

CIRCULAR TO SHAREHOLDERS DATED 9 APRIL 2024

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

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

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

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

This Circular (together with the Notice of EGM and the Proxy Form) has been made available on the SGXNet and the Company’s website <http://www.kencanaagri.com/>. Printed copies of this Circular will not be despatched to Shareholders (as defined herein). Printed copies of the Notice of EGM and Proxy Form will be despatched to Shareholders.



KENCANA AGRI LIMITED

(Company Registration No. 200717793E)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ENTRY INTO FIVE (5)-YEAR CONTRACTS WITH AN ESTIMATED AGGREGATE VALUE OF US\$12,500,000 AS INTERESTED PERSON TRANSACTIONS

Independent Financial Adviser appointed pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors of the Company in relation to the Proposed Interested Person Transactions



XANDAR CAPITAL PTE. LTD.

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

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	23 April 2024 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	26 April 2024 at 2.30 p.m. or immediately after the conclusion of the Annual General Meeting to be held at 2.00 p.m. on the same day.
Place of Extraordinary General Meeting	:	Hotel Fort Canning 11 Canning Walk Singapore 178881 Lavender Ballroom

DEFINITIONS

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

“AGM”	:	An annual general meeting of the Company
“Associated Company”	:	A company in which at least 20% but not more than 50% of its shares are held by the Group
“Audit and Risk Management Committee”	:	The audit and risk management committee of the Company comprising Mr Soh Yew Hock, Tengku Alwin Aziz and Mr Sim Idrus Munandar
“Board”	:	The board of directors of the Company as at the date of this Circular
“Chief Executive Officer” or “CEO”	:	The chief executive officer of the Group
“Chief Financial Officer”	:	The chief financial officer of the Group
“Circular”	:	This circular to Shareholders dated 9 April 2024
“Companies Act”	:	The Companies Act 1967 (Singapore), as amended or modified from time to time
“Company”	:	Kencana Agri Limited
“Constitution”	:	The Constitution of the Company
“Contracting Party(ies)”	:	PT Sawit Permai Lestari (“ SPL CP ”) and/or PT Wira Palm Mandiri (“ WPM CP ”) (as the case may be), both wholly-owned subsidiaries of the Company
“Contracts”	:	The CPO Transportation Contracts, EFB Transportation Contracts, FFB Transportation Contracts and Kernel Transportation Contracts, collectively
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	In relation to a listed company, a person who: (a) holds, directly or indirectly, 15% or more of the total number of issued shares in the Company excluding treasury shares. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
“CPO”	:	Crude palm oil, which is one of the products from the processing of FFB
“CPO Transportation Contracts”	:	Contracts for the provision of Transportation Services in relation to CPO referred to in Section 1.1.1(a) of this Circular

DEFINITIONS

“Diesel Base Price”	:	Means diesel base price, being the diesel prices circulated by PT Pertamina ¹
“Depositor”	:	Means an account holder or a Depository Agent but does not include a sub-account holder
“Depository”	:	Means the Central Depository (Pte) Limited (“ CDP ”) or any other corporation approved by the Monetary Authority of Singapore as a depository company or corporation for the purposes of the Securities and Futures Act 2001, which operates the Central Depository System for the holding and transfer of book-entry securities
“Depository Agent”	:	Means a member of the SGX-ST, a trust company (licensed under the Trust Companies Act 2005 (Singapore)), a bank licensed under the Banking Act 1970 (Singapore), any merchant bank licensed under the Banking Act 1970 (Singapore) or any other person or body approved by the Depository who or which — (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between the Depository and the depository agent; (b) deposits book-entry securities with the Depository on behalf of the sub-account holders; and (c) establishes an account in its name with the Depository
“Depository Register”	:	Means a register maintained by the Depository in respect of book-entry securities
“Director(s)”	:	A director or directors of the Company as at the date of this Circular
“EAR Group”	:	The entities-at-risk group of companies, being the Contracting Parties and their subsidiaries
“EFB”	:	Empty fruit bunch, which is the by-product from the processing of FFB to CPO and Kernel
“EFB Transportation Contracts”	:	Contracts for the provision of Transportation Services in relation to EFB referred to in Section 1.1.1(b) of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened and held on 26 April 2024, notice of which is set out on page N-1 of this Circular
“FFB”	:	Fresh fruit bunch, being the raw materials harvested from the EAR Group’s plantations, plasma farmers, or purchased from third parties
“FFB Transportation Contracts”	:	Contracts for the provision of Transportation Services in relation to FFB referred to in Section 1.1.1(c) of this Circular.

¹ Diesel prices in Indonesia are controlled by PT Pertamina, and the diesel prices are released to authorised distributors of PT Pertamina on a bi-weekly basis, which are in turn disclosed to buyers via the distributors’ websites. The diesel prices are accessible at the websites of (a) Harga dan Spesifikasi Bio Solar B30 Non-Subsidi Pertamina at www.solarindustri.com, and (b) Harga Keekonomian HSD Solar Industri – PT. Estline Sumber Energi at www.estline-energi.com.

