward a more sustainable palm oil business by balancing our business goals with social and environmental responsibility.

PROSPECTS AND OUTLOOK

Looking ahead, palm oil prices in 2025 are expected to remain favorable, supported by strong demand for biodiesel, particularly following the implementation of the mandatory B40 biodiesel program. However, geopolitical uncertainties and ongoing global trade tensions may continue to disrupt supply chains, resulting in higher logistics costs and increased commodity price volatility.

In response, the company will prioritize cost management, optimize maintenance and harvesting practices, and focus on enhancing production yields to fully capitalize on the positive price momentum.

DIVIDEND

The Board has decided not to recommend a dividend for this financial year. This decision has been made to preserve adequate resources to navigate potential market volatility and economic fluctuations. We seek your kind understanding and continued support as we work toward achieving our long-term goals.

APPRECIATION

On behalf of the Board of Directors, we would like to express our sincere gratitude for the unwavering support and trust shown by our shareholders, customers, creditors, management team, staff, and all stakeholders over the past year. In a year marked by both challenges and opportunities, we have remained dedicated to improving our performance while maintaining transparency and integrity in all our operations. None of these would have been possible without the engagement and commitment of all parties involved.

As we look ahead, we are excited to continue building on our momentum, fostering innovation, and enhancing value for both our shareholders and stakeholders.

HENRY MAKNAWI
Executive Chairman

ALBERT MAKNAWI
Executive Director and CEO

Financial and Operational Review

FINANCIAL REVIEW

SUMMARY OF RESULTS FOR FY2024

US\$'000	FY2024	FY2023	% Change
Revenue	153,734	136,366	12.7%
Gross profit	43,337	26,418	64.0%
EBITDA ^(*)	47,539	34,446	38.0%
Operating profit	38,391	10,628	261.2%
Profit/(Loss) before tax	22,725	(810)	n/m
Profit/(Loss) after tax	11,942	(283)	n/m

^(*) Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated as follows: Profit before tax + interest expense – interest income + depreciation and amortisation expenses +/- fair value changes in biological assets and other receivables

Revenues, Cost of Sales and Gross Profit

During FY2024, the Group’s revenue increased by 13%, primarily driven by higher selling prices for Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). The average selling price (“ASP”) of CPO in FY2024 rose to US\$785/MT, representing a 12% increase from the previous year’s ASP of US\$698/MT. Similarly, the ASP of PK climbed to US\$491/MT in FY2024, up from US\$345/MT in FY2023. While the prices increase had a positive impact, they were partially offset by a decline in the sales volume for both CPO and PK. Specifically, CPO sales volume decreased slightly by 0.7% from 174,598MT in FY2023 to 173,323MT in FY2024, while PK sales volume dropped by 4%, from 35,209MT in FY2023 to 33,833MT in FY2024.

The cost of sales primarily includes manuring, plantation upkeep and maintenance, harvesting, overhead, and processing costs. Compared to the previous year, our cost of sales remained relatively stable.

As a result, our gross sales margin improved significantly, rising from 19% in FY2023 to 28% in FY2024, largely driven by the increase in ASP. While our Gross Profit (“GP”) increased by 64.0% from US\$26.4 million in FY2023 to US\$43.3 million in FY2024.

Operating Profit and Net Profit for the year

For the year ended 31 December 2024, the Group recorded an operating profit (“OP”) of US\$38.4 million versus US\$10.6 million in the preceding year while for the same period, our profit after tax for the year stood at US\$11.9 million, marking a recovery from the previous year’s net loss of US\$0.3 million. This improvement was mainly driven by (i) higher revenue, as detailed above, and (ii) a gain of US\$5.9 million from the revaluation of biological assets and other receivables (as opposed to a fair value loss of US\$5.7 million in FY2023), all fuelled by the strong upward trend in CPO prices throughout FY2024.



Financial and Operational Review (Cont’d)

FINANCIAL POSITION

BALANCE SHEET

US\$'000	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2022
Current assets	91,324	82,421	98,205
Non-current assets	196,987	210,836	201,350
Total assets	288,311	293,257	299,555
Current liabilities	93,903	104,383	92,201
Non-current liabilities	153,483	158,296	176,822
Total liabilities	247,386	262,679	269,023
Shareholders’ equity	40,925	30,578	30,532
Net debt/Equity ratio (x)	4.1	5.6	5.9
Net debt/Total assets (x)	0.6	0.6	0.6
Net debt/EBITDA (x)	3.5	5.0	4.4
EBITDA/Interest expense (x)	3.1	2.3	2.5

The Group’s total current assets increased by US\$8.9 million to US\$91.3 million, up from US\$82.4 million as of 31 December 2023. This was primarily driven by a US\$3.9 million increase in the value of biological assets and a US\$9.3 million rise in cash balances, reflecting the Group’s improved financial performance in FY2024.

Total non-current assets decreased by US\$13.8 million to US\$197.0 million as of 31 December 2024, down from US\$210.8 million as of 31 December 2023. This was mainly due to (i) a US\$9.1 million forex translation loss for the land use rights, property, plant and equipment as well as bearer plants, and (ii) US\$6.8 million depreciation of mature bearer plants. The decreases

were partially offset by a US\$4.0 million addition resulting from the replanting program at the Bangka plantation and new planting at the Sulawesi plantation. The foreign exchange translation loss was a direct result of the depreciation of the IDR against the USD. During FY2024, the IDR weakened by 746 points, or 5%, against the USD, falling from IDR15,416 per USD to IDR16,162 per USD.

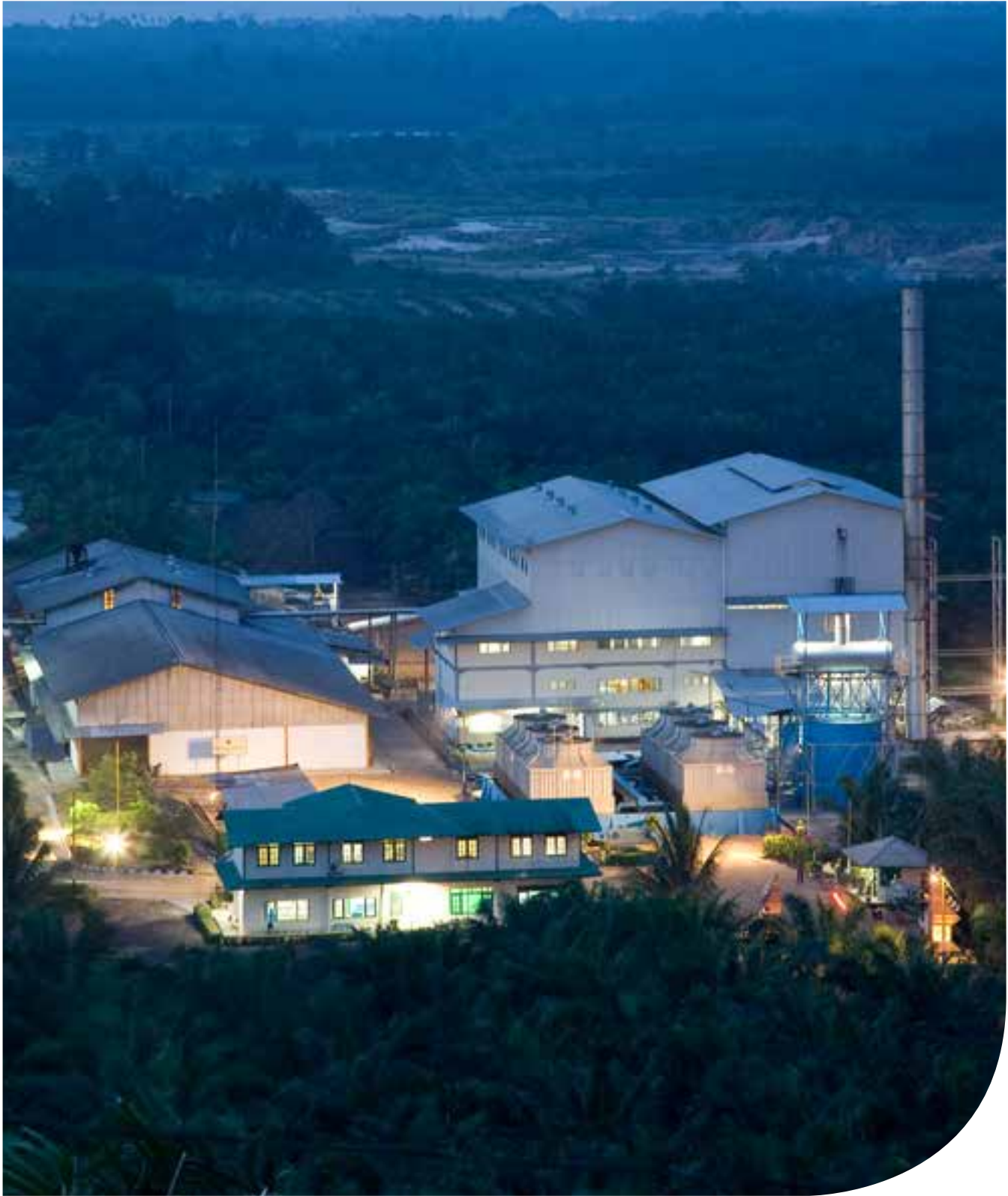
The Group’s total liabilities decreased by US\$15.3 million from US\$262.7 million as of 31 December 2023 to US\$247.4 million as of 31 December 2024. This decrease was mainly due to (i) a US\$9.3 million foreign exchange translation gain from IDR-denominated trade payables and bank borrowings, and (ii) the settlement of trade payable to suppliers and long-term advances from customers amounting to US\$17.0 million. These factors were partially offset by net additional bank borrowings of US\$12.5 million.

Net asset value per share for the Group increased from 10.65 US cents as at 31 December 2023 to 14.26 US cents as at 31 December 2024. For the same year ended, the Group’s EBITDA increased by 38.0% from US\$34.4 million in FY2023 to US\$47.5 million in FY2024.

CASH FLOW

Building on its positive performance in FY2024, the Group generated operating cash flow before changes in working capital of US\$48.5 million, reflecting a US\$15.3 million increase from the previous year. After accounting for trade payables and other working capital adjustments, net cash flow from operating activities amounted to US\$28.8 million. In terms of investing activities, the Group reported a net cash outflow of US\$14.2 million, primarily attributed to capital expenditures for plantation infrastructure improvements, labour housing, heavy equipment, boiler machinery overhauls, and the ongoing replanting program. Additionally, net cash used in financing activities resulted in a net cash outflow of US\$8.5 million, primarily due to interest payments.

US\$'000	FY2024	FY2023	FY2022
Cash at the beginning of year	3,491	2,871	2,942
Net cash from operating activities	28,791	40,328	54,358
Net cash used in investing activities	(14,156)	(12,446)	(9,452)
Net cash used in financing activities	(8,474)	(27,217)	(44,837)
Net increase in cash	6,161	665	69
Net effect of exchange rate changes on cash and cash equivalents	(259)	(45)	(140)
Cash at end of year	9,393	3,491	2,871



Financial and Operational Review (Cont'd)

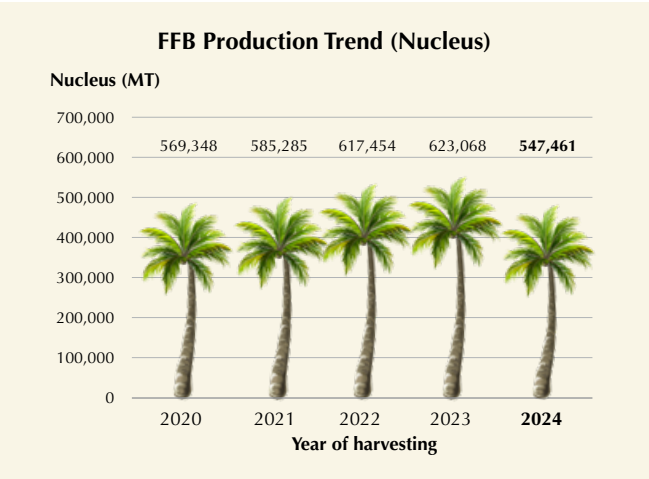
REVIEW OF OPERATIONAL PERFORMANCE

SNAPSHOT OF OUR PLANTATION PROFILE

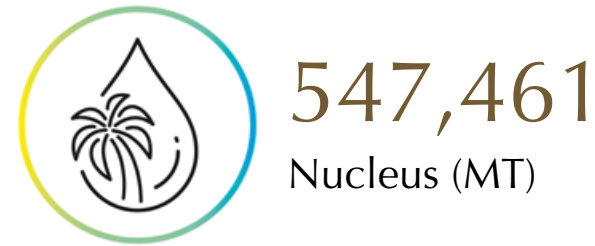
Age Profile	Immature	%	Young Mature	%	Prime Mature	%	Old Mature	%	Total	%
Nucleus	3,665	7%	8,833	17%	28,715	56%	10,070	20%	51,283	100%
Plasma	2,202	14%	1,401	8%	9,505	57%	3,494	21%	16,602	100%
Total	5,867	9%	10,234	15%	38,220	56%	13,564	20%	67,885	100%

DECREASE IN THE PRODUCTION VOLUME DUE TO ADVERSE WEATHER CONDITIONS

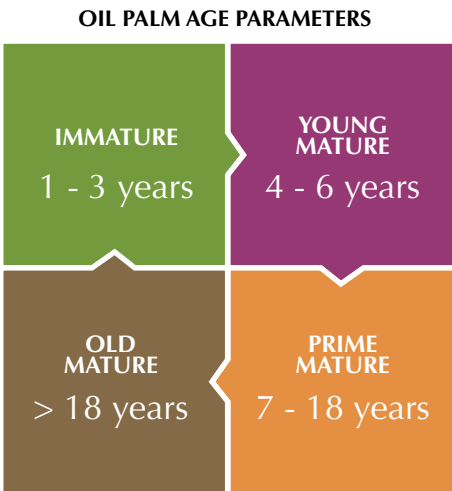
In 2024, weather conditions played a significant role in shaping the performance of the Group’s oil palm production. Unseasonal rainfall and temperature fluctuations disrupted the growth cycle of oil palm trees, particularly during the critical flowering and fruiting periods. The excessive rainfall led to waterlogged soils, affecting palm productivity and causing delays in harvesting. Conversely, periods of extreme heat also contributed to stress on the trees, impacting fruit yields and quality. While the overall impact was partially mitigated by the Group’s ongoing efforts in plantation management, these weather challenges ultimately resulted in a reduction in both the yield and production of CPO and PK compared to the previous year. Our yield performance declined, dropping from 13.1 MT/ha in FY2023 to 11.5 MT/ha in FY2024. Consequently, our nucleus FFB production also decreased, falling from 623,068 MT in FY2023 to 547,461 MT in FY2024.