DEFINITIONS

“FY”	: Financial year ended or ending 31 December, as the case may be
“FY2023”	: Financial year ended 31 December 2023
“Group”	: The Company and its subsidiaries
“Holding Company”	: Has the meaning as ascribed to it in Section 5 of the Companies Act, the holding company of a company or other corporation is a corporation of which that last mentioned company or corporation is a subsidiary
“IFA Letter”	: The letter dated 9 April 2024 from the IFA to the Non-Interested Directors, a copy of which is appended as Appendix 1 to this Circular
“Independent Shareholders”	: Shareholders other than members of the Maknawi Family and their respective associates
“Independent Financial Adviser” or “IFA”	: Xandar Capital Pte. Ltd., the independent financial adviser appointed pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors in relation to the Contracts as IPTs
“Interested Person Transactions” or “IPTs”	: Transactions between the EAR Group and an interested person as defined under Chapter 9 of the Listing Manual
“Interested Person”	: PT Berkas Wahana Sukses (“BWS”), being the interested person of the Contracts contemplated under this Circular
“Kernel”	: Palm kernel, which is one of the products from the processing of FFB
“Kernel Transportation Contracts”	: Contracts for the provision of Transportation Services in relation to Kernel referred to in Section 1.1.1(d) of this Circular
“Latest Practicable Date”	: 15 March 2024, being the latest practicable date for the purposes of this Circular
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“Maknawi Family”	: Mr Henry Maknawi and his immediate family, as elaborated in Section 2.1.2 of this Circular
“Non-Interested Directors”	: The Directors who have no interest, direct and indirect, in the Contracts, and are considered independent and unconflicted for the purposes of considering the Contracts, being Tengku Alwin Aziz, Mr Soh Yew Hock, Mr Sim Idrus Munandar and Mr Darwin Indigo
“Notice of EGM”	: The notice of EGM as set out in page N-1 in this Circular
“NTA”	: Net tangible assets
“Proxy Form”	: The proxy form in respect of the EGM
“Securities and Futures Act”	: The Securities and Futures Act 2001 (Singapore), as amended or modified from time

DEFINITIONS

- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “SGXNet”** : Singapore Exchange Network, a web-based secure platform to enable SGX-ST listed issuers to upload announcement relating to such issuers’ developments, news and corporate actions
- “Shareholders”** : Registered holders of Shares, except that where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares, mean the Depositors whose securities account with CDP are credited with Shares
- “Shares”** : Ordinary shares in the capital of the Company
- “Subsidiaries”** : Has the meaning as ascribed to it in Section 5 of the Companies Act, where a corporation shall be deemed a subsidiary of another corporation if –
- (a) that other corporation –
 - (i) controls the composition of the board of directors of the first-mentioned corporation; or
 - (ii) controls more than half of the voting power of the first-mentioned corporation; or
 - (b) the first-mentioned corporation is a subsidiary of any corporation which is that other corporation’s subsidiary
- “Substantial Shareholder”** : A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
- “Transportation Services”** : The services to be provided by BWS to the EAR Group for the logistics and point-to-point transportation of the Group’s products (namely, CPO, EFB, FFB and Kernel)
- “Weighbridge Ticket”** : A weighbridge ticket is a ticket issued by the weighbridge, a purpose built machine used to measure the weight of a vehicle, and indicates the weight of a truck and its load when the truck passes through the weighbridge and the Group calculates the difference in volume of the Group’s products by comparing the weighbridge ticket of the truck when it leaves the Mill and the weighbridge ticket of the truck when it reaches the relevant facilities

Other Corporations or Agencies

- “AEK (CP)”** : PT Agro Eastborneo Kencana, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through WPM (CP)
- “AIK (CP)”** : PT Agro Inti Kencanamas, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through WPM (CP)
- “AKM (CP)”** : PT Alamraya Kencana Mas, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through SPL (CP)

DEFINITIONS

“ ATK (CP) ”	: PT Agrojaya Tirta Kencana, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through WPM (CP)
“ BWS ”	: PT Berkat Wahana Sukses, a company incorporated in Indonesia and wholly-owned by the Maknawi Family
“ CDP ”	: The Central Depository (Pte) Limited
“ KPBN ”	: PT Kharisma Pemasaran Bersama Nusantara is a subsidiary company of the Indonesian state-owned enterprise, PT Perkebunan Nusantara. PT Kharisma Pemasaran Bersama Nusantara is the designated marketing agent for the agricultural commodities, including but not limited to palm oil, rubber, sugar and tea produced by the Indonesian government owned plantations. The Company and BWS has no relationship, direct or indirect, with PT Kharisma Pemasaran Bersama Nusantara
“ PT Pertamina ”	: PT Pertamina (Persero) is a state-owned enterprise under the supervision of the Ministry of Finance of the Republic of Indonesia. The shares of PT Pertamina (Persero) are wholly owned by the Government of the Republic of Indonesia
“ SGX-ST ”	: Singapore Exchange Securities Trading Limited
“ SKL (CP) ”	: PT Sawit Kaltim Lestari, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through WPM (CP)
“ SPL (CP) ”	: PT Sawit Permai Lestari, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company
“ SWK (CP) ”	: PT Sawindo Kencana, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company, held through SPL (CP)
“ WPM (CP) ”	: PT Wira Palm Mandiri, a company incorporated in Indonesia and a wholly-owned subsidiary of the Company

Currencies, Units and Others

“ km ”	: Kilometre
“ MT ”	: Metric tonnes
“ Rp ”	: Indonesian Rupiah, the legal currency of Indonesia
“ S\$ ” and “ cents ”	: Singapore dollars and cents, the legal currency of the Republic of Singapore
“ US\$ ”	: United States dollars, the legal currency of the United States of America
“ % ” and “ percent ”	: Percentage or per centum

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

DEFINITIONS

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

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

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

Exchange rates

The following exchange rates are applied throughout this Circular, unless otherwise stated:

- S\$1.00 to Rp 11,337; and
- US\$1.00 to S\$1.3414; and
- US\$1.00 to Rp 15,207; and

calculated based on the average of the month-end mid-day exchange rates between US\$, Rp and S\$ published on the website of the Monetary Authority of Singapore for FY2023.

The exchange rates above are for the purposes of presentation only. No representation is made by the Company that any amounts in US\$, Rp and/or S\$ have been, could have been or could be converted at the above rate or at all.

Legal Adviser

Wong Tan & Molly Lim LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed entry into the Contracts as IPTs.

LETTER TO SHAREHOLDERS

KENCANA AGRI LIMITED

(Company Registration No. 200717793E)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr Henry Maknawi, *Executive Chairman*
Tengku Alwin Aziz, *Vice-Chairman and Independent Director*
Ms Ratna Maknawi, *Executive Vice-Chairman*
Mr Soh Yew Hock, *Lead Independent Director*
Mr Sim Idrus Munandar, *Independent Director*
Mr Darwin Indigo, *Non-Executive and Non-Independent Director*
Mr Albert Maknawi, *Chief Executive Officer and Executive Director*

Registered Office

36 Armenian Street
#03-02
Singapore 179934

9 April 2024

To: The Shareholders of Kencana Agri Limited

Dear Sir / Madam

THE PROPOSED ENTRY INTO FIVE (5)-YEAR CONTRACTS WITH AN ESTIMATED AGGREGATE VALUE OF US\$12,500,000 AS INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

1.1. Extraordinary General Meeting

1.1.1 The Directors of the Company are convening the EGM to seek Independent Shareholders' approval for the proposed entry by PT Sawit Permai Lestari and PT Wira Palm Mandiri (collectively, the "**Contracting Parties**"), both indirect wholly-owned subsidiaries of the Company, into agreements with PT Berkah Wahana Sukses ("**BWS**"), pursuant to which:

- (a) BWS shall provide Transportation Services in relation to CPO to the EAR Group (the "**CPO Transportation Contracts**");
- (b) BWS shall provide Transportation Services in relation to EFB to the EAR Group (the "**EFB Transportation Contracts**");
- (c) BWS shall provide Transportation Services in relation to FFB to the EAR Group (the "**FFB Transportation Contracts**"); and
- (d) BWS shall provide Transportation Services in relation to Kernel to the EAR Group (the "**Kernel Transportation Contracts**"),

collectively, the "**Contracts**".

1.1.2 The Group currently has ongoing five (5)-year contracts with BWS, entered into in April 2019 (the "**2019 BWS Contracts**"), for the provision of Transportation Services in relation to EFB, FFB, Kernel, CPO and crude palm kernel oil ("**CPKO**") by BWS to the Contracting Parties. The 2019 BWS Contracts commenced on 1 May 2019 and will be ending on 30 April 2024. As set out in Section 4.2.3 of this Circular, the aggregate values of the transactions entered into between the Group and BWS for the past five (5) financial years under the 2019 BWS Contracts consistently exceeded 5% of the Group's then latest audited NTA.

1.2. Proposed entry into the Contracts

1.2.1 As the term of the 2019 BWS Contracts will be ending on 30 April 2024, the Company wishes to enter into the Contracts at terms substantially similar to the scope and terms of the 2019 BWS Contracts, save that (a) the fees for the Transportation Services shall be adjusted to

LETTER TO SHAREHOLDERS

reflect the latest cost of operations of BWS and (b) Transportation Services for CPKO are no longer required by the EAR Group. Independent Shareholders' approval is being sought at the EGM for the proposed entry into the Contracts by an ordinary resolution.