FFB Production Trend (2024)



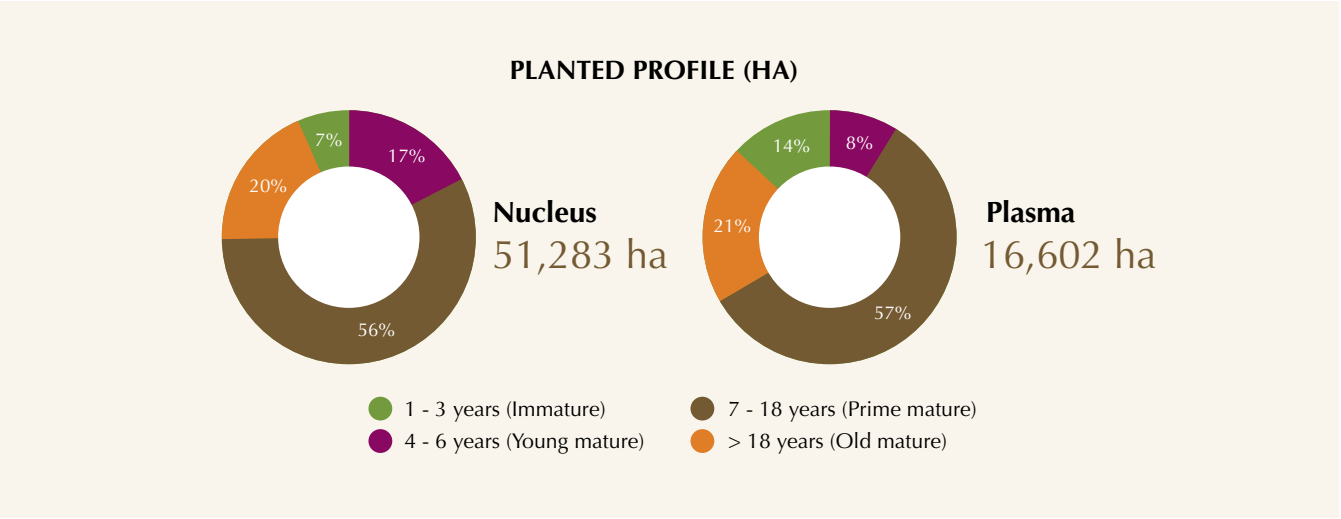
In general, oil palm trees start bearing fruit at 3 years and gradually increase until they reaches the peak production phase between 7 to 18 years before starting to fall.



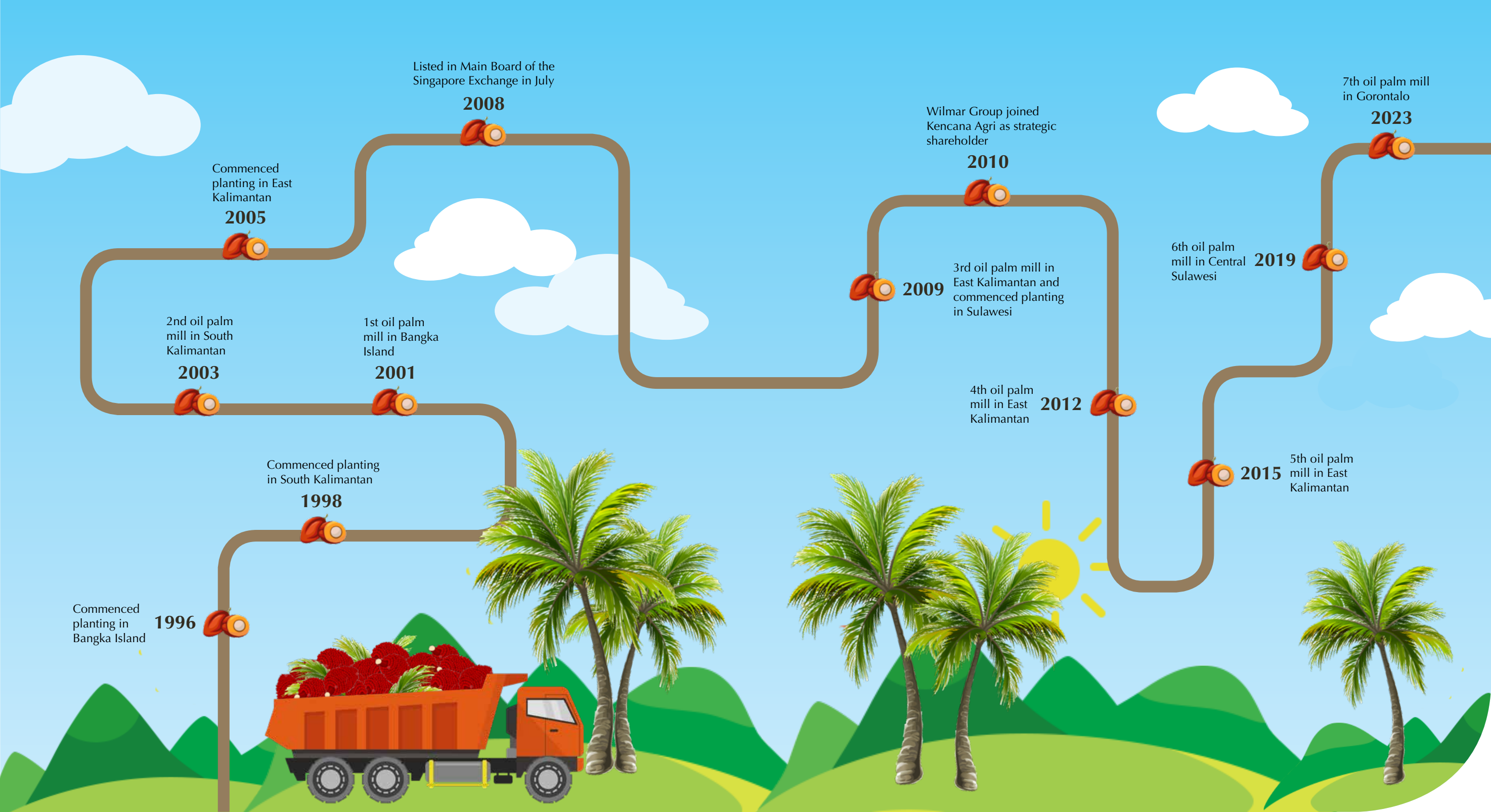
Financial and Operational Review (Cont'd)

OPERATIONAL HIGHLIGHTS

	2024		2023		2022	
PLANTED AREA (HA)	67,885		66,846		68,152	
Nucleus	51,283	76%	50,436	75%	51,683	76%
Plasma	16,602	24%	16,410	25%	16,469	24%
PLANTED PROFILE (HA)						
Nucleus	51,283		50,436		51,683	
1 - 3 years (Immature)	3,665	7%	2,783	6%	1,291	2%
4 - 6 years (Young mature)	8,833	17%	8,717	17%	13,778	27%
7 - 18 years (Prime mature)	28,715	56%	32,224	64%	29,258	57%
> 18 years (Old mature)	10,070	20%	6,712	13%	7,356	14%
Plasma	16,602		16,410		16,469	
1 - 3 years (Immature)	2,202	14%	2,258	14%	2,540	15%
4 - 6 years (Young mature)	1,401	8%	1,207	7%	2,154	13%
7 - 18 years (Prime mature)	9,505	57%	10,362	63%	9,852	60%
> 18 years (Old mature)	3,494	21%	2,583	16%	1,923	12%
PRODUCTION VOLUME (MT)						
FFB Production	680,478		775,280		767,862	
Nucleus	547,461	80%	623,068	80%	617,454	80%
Plasma	133,017	20%	152,212	20%	150,408	20%
FFB Processed	767,321		818,624		801,052	
Oil Production						
CPO	163,489		171,467		163,251	
AVERAGE FFB YIELD (MT/HA)						
Nucleus	11.5		13.1		12.3	
Plasma	9.2		10.8		10.8	
OIL EXTRACTION RATES						
CPO	21.3%		20.9%		20.4%	
SALES VOLUME (MT)						
CPO	173,323		174,598		165,769	
AVERAGE SELLING PRICE (US\$/MT)						
CPO	785		698		761	



Key Milestones



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.

Kencana Agri has been actively implementing and promoting sustainable palm oil through certification and strict Environment, Social, and Governance (“ESG”) monitoring at all operations, from our estates to our mills. Our sustainability commitments and initiatives are in accordance with national and international best practices in sustainable palm oil.

We aim to continue to uphold our commitment and initiatives in sustainable palm oil through our Sustainability Strategy and to promote sustainable palm oil production and trade through the implementation of environmental and social standards of No Deforestation, No Peat Development, Respect for Human Rights as well as mitigating the impact of climate change. As part of our commitment, we also actively implement International Sustainability and Carbon Certification (“ISCC”), Indonesia Sustainable Palm Oil (“ISPO”) as well as Public Disclosure Program for Environmental Compliance (“PROPER”) principles and standards in all of our activities. Third-party independent organizations are engaged to conduct independent audits to evaluate our mills and estates to ensure that our execution meets the required principles and standards.

Our Environmental Sustainability Policy establishes the foundation for identifying, managing, monitoring, and controlling environmental concerns since 2015. We ensure that the policy is applied and implemented to all of our Group’s operations and is adhered to all applicable laws, regulations, and other environmental obligations.

ENVIRONMENTAL MANAGEMENT

By implementing the environmental management system in all of our operational activities as well as preserving the conservation, we ensured that we are taking an active role in safeguarding our environment, animals, and the communities surrounding our operational regions. We strive for continual progress in mitigating our environmental impact by monitoring and introducing efficiency methods to minimize energy, water usage, and waste creation, as well as by adopting good industry practice.

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.

CLIMATE CHANGE

We are committed to develop our strategies in capitalising on the climate-related risks and opportunities as part of our support for the global efforts to mitigate the impact of climate change. Following our commitment, we have established our actions to be implemented in the long run for a sustainable future, such as, continuously conducting meticulous risk assessments, establishing ambitious emissions reduction targets and actively engaging with stakeholders on pertinent climate-related issue.

COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

Our commitment is to provide positive impact to the community both economically and socially, through our Social Community Development Program (“SCDP”). We form partnerships with local communities, empowering and positively developing them, through Plasma Partnership. Furthermore, we also develop programs regarding fostering engagement and good relationship, respecting the rights of indigenous people, supporting better welfare, and other suitable SCDP to better fulfil the needs of the communities.

Our Community Development and Social Impact sustainable commitments 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 acknowledge that our workers contribute significantly to the Group’s success, to continue growing and building a high-performing company, we, therefore, are committed in building a safe, fair and empowering work environment for our employees and respect their rights. Accordingly, we place our highest priority to the welfare of all our staff, including their families, and the opportunities for personal and career development. Also, Kencana gives high priority for a safe working environment that results in a workforce that is healthy, motivated, and productive. Moreover, we strive to ensure a diversity and inclusivity workplace by respecting and empowering all employees and workers.

Our Human Rights and Workplace sustainable commitments 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, 69
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, 55
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).



MR DARWIN INDIGO, 43
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.



MR ALBERT MAKNAWI, 43
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.



MR KUAN CHENG TUCK, 53
Lead Independent Director

Mr. Kuan Cheng Tuck was appointed as an Independent Director of the Company on April 26, 2024. He has over 25 years of experience in accounting, auditing, and business/financial advisory. He spent a decade with top international accounting firms in Singapore and Malaysia, and subsequently founded his own consulting firm. Mr. Kuan has also served as an independent director for several other SGX-ST-listed companies.

Mr. Kuan holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants (United Kingdom), a member of the Institute of Singapore Chartered Accountants, and has been admitted to the Singapore Bar.



MR KENT SURYA, 68
Independent Director

Mr. Kent Surya was appointed as an Independent Director on April 26, 2024. He brings extensive experience in commerce, banking, consumer finance, and the plantation industry. From 2008 until his retirement in 2017, he served as the Finance Director of the company. Additionally, he is an Independent Commissioner of PT JTO Multifinance (J Trust Group) from 2017 to 2023.

Mr. Surya holds a Civil Engineering degree from the University of Tarumanagara and a Master in Business Administration with a focus on International/Strategic Management from the Institute Management Prasetya Mulya.

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 Tonny Hermawan resigned on February 28, 2025. His role and responsibilities have since been assumed by Mr Albert Maknawi, as more fully disclosed in the Company’s Announcement dated February 12, 2025.



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 Information

BOARD OF DIRECTORS	Mr Henry Maknawi <i>Executive Chairman</i>	REGISTERED OFFICE	36 Armenian Street #03-02 Singapore 179934
	Mr Kuan Cheng Tuck <i>Lead Independent Director</i>		
	Ms Ratna Maknawi <i>Executive Vice-Chairman</i>		
	Mr Albert Maknawi <i>Chief Executive Officer and Executive Director</i>		
	Mr Kent Surya <i>Independent Director</i>		
AUDIT & RISK MANAGEMENT COMMITTEE	Mr Darwin Indigo <i>Non-Executive and Non-Independent Director</i>	PRINCIPAL OFFICE	Kencana Tower, 8th Floor Business Park Kebon Jeruk Jalan Raya Meruya Ilir No. 88 Jakarta Barat 11620 Indonesia
	Mr Kuan Cheng Tuck <i>Chairman</i> Mr Kent Surya Mr Darwin Indigo	COMPANY SECRETARY	Ms Lee Ying Ying
		SHARE REGISTRAR AND SHARE TRANSFER AGENT	Boardroom Corporate & Advisory Services Pte. Ltd.
		AUDITORS	RSM SG Assurance LLP Public Accountants and Chartered Accountants 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 Partner in Charge: Mr Chow Khen Seng
		INDEPENDENT VALUER (Biological Assets)	KJPP Benedictus Darmapuspita dan Rekan Property & Business Appraisal, Feasibility Study, Advisory Jalan Musi 38 Jakarta 10150, Indonesia
REMUNERATION COMMITTEE	Mr Kent Surya <i>Chairman</i> Mr Kuan Cheng Tuck Mr Darwin Indigo	PRINCIPAL BANKERS	PT Bank Mandiri (Persero) Tbk
NOMINATING COMMITTEE	Mr Kent Surya <i>Chairman</i> Mr Kuan Cheng Tuck Mr Henry Maknawi		
COMPANY REGISTRATION NUMBER	Kencana Agri Limited Registration Number: 200717793E Incorporated in the Republic of Singapore		



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 2024 (“FY2024”), 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 2024, the Group has adhered to the principles and provisions as set out in the Code. In so far as any provision that 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 Company.

The Board is entrusted with the responsibility of the overall management of the Company. 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 Company 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 Company’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 voluntarily recuse himself/herself from any discussion and decision involving the issue of conflict.

Board members are apprised of the business and operations of the Company 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 were new directors appointed during FY2024. On 26 April 2024, Mr Kent Surya and Mr Kuan Cheng Tuck were appointed as the Independent Directors of the Company, replacing Mr Soh Yew Hock, Mr Sim Idrus Munandar and Tengku Alwin Aziz who resigned on 26 April 2024. The resignations were in line with Listing Rules 210(5)(d)(iv) and for purpose of board renewal.