- 1.2.2 As BWS is an associate of Mr Henry Maknawi, the Executive Chairman and a Controlling Shareholder of the Company, BWS is an interested person and the Contracts will constitute IPTs. Based on the historical percentages set out in Section 4.2.3 of this Circular, the total value of the transactions to be carried out pursuant to the Contracts is likely to exceed 5% of the Group's latest audited NTA as at 31 December 2023. Assuming that there is no material change to the composition and volume of products required by the Group's customers over the five (5)-year duration of the Contracts, the Company estimates that the aggregate value of the transactions to be carried out over the duration of the Contracts to be approximately US\$12.5 million, calculated based on five (5) times of the annual value for FY2023 with a 10% adjustment buffer, taking into account inflation and expected production over the duration of the Contracts. In the interests of transparency and good corporate governance, the Company is seeking the approval of Independent Shareholders in respect of the Contracts at the EGM to be held on 26 April 2024 at Hotel Fort Canning, Lavender Ballroom, 11 Canning Walk, Singapore 178881, the notice of which is set out on page N-1 of this Circular ("**Notice of EGM**"). Further details relating to BWS's relationship with Mr Henry Maknawi are set out in Section 4 of this Circular.
- 1.2.3 The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for, the proposed entry into the Contracts and to seek Shareholders' approval in respect of the same at the EGM.
- 1.2.4 Shareholders are advised that the SGX-ST assumes no responsibility for contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular.

2. INTERESTED PERSON TRANSACTIONS UNDER CHAPTER 9 OF THE LISTING MANUAL

2.1. Chapter 9 of the Listing Manual

- 2.1.1 Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested person could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.
- 2.1.2 For the purposes of Chapter 9 of the Listing Manual:
- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
 - (b) an "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parents), the trustees of any trusts of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "**associate**" in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
 - (c) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

LETTER TO SHAREHOLDERS

- (d) a “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
 - (e) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company (unless otherwise excepted by the SGX-ST) or in fact exercises control over a company;
 - (f) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
 - (g) an “**interested person**” shall mean a director, chief executive officer or controlling shareholder of the listed company, or an associate of such director, chief executive officer or controlling shareholder; and
 - (h) an “**interested person transaction**” means a transaction between an entity at risk and an interested person, and a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly.
- 2.1.3 An immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.
- 2.1.4 In particular, an immediate announcement is required where:
- (a) the value of the proposed transaction is equal to or more than 3% of the latest audited NTA of the listed group; or
 - (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year is equal to or more than 3% of the latest audited NTA of the listed group.
- 2.1.5 In addition to an immediate announcement, shareholders’ approval is required where:
- (a) the value of the proposed transaction is equal to or more than 5% of the latest audited NTA of the listed group; or
 - (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 5% of the latest audited NTA of the listed group.
- 2.1.6 In interpreting the term “**same interested person**” for the purpose of aggregation, the following applies:
- (a) transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person. Transactions between (X) an entity at risk and a primary interested person; and (Y) an entity at risk

LETTER TO SHAREHOLDERS

and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;

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

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000. However, while such transactions below S\$100,000 are not normally aggregated under Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transactions entered into during the same financial year and treat them as if they were one transaction in accordance with Chapter 9 of the Listing Manual.

3. INFORMATION ON THE CONTRACTING PARTIES

The Contracting Parties are both indirectly wholly-owned subsidiaries of the Company. They are principally investment holding companies that hold the Group's operating plantation subsidiaries. They are also engaged in the wholesale trading of plantation-related products, including but not limited to, CPO, EFB, FFB and Kernel.

4. INFORMATION ON THE INTERESTED PERSON

4.1. Corporate information of the Interested Person

4.1.1 BWS is a private company incorporated in 2008 under the laws of Indonesia and domiciled in West Jakarta, with its registered address at Jalan Raya Meruya Ilir, Perkantoran Business Park Kebon Jeruk, Blok I-23, Meruya Utara, Kembangan, West Jakarta, Indonesia. BWS provides land-based transportation and logistics services to the Group on an exclusive basis.

4.1.2 As at the Latest Practicable Date, the shareholders of BWS are as follows:

Shareholders of BWS	Percentage shareholding in BWS
Mr Henry Maknawi	47.15%
Ms Ratna Maknawi	47.15%
Mr Eddy Maknawi	5.70%
Total	100.00%

4.2. Relationship with the Interested Person

4.2.1 As disclosed in the Company's prospectus dated 17 July 2008, prior to the listing of the Company, the Group had entered into an informal arrangement with Mr Henry Maknawi, Ms Ratna Maknawi and certain employees of the Group (the "**Service Providers**") for the provision of transportation services to the Group. The arrangement was formalised when the Service Providers incorporated BWS in 2008 to provide Transportation Services to the Group. On 26 April 2012, the Group obtained Independent Shareholders' approval to enter into five (5)-year contracts for the provision of Transportation Services in relation to FFB, CPO and CPKO by BWS to the EAR Group. On 29 April 2019, the Company obtained Independent Shareholders'

LETTER TO SHAREHOLDERS

approval to enter into the 2019 BWS Contracts which were then expanded to include EFB and Kernel in anticipation of increased Transportation Services relating to EFB and Kernel. As the Group continues to expand, the Group intends to continue engaging the Transportation Services of BWS due to their competitiveness, reliability, flexibility and ability to adapt to the Group's operating environment.