Corporate Governance Report (Cont'd)

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 Company’s operations or business issues from Management.

For FY2024, the external auditors, RSM SG ASSURANCE 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. In addition, all the Directors have completed the mandated sustainability training course organised by SID and the Institute of Singapore Chartered Accountants (ISCA) as required by the enhanced SGX sustainability reporting rules announced in December 2021.

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

The matters requiring the Board’s approval include:

- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- 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;
- Considering sustainability issues such as environmental and social factors as part of its strategic formulation; 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 Company. 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. To ensure maximum Board participation, the Company’s Constitution permits meetings of the Directors to be conducted by telephone or other methods of simultaneous communication by electronic means. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means or via circulation of written resolutions for approval by the relevant members of the Board or Board committees. 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 FY2024 are as follows:

	Board	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
No. of meetings held	3	4	1	1	1
No. of meetings attended by the Directors					
Henry Maknawi	1	N.A.	0	N.A.	1
Ratna Maknawi	3	N.A.	N.A.	N.A.	1
Tengku Alwin Aziz ¹	1	1	1	1	0
Soh Yew Hock ¹	1	1	1	1	1
Sim Idrus Munandar ¹	1	1	N.A.	1	0
Darwin Indigo	3	2	N.A.	N.A.	1
Albert Maknawi	3	N.A.	N.A.	N.A.	1
Kent Surya ²	2	3	N.A.	N.A.	N.A.
Kuan Cheng Tuck ²	2	3	N.A.	N.A.	N.A.

¹ Resigned on 26 April 2024

² Appointed on 26 April 2024

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 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 Board 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 Board Committee meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

Corporate Governance Report (Cont'd)

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 Company’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, non-executive and independent elements on the Board. As at the date of this report, the Board consists of six directors, of whom three are non-executive directors. The Board comprises the following members:

Henry Maknawi	Executive Chairman
Albert Maknawi	Chief Executive Officer and Executive Director
Ratna Maknawi	Executive Vice-Chairman
Kent Surya	Independent Director
Kuan Cheng Tuck	Lead Independent Director
Darwin Indigo	Non-Executive and Non-Independent Director

Mr Kent Surya and Mr Kuan Cheng Tuck are considered to be independent as they have no relationship with the Company, 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 Company.

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 half 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 non-executive 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.

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.

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 Group recognizes the importance and value of diversity across its organization. The Company has adopted a Board Diversity Policy which includes but not limited to, a balance of skills, knowledge, experience, gender and age. Our core policies are described below:

Gender: To have at least one woman on the Board. Currently, we have Ratna Maknawi, our Executive Vice Chairman on the Board. Her background is set out in the section, “Board of Directors” of the AR.

Age: To have at least one suitable independent director aged 60 years old or less. Mr Kuan Cheng Tuck is below the age of 60 years old.

Skill and experience: To have diversity of the Board members with experiences, especially, in finance and accounting, oil palm industry, business management, relevant geographical (particularly Indonesia) and strategic planning. Currently, we believe we have the necessary diversity of experiences on the Board; however, we will review these factors from time to time to support the Company’s long term strategic objectives. Please refer to section, “Board of Directors” of the AR, for the background and experiences of the Board members.

The NC will take the principles of the diversity policy into consideration when determining the optimal composition of the Board, and when recommending any proposed changes to the Board. The NC will also review the Board’s composition as part of its annual evaluation of the Board’s performance and effectiveness. On the recommendation of the NC, the Board may establish measurable objectives and specific diversity targets, with a view to achieving an optimal Board composition. These objectives and specific diversity targets may be reviewed by the NC from time to time to ensure their relevance and appropriateness. The Board remains committed to implementing its Board diversity policy, with any progress made towards its implementation be disclosed in future Corporate Governance reports, as appropriate.

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 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.

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 non-executive 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 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 Company.

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.

Corporate Governance Report (Cont'd)

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.

The Board has appointed Mr Kuan Cheng Tuck 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. The Lead Independent Director did not receive any query or request on any matters requiring his attention in FY2024.

The Board is satisfied that a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group’s business and no one individual should represent a considerable concentration of power.

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 Kuan Cheng Tuck, is a member of the NC.

- Chairman : Kent Surya
- Member : Kuan Cheng Tuck
- 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 FY2024 is shown below:

- i) Reviewed the criteria for evaluation of the performance of the Board
- ii) Reviewed the Board’s performance for FY2024 on a collective basis
- iii) Reviewed and recommended to the Board the re-election of Ms Ratna Maknawi, Mr Darwin Indigo, Mr Kuan Cheng Tuck and Mr Kent Surya 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 at the relevant NC or Board meeting. In this aspect, the NC has recommended and the Board has agreed for Mr Darwin Indigo, Ms Ratna Maknawi, Mr Kent Surya and Mr Kuan Cheng Tuck 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 FY2024, 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 two 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 date of the AR, none of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.

Corporate Governance Report (Cont'd)

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 Company. 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 FY2024.

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 (FY2021 to FY2023)
Henry Maknawi	Executive	30 May 2008	26 April 2024	PT Kencana Energi Lestari Tbk	-
Ratna Maknawi	Executive	26 September 2007	29 April 2022	-	-
Albert Maknawi	Executive	7 October 2020	26 April 2024	PT Kencana Energi Lestari Tbk (as President Commissioner)	-
Darwin Indigo	Non-Executive	26 April 2013	29 April 2022	-	-
Kent Surya	Independent Non-Executive	26 April 2024	-	-	-
Kuan Cheng Tuck	Independent Non-Executive	26 April 2024	-	<ul style="list-style-type: none">• Karin Technology Holdings Limited• Hoe Leong Corporation Limited• Taka Jewellery Holdings Limited• Tahua Realty Sdn. Bhd.• Konifer Realty Sdn. Bhd.	<ul style="list-style-type: none">• CNMC Goldmine Holdings Limited• Kori Holdings Limited

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 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 comprises 3 non-executive directors.

Chairman : Kent Surya
Member : Kuan Cheng Tuck
Member : Darwin Indigo

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 Company 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 FY2024 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 2024
- iii) Reviewed and recommended to the Board the directors’ fee for the financial year ended 31 December 2024 and for the financial year ending 31 December 2025

Corporate Governance Report (Cont'd)

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 FY2024.

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 Company.

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 Company’s performance, the economic conditions, market practices, the individual’s duties and responsibilities and his contribution to the Company. 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 Company 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.

No Director is involved in deciding his own remuneration. Each of the RC members abstains from deliberation and voting in respect of his or her own remuneration.

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. 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 of 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 of each individual director’s and CEO’s remuneration paid for the financial year ended 31 December 2024, is as follows:-

Name of Director	Salary & fixed allowance (\$\$)	Bonus & incentives (\$\$)	Other Benefits (\$\$)	Director’s Fees ⁽¹⁾ (\$\$)	Total (\$\$)
Henry Maknawi	444,327	82,718	14,153	–	541,198
Ratna Maknawi	379,033	88,589	4,043	–	471,665
Albert Maknawi	326,495	58,873	9,408	–	394,776
Kent Surya ⁽⁴⁾	–	–	–	39,900	39,900
Kuan Cheng Tuck ⁽⁴⁾	–	–	–	42,000	42,000
Darwin Indigo ⁽²⁾	–	–	–	37,800	37,800
Tengku Alwin Aziz ⁽³⁾	–	–	–	21,000	21,000
Soh Yew Hock ⁽³⁾	–	–	–	21,000	21,000
Sim Idrus Munandar ⁽³⁾	–	–	–	16,800	16,800

⁽¹⁾ Directors’ fees are payable after approval by shareholders in the 2025 AGM
⁽²⁾ The proposed fee for Mr Darwin Indigo, upon approval by shareholders in the 2025 AGM, will be paid to Wilmar International Limited
⁽³⁾ Resigned on 26 April 2024
⁽⁴⁾ Appointed on 26 April 2024

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 2024.

Remuneration Band	Number of Key Management personnel
S\$250,000 and below	2

In considering the disclosure of remuneration of the key management personnel of the Company, 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 two key management personnel (who are not Directors or the CEO) for FY2024 is S\$436,769. 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 is in the band of S\$200,000 to S\$300,000 for the financial year ended 31 December 2024: 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.

Corporate Governance Report (Cont'd)

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.

In addition, through the assistance of internal and external auditors, the ARC reviews and reports to the Board on the adequacy of the Company’s system of internal controls and risk management, including financial, operational and compliance and information technology controls and to risk management policies and systems established by the Management. In assessing the effectiveness of internal controls, the ARC ensures that the key objectives are met, material assets are safeguard and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

For FY2024, the Board has received:

- (a) written 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) written 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 2024.

The Board remains committed to improving the Group’s internal controls and will continue to take necessary actions to ensure the adequacy and effectiveness of the Group’s internal controls and risk management systems.

Audit & Risk Management Committee

Principle 10: The Board has an Audit and Risk Management Committee (“ARC”) with written terms of reference which discharges its duties objectively.

The ARC comprises 3 members, all of whom, are non-executive directors.

- Chairman : Kuan Cheng Tuck
- Member : Kent Surya
- Member : Darwin Indigo

The Chairman, Mr Kuan Cheng Tuck, has extensive experience in accounting, business and finance management. The other members of the ARC possess experience in finance and business management.

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 ARC 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 ARC 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 Company’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 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.

Corporate Governance Report (Cont'd)

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. Details of the whistle blowing policy, together with the dedicated whistle blowing communication channels (such as emails address and telephone contacts) have been made available to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that identity of whistleblower is kept confidential and the whistleblower will be protected from reprisal within the limits of the law or victimisation for whistle-blowing in good faith.

The ARC is responsible for oversight and monitoring of whistleblowing and will report to the Board on such matters at the Board meetings.

The ARC also considered the key audit matters (KAMs) reported by the external auditors. The KAMs included those relating to (a) valuation of the biological assets; (b) deferred tax assets and (c) impairment assessment of the company's cost of investments and other receivables from subsidiaries and the group's non-current non-financial assets. The ARC and the external auditors discussed these three 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 discussed with both the Management and the external auditors the following matters (involving significant judgements and estimates) impacting the financial statements for FY2024.

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 20 to 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 measurement of biological assets at fair value.

Deferred tax assets

The Group has significant tax loss carryforwards as disclosed in Note 11D of the financial statements. 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 of the subsidiaries and their ability to utilise the tax losses. For the plantation subsidiaries that are in the immature and young nature 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 as well as the external auditors. The ARC was satisfied with the Management's approach and subsequent recognition of a deferred tax asset in relation to the subsidiaries.

Impairment assessment of the company's cost of investments and other receivables from subsidiaries and the group's non-current non-financial assets

The Management made certain assumptions in their assessment of impairment allowances as disclosed in Note 17 and Note 22 to the financial statements. This is supported by forecasted results of the relevant subsidiaries, prepared by the Management and reviewed by the Board. They were discussed with the Management and external auditors. The ARC was satisfied with the Management's approach and assessment that no impairment is required.

The ARC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit, and the independence and objectivity of the external auditors. The ARC undertook a review of the independence and objectivity of the external auditors, RSM SG ASSURANCE LLP ("RSM"), through discussions with external auditors, as well as reviewing the non-audit services provided and the fees paid to them. A breakdown of the fees in total for audit and non-audit services is set out on page 78 of this annual report. Based on the review, the ARC is of the opinion that RSM is independent for the purpose of the Group's statutory audit. In reviewing the nomination of RSM for re-appointment for the financial year ending 31 December 2025, the ARC has considered the adequacy of resources, experience and competence of RSM, and has taken into account the Accounting and Corporate Regulatory Authority's (ACRA) Audit Quality indicators Framework relating to RSM at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. On the basis of the above, the ARC is satisfied with the standard and quality of work performed by RSM. It has recommended to the Board the nomination of RSM for reappointment as external auditors at the forthcoming AGM of the Company.

The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to the appointment of its external auditors.

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 20 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.

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 FY2024 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 78 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.

Corporate Governance Report (Cont'd)

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 1967, 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.

The Company will be conducting the 2025 AGM in a wholly physical format. Further information is set out in the notice of the AGM dated 09 April 2025.

Substantial and relevant comments or queries from shareholders relating to the agenda of the AGM together with responses from the Board and the Management will be prepared by the Company.

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 April 2024, 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 2024.

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.

Having identified the stakeholders and the material issues, the Company has provided the necessary guidance on the key areas of focus and the prioritisation of resources for the various sustainability initiatives.

In 2024, Kencana Agri actively engaged in social initiatives, demonstrating our commitment to supporting local communities. Through Kencana Produktif, we empowered employees by providing knowledge and opportunities to develop their skills and economic potential. Kencana Berprestasi focused on addressing the educational needs of local children, while Kencana Berbudaya worked to preserve and promote cultural heritage in the regions where we operate. Additionally, the Group continued its efforts to maintain ISPO certification with new certifications for AEK and ATK, along with re-certifications for SWK, AKM, AIK, and SKL.

More details on these are available on the 2024 Sustainability Report. The Company will also 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>.

Corporate Governance Report (Cont'd)

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 one month (“prohibition period”) before the announcement of the Company’s half year and full year financial statements and the prohibition ends on the day of the results announcement. If the Company announces quarterly financial statements, the prohibition period will commence two weeks before the announcement of the Company’s financial statements for each of the first three quarters; and one month before the announcement of the Company’s full year financial statement and prohibition period shall end on the day of the results announcement.
- 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 2001 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 2024.

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 2024 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)
		FY 2024 US\$’000	FY 2024 US\$’000
Wilmar Group ⁽¹⁾ (Sales)	Controlling shareholder	-	20,748
Wilmar Group ⁽¹⁾ (Purchases)	Controlling shareholder	-	571
PT Berkat Wahana Sukses ⁽²⁾ (Services received, shareholders’ mandate obtained at EGM held on 26 April 2024)	Associate of Maknawi family	-	1,991
PT Energy Karya Persada	Associate of Maknawi family	103	-

⁽¹⁾ In respect of transactions conducted pursuant to General Mandate for transactions with Wilmar Group.

⁽²⁾ In respect of transactions conducted pursuant to Specific Mandate for transactions PT Berkat Wahana Sukses.

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.