- 4.2.2 As set out in Section 4.1.2 of this Circular, BWS is wholly-owned by members of the Maknawi Family. Mr Henry Maknawi is the Executive Chairman and Ms Ratna Maknawi, his sister, is the Executive Vice-Chairman of the Company. Mr Eddy Maknawi, the brother of both Mr Henry Maknawi and Ms Ratna Maknawi, is also the Head of Procurement of the Group.
- 4.2.3 The aggregate values of the transactions entered into between the Group and BWS for the past five (5) financial years under the 2019 BWS Contracts are as follows:

	Financial year ended 31 December				
	2019	2020	2021	2022	2023
Total value of transactions carried out pursuant to the 2019 BWS Contracts (US\$'000)	1,777 ⁽¹⁾	1,963	1,775	2,353	2,280
As a percentage of the consolidated NTA of the Company for the preceding financial year (%)	8.02	19.92	12.96	7.65	7.47

Note:

- (1) Excluding US\$222,000 for the period from 1 January 2019 to 30 April 2019 which occurred prior to the commencement of the 2019 BWS Contracts.

5. INFORMATION ON THE CONTRACTS

5.1. The EFB Transportation Contracts

- 5.1.1 Under the EFB Transportation Contracts, the Contracting Parties and BWS agreed to a framework pursuant to which the Contracting Parties and/or any of their subsidiaries may contract the Transportation Services of BWS for the purposes of transporting EFB from the palm oil mills ("**Mills**") to designated delivery points within the oil palm plantations ("**Delivery Points**") owned and/or controlled by the EAR Group. The Group has outsourced the Transportation Services in relation to EFB to BWS for over 10 years.
- 5.1.2 The Group has installed conveyor system at its Mills to facilitate the loading of EFB on the trucks provided by BWS. Although this requires the truck drivers to wait longer for the truck to be fully loaded, it avoids the use of heavy equipment loaders which may damage the roads of the Group.

5.1.3 Agreed Locations

The Transportation Services in relation to EFB shall be for the transportation of EFB from the Mills to the Delivery Points owned and/or controlled by the Contracting Parties in the following locations:

- (a) Bangka, Bangka Belitung, Indonesia;
- (b) Kotabaru, South Kalimantan, Indonesia;
- (c) Paser, East Kalimantan, Indonesia; and
- (d) Kutai, East Kalimantan, Indonesia.

LETTER TO SHAREHOLDERS

5.1.4 Term of Contracts

The EFB Transportation Contracts are proposed to be for a term of five (5) years.

5.1.5 Fees

The EFB Transportation Contracts set out an agreed list of fees for the Transportation Services in relation to EFB based on the distance from the Mills to the Delivery Points. BWS shall provide the suitable trucks (with nettings to ensure minimum spillage of EFB) and drivers for the Transportation Services in relation to EFB as required by the Contracting Parties. The fees include the cost of diesel and drivers, and were arrived at on a willing buyer willing seller basis, with reference to independent third party quotes obtained by the Group, and taking into account internal costing prepared by the Group, and other relevant factors considered by the IFA as set out in paragraph 6 of the IFA Letter appended as Appendix 1 to this Circular.²

The agreed list of fees for the Transportation Services in relation to EFB, which remains unchanged since the Group's entry into the 2019 BWS Contracts, is as follows:

Distance from Mill to Delivery Point (km)	Fee (Rp / MT)
0 – 5	39,000
> 5 – 10	46,000
> 10 – 15	53,600
> 15 – 20	67,200
> 20 – 25	72,300
> 25 – 30	75,900
> 30 – 35	80,300

5.1.6 Annual Fee Review

The Contracting Parties and BWS may request for a review of the fees, on an annual basis, to take into account factors such as the effects of inflation, increase or decrease in wages (whichever is applicable) and adjustments to market fees for similar Transportation Services. Any upward and/or downward adjustments to the fees pursuant to the annual fee review shall not in any case exceed 10% of the fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee.

For clarity, the EFB Transportation Contracts do not have any separate provisions for adjustment to fees due to fluctuations in the Diesel Base Price. Other than the above annual fee review, the fees for Transportation Services relating to EFB will not be adjusted due to fluctuations in the Diesel Base Price.

In the event that proposed upward adjustments to the fees pursuant to the annual fee review exceeds 10% of the fees for the preceding year, Shareholders' approval will be sought.

5.1.7 Contract Basis

The EFB Transportation Contracts provide the framework under which the Contracting Parties or their subsidiaries may engage BWS for the provision of Transportation Services in relation to EFB from the Mills to the Delivery Points.

² For the avoidance of doubt, the market prices for the EFB Transportation Services are not located in the public domain as such services are provided pursuant to business to business contracts and are proprietary in nature.