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 Ms Ratna Maknawi, Mr Darwin Indigo, Mr Kuan Cheng Tuck and Mr Kent Surya, being the Directors who are retiring in according with the Company’s Constitution at the forthcoming AGM, is set out below:

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
Date of Appointment	26 September 2007	26 April 2013	26 April 2024	26 April 2024
Date of last re-appointment (if applicable)	29 April 2022	29 April 2022	-	-
Age	55	43	53	68
Country of principal Residence	Indonesia	Singapore	Singapore	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 Ms Ratna Maknawi to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Darwin Indigo to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Kuan Cheng Tuck to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Kent Surya 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	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)	· Executive Vice-Chairman	• Non-Executive and Non-Independent Director • Member, Audit and Risk Management Committee • Member, Remuneration Committee	• Lead Independent Director • Chairman, Audit and Risk Management Committee • Member, Nominating Committee • Member Remuneration Committee	• Independent Director • Member, Audit and Risk Management Committee • Chairman, Nominating Committee • Chairman, Remuneration Committee
Academic and Professional Qualifications	• Bachelor of Business Administration (Accounting major) University of Wisconsin-whitewater, USA	• Master of Business Administration University of Technology, Sidney. • Bachelor of Commerce (Finance), Curtin University, Australia	• Bachelor of Accountancy Nanyang Technological University of Singapore • Bachelor of Laws (Honours), University of London, UK • Master of Laws (Corporate and Financial Services Law), National University of Singapore • Member of the Institute of Singapore Chartered Accountants (ISCA) • Fellow member of the Association of Chartered Certified Accountants (ACCA), UK • Advocate and Solicitor (Singapore) • Member of the Singapore Institute of Directors	• Bachelor of Civil Engineering, University of Tarumanagara, Indonesia • Master in Business Administration, Institute Management Prasetya Mulya, Indonesia

Corporate Governance Report (Cont'd)

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
Working experience and occupation(s) during the past 10 years	• Executive Vice-Chairman of Kencana Agri Limited	• Non-Executive and Non-Independent Director of Kencana Agri Limited • Country Head – Indonesia of Wilmar International Limited	• Director of KCT Consulting Pte. Ltd.	• Finance Director of Kencana Agri, from 2008-2017 • Independent Commissioner of PT JTrust Multi Finance Company, from 2017-2023
Shareholding interest in the listed issuer and its subsidiaries	1,416,530 shares	Nil	Nil	209,360 shares
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	Sister of Henry Maknawi (Executive Chairman) Aunt of Albert Maknawi (Executive Director and CEO)	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	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	Yes	Yes
Other Principal Commitments including Directorships • Past (for the last 5 years)	Directorships • PT Cahaya Permata Gemilang	Directorships • S&G Biofuel Pte. Ltd. • One Auto Pte. Ltd. • Aroland Singapore Pte. Ltd. • ICC Energy Holdings Pte. Ltd. • Rocks International Group Pte. Ltd. • Chameleon Solutions Pte. Ltd. • Ganda Investment Pte. Ltd. • PT Sarana Titian Permata • Bongawan Solo Sdn Bhd • Burlingham International Ltd • Maxwin Global Ltd • Aroland Holdings Limited • Jumbo Glory Holdings Limited	Directorships • CNMC Goldmine Holdings Limited • Kori Holdings Limited	Nil

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
Other Principal Commitments including Directorships • Past (for the last 5 years)		Directorships • Chinfon Vietnam Holding Co.,Ltd • Harmony Joys Limited • Success Premium Limited • Athena City Holdings • Champs International Ltd • Prestige Court Limited • PGIH Ltd • Unity Wilmar Food (Private) Limited • Unity Wilmar Agro (Private) Limited • Unity Wilmar Packages (Private) Limited		
• Present	Directorships • Kencana Holdings Pte. Ltd. • Kencana Plantations Pte. Ltd. • PT Citra Megah Kencana • PT Mentari Bangun Persada • PT Sawit Permai Lestari • PT Wira Palm Mandiri	Directorships • Wilmar Fertilizer Malaysia Sdn Bhd • Raffles Shipmanagement Services Pte. Ltd. • PT Winedge Indigo Indonesia • Jumbo Trade Ventures Limited • Perfect Ten Developments Limited • Success Link Group	Directorships • Karin Technology Holdings Limited • Hoe Leong Corporation Limited • Taka Jewellery Holdings Limited • KCT Consulting Pte Ltd • Tahua Realty Sdn. Bhd. • Konifer Realty Sdn. Bhd.	Nil
	Other principal commitments (as Commissioner) • PT Agri Eastborneo Kencana • PT Agro Inti Kencanamas • PT Alamraya Kencana Mas • PT Agro Mas Lestari • PT Agro Sawit Mas Lestari • PT Agrojaya Tirta Kencana • PT Bumi Permai Sentosa • PT Kencana Agro Jaya • PT Langgeng Nusa Makmur • PT Palm Makmur Sentosa • PT Sawit Kaltim Lestari • PT Sawindo Kencana	Other principal commitments (as Commissioner) • PT Mandiri Makmur Lestari • PT Usaha Inti Padang • PT Wilmar Cahaya Indonesia, Tbk • PT Multi Mineral Trading • PT Bumi Karyatama Raharja • PT Wilmar Benih Indonesia • PT Madu Lingga Raharja • PT Guna Karya Lestari • PT Bangun Inti Abadi		

Corporate Governance Report (Cont'd)

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
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
(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	He was a former independent non-executive director (“INED”) of CW Group Holdings Limited (“CWGHL”), a company listed on the Hong Kong Stock Exchange. In or around June 2018, a petition by a creditor of CWGHL was presented to the Grand Court of Cayman Islands for CWGHL to be wound up on the grounds that the company was unable to pay its debt and for the appointment of provisional liquidators to the company. CWGHL was placed into provisional liquidation in or around August 2018. He resigned as an INED of CWGHL on 9 November 2018.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(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

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
(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
(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
(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
(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

Corporate Governance Report (Cont'd)

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
(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
(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	No	No	No	No

Name of Director	Ms Ratna Maknawi	Mr Darwin Indigo	Mr Kuan Cheng Tuck	Mr Kent Surya
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?				
(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
Any prior experience as a director of a listed Company? <i>If yes, please provide details of prior experience.</i> <i>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).</i>	Yes Ms Ratna Maknawi is currently a director of Kencana Agri Limited.	Yes Mr Darwin Indigo is currently a director of Kencana Agri Limited.	Yes Mr Kuan Cheng Tuck has been and is still an independent director of various listed companies as disclosed above.	Yes Mr Kent Surya is currently a director of Kencana Agri Limited.

Financial Statements

- 49 Statement by Directors
- 52 Independent Auditor’s Report
- 57 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 58 Statements of Financial Position
- 59 Statements of Changes in Equity
- 60 Consolidated Statement of Cash Flows
- 61 Notes to the Financial Statements

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 2024.

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
Ratna Maknawi
Albert Maknawi
Darwin Indigo
Kuan Cheng Tuck
Kent Surya

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 1967 (the “Act”) except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
	<u>Number of shares of no par value</u>			
	<u>Direct interest</u>		<u>Deemed interest</u>	
<u>Kencana Holdings Pte. Ltd.</u> (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	–	–
<u>Kencana Agri Limited</u> (The company)				
Henry Maknawi	1,774,970	1,774,970	152,555,224	152,555,224
Ratna Maknawi	–	–	1,416,530	1,416,530
Albert Maknawi	–	–	2,561,380	2,561,380
Kent Surya	209,360	209,360	–	–

The directors’ interests as at 21 January 2025 were the same as those at the end of the reporting year.

Statement by Directors (Cont’d)

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 SG Assurance LLP has expressed its 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:

Kuan Cheng Tuck	(Chairman of audit and risk management committee and Lead Independent Director)
Kent Surya	(Independent Director)
Darwin Indigo	(Non Independent Director)

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).

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

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 SG Assurance LLP, be nominated for re-appointment as the independent auditor at the forthcoming annual general meeting of the company.

On behalf of the directors

.....
Henry Maknawi
Director

4 April 2025

.....
Ratna Maknawi
Director

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 2024, 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 material accounting policy information.

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 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS (I)”) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2024 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 2B on judgements, assumptions and estimation uncertainties; and Note 20 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 that the produce growing on bearer plants (un-harvested 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, assumptions and judgement by management as well as their agronomist. 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 might significantly affect the group’s profit and carrying value of the biological assets. The independent external valuation report has highlighted estimation uncertainty arising from current economic conditions and, consequently, that a higher degree of caution should be exercised when relying upon the valuation. The valuation is based on the information available as at the date of valuation.

Key audit matters (cont’d)

Valuation of biological assets: (cont’d)

Our audit procedures and the audit procedures of the component auditors on biological assets included site visits and substantive testing of management’s projections against underlying documentation. Management engaged an independent external valuer to perform the valuation exercise on the biological assets. With the assistance of our internal valuation specialist, we assessed the capabilities, objectivity and competence of the independent external valuer. We considered the assumptions in the input data made by management and the independent external valuer through discussions with management and comparisons to industry peers. We compared operational assumptions such as projected FFB yield and cost of production against historical data to assess the reasonableness. We considered the robustness of management’s budgeting process by comparing actual results versus previously forecasted figures.

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 2B on 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 exercised a degree of judgement as to the application of corporate tax laws and the recoverability of deferred tax assets. 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.

Our audit procedures and the audit procedures of the component auditors included the assessment and testing of management’s assumptions to determine if it is probable that sufficient taxable income will be available in the future to utilise the deferred tax assets, comparing the consistency of management’s profit forecasts with those included in the budgets approved by the directors, assessment of the reasonableness of management’s assumptions used in the estimation of future profitability by comparing past forecasted results against actual results and by comparing the key assumptions such as projected selling prices, FFB yield rates, extraction rates, inflation rate and cost of production against external sources and historical trends, as applicable.

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

Impairment assessment of the company’s cost of investments and other receivables from subsidiaries and the group’s non-current non-financial assets:

Please refer to Note 2A on accounting policies; Note 2B on judgements, assumptions and estimation uncertainties; Note 17 and Note 22 on the company’s cost of investments and other receivables from subsidiaries and the annual report on the section on the audit and risk management committee’s views and responses to the reported KAMs.

The carrying amount of the cost of investments and other receivables from subsidiaries amounted to US\$32,570,000 and US\$35,497,000 respectively, which total accounted for 99% of the company’s total assets as at the end of the reporting year. The two subsidiaries of the company that own the group’s Indonesian palm oil plantation business are Kencana Plantations Pte Ltd (“KP”) and Sawindo Agri Pte Ltd (“SA”). The KP subgroup and SA subgroups’ palm oil plantation estates are individually identified as single Cash Generating Units (“CGU”) for impairment testing. Management’s assessment of impairment allowance is significant as the recoverable amount of the CGU is measured by value-in-use method which is complex, judgmental and subjective, particularly given the changes in market and economic conditions. Management’s cash flow model estimates the relevant future cash flows which are expected to be generated in the future and are discounted to the present value by using a discount rate approximating the weighted cost of capital in the industry. The estimation of future cash flows requires the use of a number of significant operational and predictive assumptions, such as FFB yield rates, extraction rates, projected selling prices, capital expenditure and discount rate amongst others.

Independent Auditor’s Report (Cont’d)

to the Members of KENCANA AGRI LIMITED

Key audit matters (cont’d)

Impairment assessment of the company’s cost of investments and other receivables from subsidiaries and the group’s non-current non-financial assets:

The recoverable amounts of the CGUs were also used for the purpose of management’s impairment assessment of the group’s non-current non-financial assets comprising primarily of property, plant and equipment, bearer plants and land use rights because the group’s market capitalisation of approximately US\$ 16.9 million as at 31 December 2024 was below the net assets value of the group of US\$40.9 million.

Our audit procedures included the review of the discounted cash flow model to assess the appropriateness of the methodology employed by management, comparing the operational assumptions against historical data and trend to assess their reasonableness, evaluation of the reasonableness of the key assumptions used in the impairment analysis, in particular the inflation rate, projected selling prices and the discount rate used in light of the economic and market conditions. We engaged the assistance of our internal valuation specialist to assess the reasonableness of the key predictive assumptions to measure the recoverable amounts. We also assessed the adequacy of the disclosures included in 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.

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

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.
- (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.

Independent Auditor’s Report (Cont’d)

to the Members of KENCANA AGRI LIMITED

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 Chow Khen Seng.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

4 April 2025

Engagement partner – effective from year ended 31 December 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2024

	Notes	Group 2024 US\$'000	2023 US\$'000
Revenue	4	153,734	136,366
Cost of sales	5	(110,397)	(109,948)
Gross profit		43,337	26,418
Interest income		378	731
Other gains	6	3,324	5,450
Changes in fair value of biological assets and plasma receivables	7	5,894	(5,663)
Distribution costs	8	(1,931)	(2,057)
Administrative expenses		(9,732)	(8,740)
Finance costs	9	(15,452)	(15,005)
Other losses	6	(3,093)	(1,944)
Profit (loss) before tax		22,725	(810)
Income tax (expense) benefit	11	(10,783)	527
Net profit (loss) for the year		11,942	(283)
Other comprehensive income			
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		(1,942)	515
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax	29	347	(186)
Other comprehensive (loss) income for the year, net of tax		(1,595)	329
Total net comprehensive income for the year		10,347	46
Earnings (loss) per share			
Earnings (loss) per share currency unit		Cents	Cents
Basic and diluted	13	4.16	(0.10)

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

Statements of Financial Position

As at 31 December 2024

		Group		Company	
	Notes	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	14	72,008	73,844	—	—
Right-of-use assets	15	278	331	—	—
Bearer plants	16	93,490	100,575	—	—
Investments in subsidiaries	17	—	—	32,570	34,147
Investments in joint ventures	18	—	—	—	—
Land use rights	19	23,558	24,255	—	—
Deferred tax assets	11	3,442	6,222	—	—
Other receivables	22	4,211	5,609	—	—
Total non-current assets		196,987	210,836	32,570	34,147
<u>Current assets</u>					
Biological assets	20	27,646	23,770	—	—
Inventories	21	15,294	12,855	—	—
Trade and other receivables	22	20,481	26,003	35,497	37,207
Other non-financial assets	23	1,936	3,113	1	1
Cash and cash equivalents	24	25,967	16,680	50	85
Total current assets		91,324	82,421	35,548	37,293
Total assets		288,311	293,257	68,118	71,440
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	25	93,860	93,860	93,860	93,860
Accumulated losses		(9,351)	(21,640)	(886)	(124)
Other reserve		2,400	2,400	—	—
Translation reserve		(45,984)	(44,042)	(35,316)	(32,501)
Total equity attributable to owners of the company		40,925	30,578	57,658	61,235
<u>Non-current liabilities</u>					
Advances from customer	28	8,411	15,493	—	—
Deferred tax liabilities	11	3,484	2,479	—	—
Lease liabilities	27	794	1,473	—	—
Other financial liabilities	26	134,778	132,289	—	—
Other non-financial liabilities	29	6,016	6,562	—	—
Total non-current liabilities		153,483	158,296	—	—
<u>Current liabilities</u>					
Income tax payable		2,571	1,853	—	—
Trade and other payables	28	34,547	47,796	10,460	10,205
Lease liabilities	27	1,398	1,678	—	—
Other financial liabilities	26	55,387	53,056	—	—
Total current liabilities		93,903	104,383	10,460	10,205
Total liabilities		247,386	262,679	10,460	10,205
Total equity and liabilities		288,311	293,257	68,118	71,440

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

Statements of Changes in Equity

Year Ended 31 December 2024

Group	Total equity attributable to owners of the company US\$'000	Share capital US\$'000	Accumulated losses US\$'000	Other ^(a) reserve US\$'000	Reserve on post-employment benefits US\$'000	Foreign exchange translation reserve US\$'000
Current year:						
Opening balance at 1 January 2024	30,578	93,860	(21,640)	2,400	–	(44,042)
Changes in equity:						
Total comprehensive income for the year	10,347	–	11,942	–	347	(1,942)
Transferred to accumulated losses	–	–	347	–	(347)	–
Closing balance at 31 December 2024	40,925	93,860	(9,351)	2,400	–	(45,984)
Previous year:						
Opening balance at 1 January 2023	30,532	93,860	(21,171)	2,400	–	(44,557)
Changes in equity:						
Total comprehensive loss for the year	46	–	(283)	–	(186)	515
Transferred to accumulated losses	–	–	(186)	–	186	–
Closing balance at 31 December 2023	30,578	93,860	(21,640)	2,400	–	(44,042)

(a) Other reserve relates to merger reserve arising from the acquisition of subsidiaries in prior years.

Company	Total equity US\$'000	Share capital US\$'000	Accumulated losses US\$'000	Foreign exchange translation reserve US\$'000
Current year:				
Opening balance at 1 January 2024	61,235	93,860	(124)	(32,501)
Changes in equity:				
Total comprehensive loss for the year	(3,577)	–	(762)	(2,815)
Closing balance at 31 December 2024	57,658	93,860	(886)	(35,316)
Previous year:				
Opening balance at 1 January 2023	60,660	93,860	541	(33,741)
Changes in equity:				
Total comprehensive loss for the year	575	–	(665)	1,240
Closing balance at 31 December 2023	61,235	93,860	(124)	(32,501)

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2024

	Group	
	2024 US\$'000	2023 US\$'000
<u>Cash flows from operating activities</u>		
Profit (loss) profit before tax	22,725	(810)
Adjustments for:		
Interest income	(378)	(731)
Interest expense	15,452	15,005
Amortisation of land use rights	1,066	1,107
Depreciation expense	14,569	15,144
Fair value changes in biological assets	(5,053)	4,731
Fair value changes in plasma receivables	(841)	932
Provision (reversal) for employment pension benefits (Note 29)	193	(233)
Loss on disposal of property, plant and equipment	135	21
Bearer plants written off (Note 16)	39	–
Write-off of long overdue payables to supplier	(726)	(668)
Impairment on other receivables - joint venture (Note 22A)	–	207
Impairment on assets held for sale	–	730
Write-off of bad debts	150	67
Net effect of exchange rate changes in consolidating entities	1,136	(2,341)
Operating cash flows before changes in working capital	48,467	33,161
Inventories	(3,081)	3,527
Trade and other receivables	6,896	1,067
Other non-financial assets	1,050	94
Trade and other payables	(17,384)	2,974
Net cash flows from operations	35,948	40,823
Income taxes paid	(7,157)	(495)
Net cash flows from operating activities	28,791	40,328
<u>Cash flows used in investing activities</u>		
Proceeds from disposal of property, plant and equipment	–	7
Purchase of property, plant and equipment	(9,009)	(14,799)
Additions to bearer plants	(4,030)	(3,245)
Purchase of land use rights	(1,495)	–
Proceeds from sale of assets held for sale	–	4,860
Interest received	378	731
Net cash flows used in investing activities	(14,156)	(12,446)
<u>Cash flows used in financing activities</u>		
Cash restricted in use	(4,448)	1,488
Proceeds from borrowings	264,418	76,127
Repayment of borrowings	(251,924)	(86,231)
Repayment of borrowings attributed to liabilities associated with assets classified as held for sale	–	(1,580)
Repayments of lease liabilities	(826)	(1,402)
Interest paid	(15,694)	(15,619)
Net cash flows used in financing activities	(8,474)	(27,217)
Net increase in cash and cash equivalents	6,161	665
Net effect of exchange rate changes on cash and cash equivalents	(259)	(45)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	3,491	2,871
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 24A)	9,393	3,491

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

Notes to the Financial Statements

31 December 2024

1. General information

The company (Registration No: 200717793E) is incorporated in Singapore with limited liability. The financial statements are presented in United States dollars and they cover the company (referred to as “the company”) 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 36 to the financial statements.

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. 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. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Macroeconomic conditions related disclosures

The conditions remain challenging with geopolitical instability and affecting domestic and global growth in the current high interest environment and prices of commodities.

Management has considered the current economic conditions as well as prices of commodities and the impact on their customers, supply chains and staffing. There does not currently appear to be either any material impact upon the financial statements or any material uncertainties with respect to events or conditions that may impact the reporting entity unfavourably as at the reporting date or subsequently because of the current economic conditions.

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 Accounting Standards Committee under ACRA (“ASC”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis of preparation of the financial statements

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 presentation and principles of consolidation

The consolidated financial statements of the group include the financial statements made up to the end of the reporting year of the company and all of 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. They are de-consolidated from the date that control ceases.

Notes to the Financial Statements (Cont’d)

31 December 2024

1. General information (cont’d)

Basis of presentation and principles of consolidation (cont’d)

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 and non-controlling 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 equity investments financial assets in accordance with the financial reporting standard on financial instruments.

Any investment retained in a 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 1967, the company’s separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

2. Material accounting policy information and other explanatory information

2A. Material accounting policy information

Revenue recognition

General - 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, and modifications), net of any related 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).

Payments received from customers are recorded as advances until all the criteria for transfer for control of goods are met.

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.

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.

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

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.

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. 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 take a substantial period of time to get ready for their 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 IDR16,162 (2023: US\$1 to IDR15,416) 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 IDR15,906 (2023: US\$1 to IDR15,219). Such translation should not be construed as a representation that the US\$ amounts could be converted into IDR at the above or other rates.

Notes to the Financial Statements (Cont’d)

31 December 2024

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

Income tax

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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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, branches and associates, 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 method 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 certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The residual values of assets, useful lives of assets and recognised impairment losses are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

Right-of-use assets

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

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.

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

Bearer plants (cont’d)

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 or “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.

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

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. 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. 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. Operating leases are for rental income. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statements of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease.

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.

Notes to the Financial Statements (Cont’d)

31 December 2024

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

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.

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.

Inventories

Inventories are stated at the lower of cost and expected selling price less expected costs to complete and sell. Cost is calculated using the weighted average method.

Carrying amounts and assessment of impairment loss allowance on non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. 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.

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

Carrying amounts and assessment of impairment loss allowance on non-financial assets (cont’d)

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 each end of the 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.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised 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 statements 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 of financial assets and financial liabilities and subsequent measurement:

The financial reporting standard on financial instruments requires the certain classification of financial assets and financial liabilities. At the end of the reporting year, the reporting entity had the following classes:

- 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.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, 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.
- Financial liabilities are categorised 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.

Notes to the Financial Statements (Cont’d)

31 December 2024

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

Cash and cash equivalents

“Cash” comprises cash on hand and demand deposits. For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term (three months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

Plasma receivables

Plasma receivables represent loans to Plasma farmers under various Indonesian Government policies as elaborated in Note 30. 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.

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.

2. Material accounting policy information and other explanatory information (cont’d)

2A. Material accounting policy information (cont’d)

Fair value measurement (cont’d)

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.

Other specific material accounting policy information and other explanatory information

These are included in the relevant Notes to the financial statements.

2B. Judgements and sources of estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or in the corresponding Notes to these financial statements. 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 yield of oil palm trees, annual discount rate, cost of production and projected selling prices of FFB.

The disclosures about measurement of fair values are included in Note 20, which explains that small changes in the key assumptions used could give rise to gains and losses. Actual outcomes could vary from these estimates.

Deferred tax assets:

The group has exposure to income taxes in mainly Indonesia, where substantially all of the group’s operations are located. 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 make 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 Note 11.

Impairment assessment of cost of investments and other receivables from subsidiaries:

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment and other receivable from the subsidiary 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 subsidiary, 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.

Notes to the Financial Statements (Cont’d)

31 December 2024

2. Material accounting policy information and other explanatory information (cont’d)

2B. Judgements and sources of estimation uncertainties (cont’d)

Impairment assessment of cost of investments and other receivables from subsidiaries: (cont’d)

The two subsidiaries of the company that own the group’s Indonesian palm oil plantation business are Kencana Plantations Pte Ltd (“KP”) and Sawindo Agri Pte Ltd (“SA”). The KP subgroup and SA subgroup’s palm oil plantation estates are individually identified as a single Cash Generating Unit (“CGU”) for impairment testing. The recoverable amounts of the CGUs were also used for the purpose of management’s impairment assessment of the group’s non-current non-financial assets comprising primarily of property, plant and equipment, bearer plants and land use rights.

The disclosures of the key assumptions used in the value-in-use method to measure the recoverable amounts of the company’s investments and other receivables from subsidiaries are disclosed in Note 17 and Note 22 respectively.

Impairment assessment of non-current non-financial assets:

The group’s non-current non-financial assets comprise primarily of property, plant and equipment, bearer plants and land use rights. 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. This impairment assessment was undertaken in conjunction with the impairment assessment of subsidiaries as disclosed above and in Note 17.

Assessing expected credit loss allowance on trade and other receivables:

The assessment of the expected credit losses (“ECL”) requires a degree of estimation and judgement. In measuring the expected credit losses. Management considers all reasonable and supportable information such as the reporting entity’s past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

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\$66,789,000 (2023: US\$61,270,000).

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 (2023: 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 or certainty that the relevant authorities would not take a different approach or view as regards 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 19.

2. Material accounting policy information and other explanatory information (cont’d)

2B. Judgements and sources of estimation uncertainties (cont’d)

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 2024 is US\$6,016,000 (2023: US\$6,562,000).

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 group exercises judgement based on the repayments made to date by the plasma farmers in assessing the likelihood of default and the guarantees crystallising. Details of the bank guarantees provided are disclosed in Note 30.

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 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.

Notes to the Financial Statements (Cont’d)

31 December 2024

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. Related parties relate to companies with a common director and/or shareholder.

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 material related party transactions:

<u>Group</u> <u>Related parties:</u>	2024 US\$’000	2023 US\$’000
Sales of goods ^(a)	20,748	18,222
Purchase of goods ^(a)	(571)	–
Services received ^(b)	(2,023)	(2,315)
Milling fee and sales of empty fruit bunches ^(b)	103	77
<u>Group</u> <u>Joint ventures:</u>		
Interest income (Note 22A)	–	158

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

(b) The related parties are companies in which certain directors of the company have controlling interests.

3C. Key management compensation:

	2024 US\$’000	Group 2023 US\$’000
Salaries and other short-term employee benefits	1,585	1,759
Post-employment benefits	20	16

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

3C. Key management compensation: (cont’d)

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

	2024 US\$’000	Group 2023 US\$’000
Remuneration of directors of the company	1,052	1,077
Fees to directors of the company	155	155

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:

<u>Company</u> <u>Other receivables / other payables:</u>	Subsidiaries 2024 US\$’000	2023 US\$’000
Balance at beginning of the year - net	27,098	27,248
Amounts paid in and settlement of liabilities on behalf of the company - net	(560)	(652)
Foreign exchange difference	(1,413)	502
Balance at end of the year - net	25,125	27,098
Presented as follows		
Other receivables (Note 22)	35,497	37,207
Other payables (Note 28)	(10,372)	(10,109)
Balance at end of the year – net	25,125	27,098

4. Revenue

Revenue classified by type of good or service:

	2024 US\$’000	Group 2023 US\$’000
Sale of goods	153,734	136,366
Short-term contract – less than 12 months	86,557	91,700
Long-term contract – over 12 months	67,177	44,666
	153,734	136,366

The revenue from sale of goods such as Crude Palm Oil (“CPO”), palm kernel and FFB is from customers who are mainly wholesalers and producers of oil palm products. Also see Note 33. All revenue are recognised at a point-in-time.

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

Notes to the Financial Statements (Cont'd)

31 December 2024

5. Cost of sales

	Group	
	2024 US\$'000	2023 US\$'000
Cost of goods produced and purchased	110,233	109,771
Cost incurred for rendering of services	164	177
	<u>110,397</u>	<u>109,948</u>

6. Other gains and (other losses)

	Group	
	2024 US\$'000	2023 US\$'000
Loss on disposal of property, plant and equipment	(135)	(21)
Foreign exchange translation (loss) gain	(592)	2,836
Withholding and other tax losses	(2,177)	(919)
Write-off of long overdue payables to suppliers	726	668
Write-off of bad debts	(150)	(67)
Insurance claim	47	638
Impairment on other receivables - joint venture (Note 22A)	–	(207)
Impairment for assets held for sale	–	(730)
Management fee from plasma farmers	922	892
Tolling income	209	188
Sale of waste	1,040	53
Bearer plants written off (Note 16)	(39)	–
Miscellaneous	380	175
	<u>231</u>	<u>3,506</u>
Presented in profit or loss as:		
Other gains	3,324	5,450
Other losses	(3,093)	(1,944)
Net	<u>231</u>	<u>3,506</u>

7. Fair value changes in biological assets and plasma receivables

	Group	
	2024 US\$'000	2023 US\$'000
Gain (loss) on fair value changes in biological assets (Note 20)	5,053	(4,731)
Gain (loss) on fair value changes in plasma receivables	841	(932)
	<u>5,894</u>	<u>(5,663)</u>

8. Distribution costs

The major components include the following:

	Group	
	2024 US\$'000	2023 US\$'000
Freight and storage costs	1,747	1,982
Others	184	75
	<u>1,931</u>	<u>2,057</u>

9. Finance costs

	Group	
	2024 US\$'000	2023 US\$'000
Gross finance costs	15,694	15,619
Less: capitalised in bearer plants (Note 16)	(242)	(468)
Less: capitalised in property, plant and equipment (Note 14)	–	(146)
Net finance costs expensed to profit or loss	<u>15,452</u>	<u>15,005</u>

10. Employee benefits expense

	Group	
	2024 US\$'000	2023 US\$'000
Short term employee benefits expense	10,473	10,877
Contribution to defined contribution plans	199	199
Other post-employment benefits (Note 29)	193	(233)
Total employee benefit expense	<u>10,865</u>	<u>10,843</u>
Employee benefits expense included in:		
Cost of sales	5,480	6,356
Administrative expenses	5,385	4,487
	<u>10,865</u>	<u>10,843</u>

11. Income tax

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

	Group	
	2024 US\$'000	2023 US\$'000
Current tax expense	2,067	1,605
Under provision in respect of previous years	5,144	–
Total current tax expense	<u>7,211</u>	<u>1,605</u>
Deferred tax expense (benefit)	3,572	(2,132)
Total income tax expense (benefit)	<u>10,783</u>	<u>(527)</u>

The Group has recognised an under provision of corporate income tax amounting to US\$5,144,000 related to previous years. This adjustment arose due to reassessment by the tax authorities. The impact of the under provision has been reflected in the current year's tax expense.