LETTER TO SHAREHOLDERS

The Contracting Parties or any of their subsidiaries may engage BWS for the Transportation Services in relation to EFB under the EFB Transportation Contracts on a contract basis by executing a confirmation letter, which will set out the specific terms of each job, such as the precise locations of the Mills and the Delivery Points, the timeline over which the jobs are expected to be performed, the estimated volume of EFB to be transported over a monthly basis and other material information required to make an assessment of the scope of the job requested by the Group. Acceptance by BWS of the terms set out in the confirmation letter will formalise and confirm the jobs.

During its performance of the relevant job and pursuant to the terms of the EFB Transportation Contracts, BWS shall submit a job delivery report to the relevant Contracting Party or their subsidiary on a biweekly basis and within seven days of the first and third week of every calendar month. Such job delivery report will specify the fees payable based on the Weighbridge Ticket issued by the relevant Mill over the previous month.

Under the EFB Transportation Contracts, payment by the relevant Contracting Party or their subsidiary to BWS will be made on a biweekly basis in accordance with the fees payable set out in the aforementioned job delivery report within two weeks of receipt of the following documents by the relevant Contracting Party's office in Jakarta:

- (a) the validly executed job delivery report for the applicable month;
- (b) invoice with stamp duty; and
- (c) standard tax invoice.

The relevant Contracting Party or their subsidiary shall make payment by way of telegraphic transfer to BWS, details of which shall be provided by BWS at least five business days before payment is due.

5.1.8 (a) Reimbursement by BWS

If any of the Contracting Parties, acting reasonably, finds any of the Transportation Services in relation to EFB carried out by BWS to be unsatisfactory, the Contracting Party may engage independent third party contractors to perform the required Transportation Services, and BWS shall be liable on demand to compensate the Contracting Party in full for the difference between the amount actually incurred by the Contracting Party and the amount the Contracting Party would have incurred had BWS performed the Transportation Services in relation to EFB for those job(s).

For the completed five (5)-year 2019 BWS Contracts in relation to EFB dated 30 April 2019, the Group has found the overall service level of the Transportation Services in relation to EFB performed by BWS to be satisfactory.

(b) Reimbursement by Contracting Parties

The Contracting Party shall pay compensation to BWS, the amount of which shall be fixed by consultation to reach accord subject to the following conditions:

- (i) if during performance of the jobs, any access infrastructure of the Contracting Parties suffers from severe damage causing the route from the Mills to the Delivery Point to be longer and farther while the Contracting Party insists upon using such damaged infrastructure; or
- (ii) if during the performance of the Transportation Services, the damaged infrastructure of the Contracting Parties causes BWS's trucks to break down.

LETTER TO SHAREHOLDERS

5.1.9 Termination

The Group may in its absolute discretion, and without liability on its part, choose to terminate the EFB Transportation Contracts upon the occurrence of certain agreed events, such as a material change in economic conditions, breach of contract or negligence on the part of BWS. The EFB Transportation Contracts do not provide for termination at the discretion of BWS.

5.2. The FFB Transportation Contracts

5.2.1 Under the FFB Transportation Contracts, the Contracting Parties and BWS agreed to a framework pursuant to which the Contracting Parties and/or any of their subsidiaries may contract the Transportation Services of BWS for the purposes of transporting FFB from the estate blocks within the oil palm plantations owned and/or controlled by the EAR Group (“**Estate Blocks**”) to the Mills. The Group has outsourced the Transportation Services in relation to FFB to BWS for over 15 years.

5.2.2 Agreed Locations

The Transportation Services in relation to FFB shall be for the transportation of FFB from the Estate Blocks to the Mills in the following locations:

- (a) Bangka, Bangka Belitung, Indonesia;
- (b) Kotabaru, South Kalimantan, Indonesia;
- (c) Paser, East Kalimantan, Indonesia; and
- (d) Kutai, East Kalimantan, Indonesia.

5.2.3 Term of Contracts

The FFB Transportation Contracts are proposed to be for a term of five (5) years.

5.2.4 Fees

The fees payable for the Transportation Services in relation to FFB shall be determined in accordance with the following formula:

(applicable base fee +/- adjustments due to Diesel Base Price fluctuation (if any)) x volume of FFB delivered (MT)

(a) *Base fees*

The FFB Transportation Contracts set out an agreed list of base fees for the Transportation Services in relation to FFB based on the distance between the Estate Blocks and the Mills and the type of loading system used (which determines the manpower and time required to load FFB on the trucks). BWS shall provide the suitable trucks (with nettings to ensure minimum spillage of FFB) and drivers for the Transportation Services in relation to FFB as required by the Contracting Parties. The base fees include the cost of diesel and drivers, and were arrived at on a willing buyer willing seller basis, with reference to independent third party quotes obtained by the Group, and taking into account internal costing prepared by the Group, and other relevant factors considered by the IFA as set out in paragraph 6 of the IFA Letter appended as Appendix 1 to this Circular.³

The Group currently has two (2) systems for loading of FFB to the trucks which are the conventional system and the bin system. The bin systems, which rely on the bins

³ For the avoidance of doubt, the market prices for the FFB Transportation Services are not located in the public domain as such services are provided pursuant to business to business contracts and are proprietary in nature.