The group's operations are predominantly located in Indonesia. Companies in Indonesia are generally subject to a tax rate of 22% (2023: 22%). Accordingly, the Indonesian statutory tax rate of 22% (2023: 22%) is used in the reconciliation below.

Notes to the Financial Statements (Cont’d)

31 December 2024

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% (2023: 22%) to profit before income tax as a result of the following differences:

	Group	
	2024 US\$’000	2023 US\$’000
Profit (loss) before tax	22,725	(810)
Income tax expense (benefit) at the applicable tax rate	5,000	(178)
Non-allowable items	2,470	797
Effect of different tax rates in different countries	70	38
Benefits from previously unrecognised tax losses	(1,901)	(1,184)
Under provision in respect of previous years	5,144	–
Total income tax expense (benefit)	10,783	(527)

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

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

	Group	
	2024 US\$’000	2023 US\$’000
Changes in biological assets and plasma receivables	1,067	(1,114)
Employee benefits provision	29	(51)
Tax loss carryforwards	4,461	247
Others	37	(30)
Foreign exchange differences	(121)	–
Benefits from previously unrecognised tax losses	(1,901)	(1,184)
Total deferred tax expense (benefit) recognised in profit or loss	3,572	(2,132)

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

	Group	
	2024 US\$’000	2023 US\$’000
Deferred tax:		
Employee benefits provision	92	19
Total tax expense recognised in other comprehensive income	92	19

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

11. Income tax (cont’d)

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

	Group	
	2024 US\$’000	2023 US\$’000
From deferred (liabilities) / tax assets recognised in profit or loss:		
Changes in biological assets and plasma receivables	(5,596)	(4,529)
Employee benefits provision	1,517	1,546
Tax loss carryforwards	6,338	10,799
Others	776	813
Unrecognised deferred tax assets	(2,883)	(4,784)
From deferred tax liabilities recognised in other comprehensive income:		
Employee benefits provision	(194)	(102)
Net balance	(42)	3,743

Presented in the statements of financial position as follows:

Deferred tax liabilities	(3,484)	(2,479)
Deferred tax assets	3,442	6,222
Net balance	(42)	3,743

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 entities for which the future profit streams are not probable against which the deductible temporary difference can be utilised.

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

	Tax losses		Unrecognised deferred tax assets	
	2024 US\$’000	2023 US\$’000	2024 US\$’000	2023 US\$’000
Indonesian companies:				
Expiring in year				
2024	–	11,200	–	2,464
2025	1,986	2,209	437	486
2026	545	395	120	87
2027	1,950	1,077	429	237
2028	1,559	668	343	147
2029	995	–	219	–
Singapore companies:				
Unlimited period	7,853	8,015	1,335	1,363
	14,888	23,564	2,883	4,784

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.

Notes to the Financial Statements (Cont’d)

31 December 2024

11. Income tax (cont’d)

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

No deferred tax liability of approximately US\$9,227,000 (2023: US\$8,705,000) has been recognised for taxes that would be payable on the undistributed earnings of the group’s Indonesian 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	
	2024 US\$’000	2023 US\$’000
Audit fees included under administrative expenses:		
- company’s auditors	94	91
- other auditors - network firms	93	92
Other fees included under administrative expenses:		
- company’s auditors	42	38

13. Earnings per share

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

	Group	
	2024	2023
(a) Numerators:		
Earnings (loss) attributable to equity holders (US\$’000)	11,942	(283)
(b) Denominators:		
Weighted average number of equity shares (’000)	287,011	287,011
Basic and diluted (Note 25)		
Earnings (loss) per share (US\$ cents)	4.16	(0.10)

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 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 per share.

14. Property, plant and equipment

Group	Freehold land US\$’000	Leasehold buildings US\$’000	Assets under construction US\$’000	Plant, fixtures and equipment US\$’000	Total US\$’000
Cost:					
At 1 January 2023	35	32,999	8,912	98,742	140,688
Foreign exchange difference	–	647	137	1,826	2,610
Additions	–	58	12,845	4,573	17,476
Capitalisation of interest cost (Note 9)	–	–	146	–	146
Disposals	–	–	(7)	(1,702)	(1,709)
Reclassifications	–	2,137	(9,494)	7,357	–
At 31 December 2023	35	35,841	12,539	110,796	159,211
Foreign exchange difference	–	(1,770)	(470)	(5,104)	(7,344)
Additions	–	–	8,441	989	9,430
Capitalisation of interest cost (Note 9)	–	–	–	–	–
Disposals	–	(102)	(9)	(909)	(1,020)
Reclassifications	–	7,277	(15,316)	8,039	–
At 31 December 2024	35	41,246	5,185	113,811	160,277

Accumulated depreciation:

At 1 January 2023	–	16,908	–	60,697	77,605
Foreign exchange difference	–	316	–	1,182	1,498
Depreciation for the year	–	2,278	–	5,667	7,945
Disposals	–	–	–	(1,681)	(1,681)
At 31 December 2023	–	19,502	–	65,865	85,367
Foreign exchange difference	–	(938)	–	(3,091)	(4,029)
Depreciation for the year	–	2,414	–	5,402	7,816
Disposals	–	(20)	–	(865)	(885)
At 31 December 2024	–	20,958	–	67,311	88,269

Carrying value:

At 1 January 2023	35	16,091	8,912	38,045	63,083
At 31 December 2023	35	16,339	12,539	44,931	73,844
At 31 December 2024	35	20,288	5,185	46,500	72,008

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%

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.

Notes to the Financial Statements (Cont’d)

31 December 2024

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

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

	Group	
	2024 US\$’000	2023 US\$’000
Leasehold buildings	728	3,010
Plant and equipment	4,457	9,529
	5,185	12,539

	2024 US\$’000	2023 US\$’000
Allocation of the depreciation expense:		
Bearer plants (Note 16)	90	29
Cost of sales	7,628	7,836
Administrative expenses	98	80
Total	7,816	7,945

Certain items of property, plant and equipment at a carrying value of US\$10,567,000 (2023: US\$12,644,000) are pledged as security for bank facilities (see Note 26).

Certain right-of-use assets with carrying value of US\$4,141,000 (2023: US\$4,658,000) are included in plant, fixtures and equipment. The related lease liabilities are disclosed in Note 27. The leases prohibit the lessee from selling or pledging the leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases do not provide options to purchase the underlying leased assets outright. The leases do not provide options to extend the leases for a further term.

15. Right-of-use assets

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

	Office and warehouse premises	
Group	2024 US\$’000	2023 US\$’000
Cost:		
At beginning of the year	642	629
Foreign exchange difference	(29)	13
At end of the year	613	642

Accumulated depreciation:		
At beginning of the year	311	267
Depreciation for the year	37	39
Foreign exchange difference	(13)	5
At end of the year	335	311

Carrying value:		
At beginning of the year	331	362
At end of the year	278	331

The right-of-use assets above 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.

15. Right-of-use assets (cont’d)

Also see Note 14 for certain right-of-use assets included in plant, fixtures and equipment. The leases prohibit the lessee from selling or pledging the leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases do not provide options to purchase the underlying leased assets outright. The leases do not provide options to extend the leases for a further term.

16. Bearer plants

	Group	
	2024 US\$’000	2023 US\$’000
Cost:		
At beginning of the year	162,065	155,342
Additions	4,030	3,245
Capitalisation of interest cost (Note 9)	242	468
Capitalisation of depreciation expense (Note 14)	90	29
Written off	(984)	(147)
Foreign exchange difference	(7,533)	3,128
At end of the year	157,910	162,065

Accumulated Depreciation:		
At beginning of the year	61,490	53,446
Depreciation for the year	6,806	7,189
Written off	(945)	(147)
Foreign exchange difference	(2,931)	1,002
At end of the year	64,420	61,490

Carrying Value:		
At beginning of the year	100,575	101,896
At end of the year	93,490	100,575

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

The annual rates of depreciation are as follows:

Oil palm trees – 5%

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 26.

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

	2024	Group	2023
Planted area amounts:			
- mature (US\$’000)	73,722		83,730
- immature (US\$’000)	19,768		16,845
	93,490		100,575
Planted area size:			
- mature (hectares)	47,618		47,653
- immature (hectares)	3,665		2,783
	51,283		50,436

The bearer plants with a carrying values of US\$93,490,000 (2023: US\$100,575,000) have been pledged as security for bank facilities (see Note 26).

Notes to the Financial Statements (Cont’d)

31 December 2024

17. Investments in subsidiaries

	Company	
	2024 US\$’000	2023 US\$’000
Movements during the year:		
At the beginning of the year	34,147	33,463
Foreign exchange difference	(1,577)	684
At the end of the year	32,570	34,147
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	(14,894)	(13,317)
Total	32,570	34,147
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 36.

The recoverable amounts of the investments in subsidiaries have been determined based on value-in-use (“VIU”) method using cash flow projections from financial budgets calculated for the remaining useful life of each plantation. The calculations were based on the following key assumptions:

	2024	2023
Discount rate	11.12%	11.67%
Inflation rate	2.5%	2.8%
FFB yield rates (metric tonne per hectare)	3.2 - 24.3	6.2 - 27.7
CPO extraction rates	16.13% - 26.71%	18.8% - 24.8%
CPO projected selling prices per metric tonne (IDR’000)	11,937 - 14,294	9,903 - 12,008

The VIU calculations applied a discounted cash flow model using cash flow projections.

The calculations of VIU are most sensitive to the following key assumptions:

Discount rate – The discount rate applied to the cash flow projection is post-tax derived from the weighted average cost of capital of the oil palm plantation sectors on the assumption that funds are available at the prevailing rates and will continue to be available throughout the forecast period.

Inflation rate – The inflation rate is based on forecast provided by the Ministry of Finance, Indonesia.

FFB yield rates – 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) and PT Socfin Indonesia (Socfindo), which varies with the average age of oil palm trees.

17. Investments in subsidiaries (cont’d)

The calculations were based on the following key assumptions

CPO extraction rates – Extraction rates are estimated using the historical extraction rates adjusted for the impact of increasing maturity of the plantations and upkeep costs.

CPO projected selling prices – The projected CPO selling prices were based on the international market prices retrieved from World Bank forecasts and local market prices retrieved from Indonesian Oil Palm Research Institute.

Based on the above analysis, management has assessed that the investments in subsidiaries are not impaired as at 31 December 2024.

Sensitivity to changes in assumptions

Changes to the assumptions used by management to determine the recoverable amounts may have an impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the investments in subsidiaries to materially exceed their recoverable amounts.

18. Investments in joint ventures

The investment in joint ventures had been fully impaired in prior years.

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

<u>Name of joint arrangements, country of incorporation, place of operations and principal activities</u>	Percentage of equity held by the group	
	2024 %	2023 %
Joint venture – PT Belitung Energy. (“BE”) #a Indonesia Investment holding	78.5	78.5
<u>Name of subsidiary owned by joint arrangements, country of incorporation, place of operations and principal activities</u>	Percentage of equity held by the group	
	2024 %	2023 %
<u>Held through PT Belitung Energy</u> PT Energy Cipta Utama (“ECU”) #a Indonesia Dormant	78.5	78.5

#a Audited by a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member. The name of the member firm is Amir Abadi Jusuf, Aryanto, Mawar dan Rekan (“RSM Indonesia”), Jakarta, Indonesia.

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

Notes to the Financial Statements (Cont’d)

31 December 2024

19. Land use rights

	Group	
	2024 US\$'000	2023 US\$'000
<u>Cost:</u>		
At beginning of the year	35,295	34,640
Foreign exchange difference	(1,653)	708
Additions	1,495	–
Write-off	–	(53)
At end of the year	35,137	35,295
<u>Accumulated amortisation:</u>		
At beginning of the year	11,040	9,749
Foreign exchange difference	(527)	184
Amortisation for the year included under cost of sales	1,066	1,107
At end of the year	11,579	11,040
<u>Carrying value:</u>		
At beginning of the year	24,255	24,891
At end of the year	23,558	24,255
	Group	
	2024 US\$'000	2023 US\$'000
<u>Balance to be amortised:</u>		
Not later than one year	1,071	1,092
Later than one year and not later than five years	4,285	4,370
Later than five years	18,202	18,793
	23,558	24,255

The land rights with a carrying value of US\$20,728,000 (2023: US\$21,222,000) have been pledged as security for bank facilities (see Note 26).

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 109,948 hectares were obtained before 31 December 2024 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	Year of expiry
10,821 hectares	2028 – 2032
99,127 hectares	2033 – 2052
4,371 hectares	Certificates have yet to be received as of the date of this report
114,319 hectares	

During the term of the lease, no other significant payments are required in respect of these land use rights, which are restricted for the use of palm oil plantation. The leases prohibit the lessee from selling or pledging the leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases do not provide options to purchase the underlying leased assets outright. The leases do not provide options to extend the leases for a further term.

20. Biological assets

	Group	
	2024 US\$'000	2023 US\$'000
<u>Movements in fair value</u>		
At beginning of the year	23,770	27,871
Foreign exchange difference	(1,177)	630
Gain/(loss) on fair value changes (Note 7)	5,053	(4,731)
At end of the year	27,646	23,770

There was no change in the fair value hierarchy (i.e. (Level 3) during the reporting year. The group’s oil palm plantations are located in Indonesia.

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 requires the use of 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 estimated with the assistance of KJPP Benedictus Darmapuspita dan Rekan, a firm of independent external professional valuers 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 2024. The expected net cash flows of the un-harvested FFB were determined using the forecast market price of FFB. The significant assumptions made in determining the fair values of the un-harvested FFB are as follows:

- (i) Projected volumes of FFB to be harvested subsequent to year-end are based on inspection of a sample of the actual condition of un-harvested FFB growing on the oil palm trees in December 2024;
- (ii) The discount rate used in 2024 is 11.12% per annum (2023: 11.67% 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 2024, which is used as an estimate for the forecasted market prices.

The fair value of biological assets would be affected by changes in the above assumptions used.

Sensitivity on unobservable inputs:

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

If the projected volumes 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\$2,231,000 (2023: US\$1,796,000) 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\$73,000 (2023: US\$59,000).

Notes to the Financial Statements (Cont’d)

31 December 2024

20. Biological assets (cont’d)

Sensitivity on unobservable inputs: (cont’d)

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\$2,497,000 (2023: US\$2,022,000) as a result of higher or lower gains arising from changes in fair value of the biological assets.

During the reporting year, the group harvested approximately 547,461 tonnes (2023: 623,068 tonnes) of FFB from the oil palm trees.

At the end of the reporting year, the biological assets are pledged for certain bank borrowings (see Note 26).

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 volumes 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 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.

21. Inventories

	Group	
	2024 US\$’000	2023 US\$’000
Raw materials, consumables and supplies	9,797	6,522
Finished goods and goods for resale (CPO and CPKO)	5,497	6,333
	<u>15,294</u>	<u>12,855</u>
Decrease/(Increase) in inventories of finished goods	836	(52)
Raw materials and consumables used included in cost of sales	<u>44,901</u>	<u>32,461</u>

Inventories with a carrying value of US\$4,771,000 (2023: US\$3,895,000) are pledged as security for bank facilities (see Note 26).

22. Trade and other receivables

	Group	
	2024 US\$’000	2023 US\$’000
Non-current		
Other receivables:		
Advances under Plasma Programme at fair value (Note 30)	4,211	5,609
Current		
Trade receivables:		
Outside parties	4,050	1,228
Less : allowance for impairment	(129)	–
	<u>3,921</u>	<u>1,228</u>
Other receivables:		
Staff advances	8	5
Prepaid taxes	2,583	5,728
Value added tax receivable	5,764	9,030
Advances under Plasma Programme at fair value (Note 30)	7,651	9,497
Other receivables	554	515
	<u>16,560</u>	<u>24,775</u>
	<u>20,481</u>	<u>26,003</u>
	<u>24,692</u>	<u>31,612</u>
Total trade and other receivables		
Movements in above allowance on trade receivables:		
At beginning of the year	–	–
Charge for trade receivables to profit or loss included in other losses	129	–
At end of the year	<u>129</u>	<u>–</u>

Certain receivables with a carrying value of US\$3,538,000 (2023: US\$692,000) have been pledged as security for bank facilities (see Note 26).

	Company	
	2024 US\$’000	2023 US\$’000
Current		
Other receivables:		
Subsidiaries	38,071	39,905
Less: allowance for impairment	(2,574)	(2,698)
Total other receivables (Note 3)	<u>35,497</u>	<u>37,207</u>
Movements in above allowance on other receivables:		
At beginning of the year	2,698	4,931
Written off	–	(2,336)
Foreign exchange difference	(124)	103
At end of the year	<u>2,574</u>	<u>2,698</u>

Notes to the Financial Statements (Cont’d)

31 December 2024

22. 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 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	
	2024 US\$'000	2023 US\$'000
Receivables past due:		
0-90 days past due	–	5
More than 91 days past due	–	136
	<u>–</u>	<u>141</u>

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 30 days (2023: 30 days). However, some customers take a longer period to settle the amounts. Certain customers are required to pay in advance (see Note 28).

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

	Group	
	2024 US\$'000	2023 US\$'000
Top 1 customer	1,708	783
Top 2 customers	3,292	918
Top 3 customers	<u>3,483</u>	<u>1,022</u>

The other receivables at amortised cost are subject to the ECL model under the financial reporting standard on financial instruments. The group’s other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. The company’s other receivables are attributed to a few subsidiaries which can be credit risk graded individually and these are recorded in inception net of expected lifetime ECL. At the end of the first reporting year, 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.

22. Trade and other receivables (cont’d)

22A. Loan receivable from joint venture

	Group	
	2024 US\$'000	2023 US\$'000
Loan receivable from joint venture	–	207
Less allowance for impairment	<u>–</u>	<u>(207)</u>
	<u>–</u>	<u>–</u>
Movement during the year:		
Balance at the beginning of the year	–	–
Additions	–	49
Interest income (Note 3B)	–	158
Allowance for impairment (Note 6)	<u>–</u>	<u>(207)</u>
Balance at the end of the year	<u>–</u>	<u>–</u>

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

23. Other non-financial assets

	Group		Company	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Advance payments	1,208	2,333	–	–
Prepayments	<u>728</u>	<u>780</u>	<u>1</u>	<u>1</u>
	<u>1,936</u>	<u>3,113</u>	<u>1</u>	<u>1</u>

24. Cash and cash equivalents

	2024 US\$'000	2023 US\$'000	Company	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Not restricted in use	9,393	3,893	50	85
Deposits pledged for bank facilities	<u>16,574</u>	<u>12,787</u>	<u>–</u>	<u>–</u>
Cash at end of the year	<u>25,967</u>	<u>16,680</u>	<u>50</u>	<u>85</u>

The interest earning balances amount to US\$20,778,000 (2023: US\$14,214,000) and bear interest ranging between 2.25% to 3.25% (2023: 2.25% to 5.25%) per annum.

24A. Cash and cash equivalents in consolidated statement of cash flows:

	Group	
	2024 US\$'000	2023 US\$'000
Amount as shown above	25,967	16,680
Bank overdrafts (Note 26)	–	(402)
Deposits pledged for bank facilities	<u>(16,574)</u>	<u>(12,787)</u>
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	<u>9,393</u>	<u>3,491</u>

Notes to the Financial Statements (Cont’d)

31 December 2024

24. Cash and cash equivalents (cont’d)

24B. Non-cash transactions:

Additions to property, plant and equipment include right-of-use assets of US\$333,000 (2023: US\$2,293,000) acquired by means of leases and an amount of US\$880,000 (2023: US\$920,000) that remains unpaid at the end of the reporting year.

24C. Reconciliation of liabilities arising from financing activities:

	1 January 2024 US\$’000	Cash flows (net of repayment) US\$’000	Non-cash changes US\$’000		31 December 2024 US\$’000
Lease liabilities ^(a)	3,151	(826)	(133)	(c)&(d)	2,192
Other financial liabilities ^(b)	185,345	12,494	(7,674)	(d)	190,165
Total liabilities from financing activities	188,496	11,668	(7,807)		192,357

	1 January 2023 US\$’000	Cash flows (net of repayment) US\$’000	Non-cash changes US\$’000		31 December 2023 US\$’000
Lease liabilities ^(a)	2,225	(1,402)	2,328	(c)&(d)	3,151
Other financial liabilities ^(b)	193,247	(10,104)	2,202	(d)	185,345
Total liabilities from financing activities	195,472	(11,506)	4,530		188,496

- (a) Lease liabilities include current and non-current portions. Also see Note 27.
- (b) Other financial liabilities include current and non-current portions. Also see Note 26.
- (c) Additions of right-of-use assets/leases.
- (d) Foreign exchange movements.

25. Share capital

	Number of shares issued ’000	Share capital US\$’000
Ordinary shares of no par value: Balance at 1 January 2023, 31 December 2023 and 31 December 2024	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.

25. Share capital (cont’d)

Capital management: (cont’d)

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 strategically 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.

	Group	
	2024 US\$’000	2023 US\$’000
Net debt:		
All current and non-current borrowings including lease liabilities	192,357	188,496
Less: cash and cash equivalents	(25,967)	(16,680)
Net debt	166,390	171,816
Adjusted capital:		
Total equity	40,925	30,578
Debt-to-adjusted capital ratio	407%	562%

The decrease in the debt-to-adjusted capital ratio for the reporting year was primarily driven by improved profitability.

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.

Notes to the Financial Statements (Cont’d)

31 December 2024

26. Other financial liabilities

	Group	
	2024 US\$'000	2023 US\$'000
<u>Non-current</u>		
<u>Floating interest rates:</u>		
Investment loans (secured) (Note 26A)	132,232	93,070
Term loans (secured) (Note 26A)	2,546	39,219
	<u>134,778</u>	<u>132,289</u>
<u>Current</u>		
<u>Floating interest rates:</u>		
Bank overdrafts (secured) (Notes 24A and 26A)	–	402
Bank loans (secured) (Note 26A)	29,041	27,263
Investment loans (secured) (Note 26A)	24,820	18,488
Term loans (secured) (Note 26A)	1,526	6,903
	<u>55,387</u>	<u>53,056</u>
Total other financial liabilities	<u>190,165</u>	<u>185,345</u>

26A. Bank overdrafts and bank loans

The range of floating interest rates paid was as follows:

	Group	
	2024	2023
Bank overdrafts – secured		
Indonesian Rupiah	7.50%	8.00%
Bank loans – secured		
United States dollar	–	7.00%
Indonesian Rupiah	2.75% - 10.25%	2.75% - 10.25%
Investment loans – secured		
United States dollar	–	–
Indonesian Rupiah	7.75% - 8.00%	8.00%
Term loans – secured		
United States dollar	–	7.00%
Indonesian Rupiah	10.50%	10.25%
Singapore dollar	<u>4.86%</u>	<u>5.68%</u>

The bank overdrafts and other secured banking facilities are covered by way of negative pledges on certain deposits, inventories, receivables, land use rights, 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.

26. Other financial liabilities (cont'd)

26A. Bank overdrafts and bank loans (cont'd)

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
<u>Long-term borrowings:</u>				
<u>2024</u>				
2 – 5 years	98,019	235	–	98,254
Over 5 years	36,524	–	–	36,524
Total	<u>134,543</u>	<u>235</u>	<u>–</u>	<u>134,778</u>
<u>2023</u>				
2 – 5 years	86,488	380	34,144	121,012
Over 5 years	10,464	–	813	11,277
Total	<u>96,952</u>	<u>380</u>	<u>34,957</u>	<u>132,289</u>

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\$3,712,000 (2023: US\$125,813,000) and the lenders have not made a demand for repayment and agreed to waive the breaches prior to the reporting year end.

27. Lease liabilities

	Group	
	2024 US\$'000	2023 US\$'000
Lease liabilities, current	1,398	1,678
Lease liabilities, non-current	794	1,473
Total	<u>2,192</u>	<u>3,151</u>

A summary of the maturity analysis of lease liabilities is disclosed in Note 32E.

The right-of-use assets are included in plant, fixtures and equipment (see Note 14). The average lease term is 3 years (2023: 3 years). The fixed rate of interest for the leases is about 4.1% to 13.5% (2023: 4.1% to 13.5%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under leases are secured by the lessor’s charge over the right-of-use assets.

The fair value of the leases was estimated by discounting the future cash flows payable under the terms of the leases using the year-end interest rates ranging between 4.1% to 13.5% (2023: 4.1% to 13.5%) per year.

Notes to the Financial Statements (Cont'd)

31 December 2024

28. Trade and other payables

	Group		Company	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Non-current				
Other payables:				
Advances from customers	8,411	15,493	–	–
Current				
Trade payables:				
Outside parties and accrued liabilities	13,991	14,034	–	–
Related parties (Note 3)	89	381	–	–
	14,080	14,415	–	–
Other payables:				
Advances from customers	13,326	20,365	–	–
Subsidiaries (Note 3)	–	–	10,372	10,109
Other payables and accrued liabilities	7,141	13,016	88	96
	20,467	33,381	10,460	10,205
	34,547	47,796	10,460	10,205
Total trade and other payables	42,958	63,289	10,460	10,205

The movements in advances from customers are as follows:

	Group	
	2024 US\$'000	2023 US\$'000
At beginning of the year	35,858	32,401
Advances received during the year	112,322	115,426
Revenue recognised during the year	(126,443)	(111,969)
At the end of the year	21,737	35,858

The movements in advances from customers are as follows: (cont'd)

	Group	
	2024 US\$'000	2023 US\$'000
The aggregate amount of the advances from customers allocated to the performance obligations that are unsatisfied as of the end of the reporting year:		
Expected to be recognised within 1 year	13,326	20,365
Expected to be recognised after 1 year but before 2 years	5,607	6,675
Expected to be recognised after 2 years	2,804	8,818
At the end of the year	21,737	35,858

The advance consideration relates to monies received from customers for which no transfer of control occurs, and therefore no revenue is recognised. The entity recognises revenue for each respective performance obligation when control of the product transfers to the customers concerned.

29. Other non-financial liabilities

	Group	
	2024 US\$'000	2023 US\$'000
Employee pension benefits obligations	6,016	6,562

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, using the “Projected Unit Credit” method which is covered in their reports dated 19 February 2025. The related actuarial liabilities for employee pension benefits are as follows:

	Group	
	2024 US\$'000	2023 US\$'000
Present value of employee benefits obligation	6,314	6,432
Foreign currency alignment	(298)	130
	6,016	6,562

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

	Group	
	2024 US\$'000	2023 US\$'000
Benefits obligation at beginning of the year	6,562	6,423
Current service costs	526	1,354
Interest costs on benefits obligation	331	267
Actuarial (gain) loss	(441)	242
Gain on curtailment	–	(91)
Past service costs – vested	(664)	(1,763)
Foreign currency alignment	(298)	130
Benefits obligation at end of the year	6,016	6,562

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

	Group	
	2024 US\$'000	2023 US\$'000
Current service costs	526	1,354
Gains on curtailment	–	(91)
Past service costs – vested	(664)	(1,763)
Interest costs on benefits obligation	331	267
Components of employee benefits expense (gain) recognised in profit or loss (Note 10)	193	(233)
Component of employee benefits (gain) expense recognised in other comprehensive income, net of tax	(347)	186
	(154)	(47)

Notes to the Financial Statements (Cont’d)

31 December 2024

29. Other non-financial liabilities (cont’d)

Estimated liability for employee pension benefits (cont’d)

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

Annual discount rate	: 6.88% to 7.14% in 2024 and 6.37% to 7.10% in 2023
Future annual salary increase	: 5% in 2024 and 2023
Annual employee turnover rate	: 7% in 2024 and 2023 for employees under 40 years old and decreasing linearly until 0% at the age of 55 years
Disability rate	: 10% per year in 2024 and 2023
Retirement age	: 55 years of age
Mortality rate	: Indonesian mortality table 4

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:

	Decrease US\$’000	Group Increase US\$’000
If the discount rate is 1% higher/(lower)	248	(277)
If the salary rate is 1% lower/(higher)	256	(281)

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.

30. 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).

30. Contingent liabilities (cont’d)

Arrangements under the Plasma Programme (cont’d)

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 proceeds. 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 government 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 statements 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 Programme in the statements 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:

	2024 US\$’000	Group 2023 US\$’000
Facility amounts	22,890	17,952
Outstanding balances	15,195	13,325

As mentioned above, 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 proceeds. In addition, the group may provide 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 are as follows:

	2024 US\$’000	Group 2023 US\$’000
Presented as other receivables (Note 22):		
Advances under Plasma Programme, current	7,651	9,497
Advances under Plasma Programme, non-current	4,211	5,609
Total	11,862	15,106

Notes to the Financial Statements (Cont’d)

31 December 2024

30. Contingent liabilities (cont’d)

Arrangements under the Plasma Programme (cont’d)

The advances under Plasma Programme that are not secured by bank facilities and to be repaid by villagers using FFB sale proceeds is measured by management at the end of the reporting year based on the present value of the expected net cash flows and recorded at fair value with the following key assumptions.

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;

The discount rate for 2024 is 6.59% (2023: 6.45%) per annum;

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 discount rates to carrying value:

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

Sensitivity on discount rates:

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 decrease or increase by approximately US\$251,000 (2023: US\$358,000) and US\$270,000 (2023: US\$389,000) respectively.

Sensitivity to other changes in assumptions:

Changes to other assumptions used by management to determine carrying value of advances under Plasma Programme may have impact on the results of the assessment. Management is of the opinion that any possible change in any of the other key assumptions stated above would not cause the advances under Plasma Programme to materially exceed its carrying value.