LETTER TO SHAREHOLDERS

infrastructure implemented by the Group, requires less manpower and is less time consuming. Currently, one of the 12 plantations of the Contracting Parties has implemented bin systems. The Group will continue to assess the costs and benefits of the bin system before making a decision on the implementation of the bin system across all its Estate Blocks.

The agreed list of base fees for the Transportation Services in relation to FFB, as compared against the agreed list of base fees for the FFB Transportation Services under the 2019 BWS Contracts, is as follows:

Distance from Estate Block to Mill (km)	Base fee for conventional system under the 2019 BWS Contract (Rp / MT)	Base fee for conventional system under the Proposed Contract (Rp / MT)	Base fee for bin system under the 2019 BWS Contract (Rp / MT)	Base fee for bin system under the Proposed Contract (Rp / MT)
0 – 5	39,538	46,757	33,390	39,989
> 5 – 10	45,474	56,753	36,146	46,324
> 10 – 15	51,940	66,969	38,902	52,612
> 15 – 20	62,752	82,146	42,824	60,254
> 20 – 25	75,578	99,535	46,640	67,722
> 25 – 30	94,870	124,034	51,410	76,251
> 30 – 35	119,038	153,893	55,862	84,455
> 35 – 40		160,689		92,029
> 40 – 45		166,739		100,247
> 45 – 50		172,905		109,264
> 50 – 55		180,223		119,292
> 55 – 60		186,689		
> 60 – 65		193,299		
> 65 – 70		200,062		
> 70 – 75		209,511		
> 75 – 80		219,474		

(b) *Adjustment to base fees due to fluctuation in Diesel Base Price*

The Company wish to highlight that the base fees for the existing 2019 BWS Contract were determined based on a Diesel Base Price of Rp 9,500 per litre prevailing then in 2019, whereas the base fees for the Contracts were determined based on a Diesel Base Price of Rp 15,000 per litre. Due to the volatility in the price of diesel and the fact that the cost of diesel represents an important factor in the operating cost of performing the Transportation Services, the parties have agreed to allow for adjustments to the

LETTER TO SHAREHOLDERS

base fee of the Transportation Services in relation to FFB for fluctuation in the Diesel Base Price of Rp 250 per litre (whether higher or lower than Rp 15,000 per litre). The fluctuation in the Diesel Base Price in intervals of Rp 250 per litre was determined based on quotations that had been obtained from third party suppliers, where such suppliers had provided quotations for the transportation fees in intervals of Rp 250 per litre. Accordingly, the Group has taken reference from the third party quotations and had agreed to adjustments to the base fees in intervals of Rp 250 per litre.

The applicable adjustments to the base fee will be determined by the Contracting Parties or their subsidiaries at the beginning of each month with reference to the Diesel Base Price of PT Pertamina. The agreed adjustments, as compared against the agreed adjustments under the 2019 BWS Contracts, are set out below:

Distance from Estate Block to Mill (km)	Adjustment to base fee for every Rp 250 per litre fluctuation in Diesel Base Price under the 2019 BWS Contract (Rp / MT)	Adjustment to base fee for every Rp 250 per litre fluctuation in Diesel Base Price under the Proposed Contract (Rp / MT)
0 – 5	136	149
> 5 – 10	272	299
> 10 – 15	408	448
> 15 – 20	544	598
> 20 – 25	679	747
> 25 – 30	815	897
> 30 – 35	951	1,046
> 35 – 40		1,196
> 40 – 45		1,345
> 45 – 50		1,495
> 50 – 55		1,644
> 55 – 60		1,794
> 60 – 65		1,943
> 65 – 70		2,093
> 70 – 75		2,242
> 75 – 80		2,392

For clarity:

- (i) if the Diesel Base Price is Rp 15,250 per litre, then the applicable base fee for a distance of less than 5 km shall be (Rp 46,757 + Rp 149) x number of MT of FFB; and

LETTER TO SHAREHOLDERS

- (ii) if the Diesel Base Price is Rp 14,750 per litre, then the applicable base fee for a distance of less than 5 km shall be (Rp 46,757 - Rp 149) x number of MT of FFB.

5.2.5 Annual Base Fee Review

The Contracting Parties and BWS may request for a review of the base fees on an annual basis to take into account factors such as the effects of inflation, increase in wages and adjustments to market fees for similar Transportation Services. Any upward and/or downward adjustments to the base fees pursuant to the annual base fee review shall not in any case exceed 10% of the base fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee.

For the avoidance of doubt, adjustments made due to fluctuations in Diesel Base Price are separate from and do not count towards the 10% maximum permissible adjustment to the base fees.

In the event that proposed upward adjustments to the fees pursuant to the annual fee review exceeds 10% of the fees for the preceding year, Shareholders' approval will be sought.