31. 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	
	2024 US\$’000	2023 US\$’000
Commitments for construction of leasehold buildings	316	1,304
Commitments for construction of CPO mill and purchase of plant, fixtures and equipment	2,251	2,105

32. Financial instruments: information on financial risks and other explanatory information

32A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2024 US\$’000	2023 US\$’000	2024 US\$’000	2023 US\$’000
<u>Financial assets:</u>				
Financial assets measured at amortised cost	30,451	18,428	35,547	37,292
Financial assets at FVTPL	11,862	15,106	–	–
	42,313	33,534	35,547	37,292
<u>Financial liabilities:</u>				
Financial liabilities measured at amortised cost	213,579	215,927	10,460	10,205

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.

32B. 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.

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.

32C. 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.

Notes to the Financial Statements (Cont’d)

31 December 2024

32. Financial instruments: information on financial risks and other explanatory information (cont’d)

32D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to ECL allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any 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.

Note 24 discloses the cash balances. There was no identified impairment loss.

32E. Liquidity risk – financial liability maturity analysis

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 46 days (2023: 21 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.

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

Group	Less than 1 year US\$’000	2 – 3 years US\$’000	4 – 5 years US\$’000	Over 5 years US\$’000	Total US\$’000
Non-derivative financial liabilities:					
2024					
Gross borrowings	67,538	71,757	51,448	41,060	231,803
Gross lease liabilities	1,536	849	3	–	2,388
Trade and other payables	21,221	–	–	–	21,221
Total	90,295	72,606	51,451	41,060	255,412
2023					
Gross borrowings	59,513	81,814	48,831	11,510	201,668
Gross lease liabilities	1,916	1,572	–	–	3,488
Trade and other payables	27,431	–	–	–	27,431
Total	88,860	83,386	48,831	11,510	232,587

The company’s non-derivative financial liabilities are all due in less than a year and is disclosed in Note 28. The trade and other payables exclude advances from customers.

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

32. Financial instruments: information on financial risks and other explanatory information (cont’d)

32E. Liquidity risk – financial liability maturity analysis (cont’d)

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:

Group	Less than 1 year US\$’000	2 – 5 years US\$’000	Over 5 years US\$’000	Total US\$’000
2024				
Financial guarantees in respect of the Plasma Programme (Note 30)	2,105	7,512	5,578	15,195
2023				
Financial guarantees in respect of the Plasma Programme (Note 30)	2,557	7,818	2,950	13,325

The fair value of the financial guarantees is not material.

Bank facilities:	Group	
	2024 US\$’000	2023 US\$’000
Undrawn borrowing facilities	5,759	7,435

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.

32F. Interest rate risk

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

	Group		Company	
	2024 US\$’000	2023 US\$’000	2024 US\$’000	2023 US\$’000
Financial liabilities with interest:				
Floating rate	190,165	185,345	–	–
Fixed rate	2,192	3,151	–	–
Total at end of year	192,357	188,496	–	–
Financial assets with interest:				
Floating rate	25,967	16,680	50	85

Notes to the Financial Statements (Cont’d)

31 December 2024

32. Financial instruments: information on financial risks and other explanatory information (cont’d)

32F. Interest rate risk (cont’d)

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.

Sensitivity analysis:

	Group		Company	
	2024 US\$’000	2023 US\$’000	2024 US\$’000	2023 US\$’000
A hypothetical variation in floating interest rates at the end of reporting year by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by the following amounts:				
Financial assets	260	167	1	1
Financial liabilities	1,902	1,853	–	–

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).

32G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments: disclosures.

Analysis of material amounts denominated in non-functional currencies:

Group 2024	SGD dollars US\$’000	USD dollars US\$’000	Total US\$’000
Financial assets:			
Cash and cash equivalents	448	471	919
Total financial assets	448	471	919
Financial liabilities:			
Borrowings	(369)	–	(369)
Total financial liabilities	(369)	–	(369)
Net financial assets at the end of the year	79	471	550

32. Financial instruments: information on financial risks and other explanatory information (cont’d)

32G. Foreign currency risks (cont’d)

Group 2023	SGD dollars US\$’000	USD dollars US\$’000	Total US\$’000
Financial assets:			
Cash and cash equivalents	232	787	1,019
Total financial assets	232	787	1,019
Financial liabilities:			
Borrowings	(518)	(47,934)	(48,452)
Total financial liabilities	(518)	(47,934)	(48,452)
Net financial liabilities at the end of the year	(286)	(47,147)	(47,433)

The company has no material amounts denominated in non-functional currencies.

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

	Group	
	2024 US\$’000	2023 US\$’000
Sensitivity analysis:		
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against all non-functional currencies with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of the following amounts:		
Against the US\$	(47)	4,715
Against the S\$	(8)	29

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.

32H. 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.

Notes to the Financial Statements (Cont’d)

31 December 2024

32. Financial instruments: information on financial risks and other explanatory information (cont’d)

32H. Price risk (cont’d)

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.

33. Financial information by operating segments

33A. Information about reportable segments 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.

33B. Geographical information

	Revenue		Non-current assets	
	2024 US\$’000	2023 US\$’000	2024 US\$’000	2023 US\$’000
Indonesia	153,734	136,366	186,800	196,440
Singapore	–	–	2,534	2,565
Total	153,734	136,366	189,334	199,005

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.

33C. Information about revenue from major customers

	Group	
	2024 US\$’000	2023 US\$’000
Top 1 customer in plantation segment	45,481	44,598
Top 2 customers in plantation segment	71,814	84,618
Top 3 customers in plantation segment	96,855	100,516

34. Changes and adoption of financial reporting standards

For the current reporting year the ASC issued certain new or revised financial reporting standards. Those applicable to the reporting entity are listed below.

SFRS(I) No.	Title
SFRS(I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current
SFRS(I) 1- 1	Presentation of Financial Statements – amendment relating to Non-current Liabilities with Covenants

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

The ASC issued certain new or revised financial reporting standards for the future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity’s financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability	1 January 2025
SFRS(I) 9 and 7	Classification and Measurement of Financial Instruments – Amendments	1 January 2026
SFRS(I) 18	Presentation and disclosures in financial statements	1 January 2027
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

36. 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	
	2024 US\$’000	2023 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 Investment holding	10,603	10,603
	12,961	12,961

Notes to the Financial Statements (Cont’d)

31 December 2024

36. Listing of and information on subsidiaries (cont’d)

#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)

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

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 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

36. 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 Pelayaran Asia Marine (“PAM”) ^(b)
Indonesia, Dormant

PT Sawindo Cemerlang (“SCEM”) ^(b)
Indonesia, Agribusiness

PT Sawindo Kencana (“SWK”) ^(b)
Indonesia, Agribusiness

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 SG Assurance LLP, a member of RSM International.

^(b) Audited by a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member. The name of the member firm is Amir Abadi Jusuf, Aryanto, Mawar dan Rekan (“RSM Indonesia”), Jakarta, Indonesia.

Information on Shareholdings

as at 14 March 2025

Information on shareholdings

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 shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	46	4.02	2,108	0.00
100 - 1,000	159	13.89	90,775	0.03
1,001 - 10,000	651	56.85	2,615,796	0.91
10,001 - 1,000,000	269	23.49	23,113,786	8.06
1,000,001 AND ABOVE	20	1.75	261,188,712	91.00
TOTAL	1,145	100.00	287,011,177	100.00

Shareholding held by the public

Based on the information available to the Company as at 14 March 2025, approximately 22.0% 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

Name of shareholders	Direct interest		Deemed interest	
	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	11,964,817	4.17
4	PHILLIP SECURITIES PTE LTD	8,113,175	2.83
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,017,340	1.40
6	MORPH INVESTMENTS LTD	3,937,100	1.37
7	SUSANTO AMIN @ LIM HWA MIN	2,530,050	0.88
8	SOEKARTO	2,168,080	0.76
9	IFAST FINANCIAL PTE. LTD.	2,156,950	0.75
10	GLOBAL PALM RESOURCES HOLDINGS LIMITED	1,995,600	0.70
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,896,600	0.66
12	HENRY MAKNAWI	1,774,970	0.62
13	DICKY PERMANA	1,596,090	0.56
14	OCBC SECURITIES PRIVATE LIMITED	1,495,600	0.52
15	SOEPRAPTO KASNAWI ABDUL LATIF	1,436,480	0.50
16	PANG WING SENG	1,363,450	0.48
17	KGI SECURITIES (SINGAPORE) PTE. LTD	1,285,300	0.45
18	CHONG YEN CHAN	1,213,250	0.42
19	LIM KIM CHIN	1,150,650	0.40
20	CITIBANK NOMINEES SINGAPORE PTE LTD	1,135,750	0.40
TOTAL		261,188,712	91.02

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2025 Annual General Meeting of the Company will be held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558, Esplanade 2 Room, Level 4, on 25 April 2025 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 2024 together with the Auditors’ Report thereon.

Resolution 1
2.

To re-elect the following director retiring pursuant to the Company’s Constitution:
Mr Darwin Indigo (Regulation 93)

Resolution 2
3.

To re-elect the following director retiring pursuant to the Company’s Constitution:
Ms Ratna Maknawi (Regulation 93)

Resolution 3
4.

To re-elect the following director retiring pursuant to the Company’s Constitution:
Mr Kent Surya (Regulation 99)
[See Explanatory Note (i)]

Resolution 4
5.

To re-elect the following director retiring pursuant to the Company’s Constitution:
Mr Kuan Cheng Tuck (Regulation 99)
[See Explanatory Note (ii)]

Resolution 5
6.

To approve the Directors’ fees of SGD178,500 for the year ended 31 December 2024.

Resolution 6
7.

To approve the Directors’ fees of SGD163,800 for the year ending 31 December 2025, payable quarterly in arrears.

Resolution 7
8.

To re-appoint RSM SG Assurance LLP as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

Resolution 8

AS SPECIAL BUSINESS

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

9.

Proposed Share Issue Mandate

Resolution 9
- “That pursuant to Section 161 of the Companies Act 1967 (Singapore) 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,

Notice of Annual General Meeting (Cont'd)

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 (iii)]
- ## 10. The Proposed Renewal of 2024 IPT Mandate
- ## Resolution 10
- “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 2.2.2 of the Appendix to the Annual Report dated 09 April 2025 (the “Appendix”), with any party who is of the class or classes of interested persons described in Section 2.3 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 2.6 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.”
11. To transact any other business which may be properly transacted at an Annual General Meeting.
- ### Explanatory Notes:
- (i)

Mr Kent Surya shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit & Risk Management Committee. Mr Kent Surya shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(ii)

Mr Kuan Cheng Tuck shall, upon re-election as Director of the Company, remain as Chairman of the Audit & Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee. Mr Kuan Cheng Tuck shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(iii)

The proposed Resolution 9 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: 09 April 2025
- 110
- 111

Notice of Annual General Meeting (Cont'd)

NOTES:

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

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

- (a) the company’s corporate website at <http://www.kencanaagri.com>; or
- (b) SGXNET at <https://www.sgx.com/securities/companyannouncements>.

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

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

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

An investor who holds shares, under the Central Provident Fund Investment Scheme (“CPF Investor”) and/or the Supplementary Retirement Scheme (“SRS Investor”) who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2025, being seven (7) working days prior to the date of the AGM.

- 3) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.
- 4) Pursuant to Section 181 of the Companies Act 1967 (Singapore), any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the AGM. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 (Singapore).
- 5) A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

- 6) The completed and signed Proxy Form must be submitted to the Company in the following manner:

- (a) by post or sent personally to the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632 (Opening Hours are 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
- (b) by electronic mail to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.proxy@boardroomlimited.com.

in either case, to be received not later than 2.00 p.m. on 22 April 2025 (being not less than 72 hours before the time appointed for holding the AGM and at any adjournment thereof), failing which the proxy form will be treated as invalid. Members are strongly encouraged to submit completed proxy form electronically via email.

Submission of Questions in Advance:

- 1) Members (including CPF or SRS investors) may submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted and received by the Company by 2.00 p.m. on 16 April 2025 in the following manner:
- (a) by post or sent personally to the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632 (Opening Hours are 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (b) by electronic mail to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.teamE@boardroomlimited.com.

Members are strongly encouraged to submit completed questions electronically.

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

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

- 3) The Company will address substantial and relevant questions which are submitted by members in advance of the AGM by the stipulated deadline by publishing the responses to the questions on SGXNet at <https://www.sgx.com/securities/company-announcements> and on the Company’s corporate website at <http://www.kencanaagri.com> by 2.00 p.m. on 19 April 2025. The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

General:

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

Personal data privacy:

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

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.

KENCANA AGRI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200717793E)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

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

*I/We _____

NRIC/Passport No./ Registration No. _____ of _____

being a member(s) of Kencana Agri Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting to be held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558, Esplanade 2 Room, Level 4, on 25 April 2025 at 2.00 p.m. *I/We direct *my/our *proxy/proxies to vote in the manner indicated below. If no specific direction as to voting is given, *my/our *proxy/proxies may vote or abstain at his discretion.

No.	Resolutions	For**	Against**	Abstain**
1	Directors’ Statement and Audited Accounts for the year ended 31 December 2024			
2	Re-election of Mr Darwin Indigo as Director			
3	Re-election of Ms Ratna Maknawi as Director			
4	Re-election of Mr Kent Surya as Director			
5	Re-election of Mr Kuan Cheng Tuck as Director			
6	Approval of Directors’ fees for the year ended 31 December 2024			
7	Approval of Directors’ fees for the year ending 31 December 2025, payable quarterly in arrears			
8	Re-appointment of RSM SG Assurance LLP as Auditors			
9	Proposed Share Issue Mandate			
10	The Proposed Renewal of 2024 IPT Mandate			

Notes:

- * Delete accordingly.
- ** Please indicate with a cross [X] in the space provided whether you wish to cast all your votes for or against or to abstain from voting on each resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against any resolution and/or to abstain from voting on any resolution, please indicate the number of shares in the respective spaces provided.

Dated this _____ day of _____ 2025

Total Number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

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NOTES:

1. Please insert the total number of shares in the share capital of the Company held by the member. If the member has Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of Shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of Shares. If the member has shares entered against in his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead.
3. Where a member appoints more than one proxy, the member shall specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.
5. A proxy need not be a member of the Company.
6. The instrument appointing the proxy must be under the hand of the appointor or of his attorney duly authorized in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorized officer(s).
7. Where an instrument appointing the proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The completed and signed proxy form must be submitted to the Company in the following manner:
 - (a) by post or sent personally to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632 (Opening Hours are 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (b) by electronic mail to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com.

And must be received by the Company by **2.00 p.m. on 22 April 2025** (Singapore time) (being 72 hours before the time appointed for holding the AGM).

Members are strongly encouraged to submit completed proxy forms electronically.

9. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 (Singapore)), including CPF and SRS investors, and who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2025 (Singapore time).

General:

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



KENCANA AGRI LIMITED

Registration No. 200717793E

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