5.2.6 Contract Basis

The FFB Transportation Contracts provide the framework under which the Contracting Parties or their subsidiaries may engage BWS for the provision of the Transportation Services in relation to FFB from the Estate Blocks to the Mill.

The Contracting Parties or any of their subsidiaries may engage BWS for the Transportation Services in relation to FFB under the FFB Transportation Contracts on a contract basis by executing a confirmation letter, which will set out the specific terms of each job, such as the precise locations of the plantations to be serviced, the timeline over which the jobs are expected to be performed, the estimated weight of FFB to be transported over the duration of each job and other material information required to make an assessment of the scope of the jobs requested by the Group. Acceptance by BWS of the terms set out in the confirmation letter will formalise and confirm the jobs.

During its performance of the relevant job and pursuant to the terms of the FFB Transportation Contracts, BWS shall submit a job delivery report to the relevant Contracting Party or their subsidiary on a biweekly basis and within seven days of the first and third week of every calendar month. Such job delivery report will specify the fees payable based on the Weighbridge Ticket issued by the relevant Mill over the previous month.

Under the FFB Transportation Contracts, payment by the relevant Contracting Party or their subsidiary to BWS will be made on a biweekly basis in accordance with the fees payable set out in the aforementioned job delivery report within two weeks of receipt of the following documents by the relevant Contracting Party's office in Jakarta:

- (a) the validly executed job delivery report for the applicable month;
- (b) invoice with stamp duty; and
- (c) standard tax invoice.

The relevant Contracting Party or their subsidiary shall make payment by way of telegraphic transfer to BWS, details of which shall be provided by BWS at least five business days before payment is due.

LETTER TO SHAREHOLDERS

5.2.7 (a) Reimbursement by BWS

If any of the Contracting Parties, acting reasonably, finds any of the Transportation Services in relation to FFB carried out by BWS to be unsatisfactory, the Contracting Party may engage independent third party contractors to perform the required Transportation Services. BWS shall be liable on demand to compensate the Contracting Party in full for the difference between the amount actually incurred by the Contracting Party and the amount the Contracting Party would have incurred had BWS performed the Transportation Services in relation to FFB for those job(s).

For the completed five (5)-year 2019 BWS Contracts in relation to FFB dated 30 April 2019, the Group has found the overall service level of the Transportation Services in relation to FFB performed by BWS to be satisfactory.

If any of the Contracting Parties, acting reasonably, finds that a loss of FFB and/or loose fruit had occurred during any of the Transportation Services, BWS shall be liable to compensate the Contracting Party for any FFB and/or loose fruit loss with reference to the FFB price issued by the Indonesian Department of Agriculture.⁴ The Contracting Party shall be entitled to set-off any compensation due against the fees payable to BWS.

(b) Reimbursement by Contracting Parties

The Contracting Party shall pay compensation to BWS, the amount of which shall be fixed by consultation to reach accord subject to the following conditions:

- (i) if the Mill of the Contracting Party breaks down after BWS's trucks have loaded the FFB and headed towards the Mill;
- (ii) if during performance of the job, any access infrastructure of the Contracting Parties suffers from severe damage causing the route to the Mill to be longer and farther while the Contracting Party insists upon using such damaged infrastructure; or
- (iii) if during the performance of the Transportation Services, the damaged infrastructure of the Contracting Parties causes BWS's trucks to break down.

5.2.8 Termination

The Group may in its absolute discretion, and without liability on its part, choose to terminate the FFB Transportation Contracts upon the occurrence of certain agreed events, such as a material change in economic conditions, breach of contract or negligence on the part of BWS. The FFB Transportation Contracts do not provide for termination at the discretion of BWS.

5.3. The Kernel Transportation Contracts

- 5.3.1 Under the Kernel Transportation Contracts, the Contracting Parties and BWS agreed to a framework pursuant to which the Contracting Parties and/or any of their subsidiaries may contract the Transportation Services of BWS for the purposes of transporting Kernel from the Mills to the designated storage/factory/jetty/ship (the "**Designated Points**"). The Group has outsourced the Transportation Services in relation to Kernel to BWS for over 10 years.

⁴ The FFB prices are issued by the respective provincial offices of the Indonesian Department of Agriculture. The FFB prices of Bangka Belitung and South Kalimantan are circulated by way of email while the FFB prices of East Kalimantan are disclosed at www.kaltimprov.go.id.

LETTER TO SHAREHOLDERS

5.3.2 Agreed Locations

The Transportation Services in relation to Kernels shall be for the transportation of Kernel from the Mills owned and/or controlled by the Contracting Parties to the Designated Points in the following locations:

- (a) Kotabaru, South Kalimantan, Indonesia;
- (b) Paser, East Kalimantan, Indonesia; and
- (c) Kutai, East Kalimantan, Indonesia.

5.3.3 Term of Contracts

The Kernel Transportation Contracts are proposed to be for a term of five (5) years.

5.3.4 Fees

The Kernel Transportation Contracts set out an agreed list of fees for the Transportation Services in relation to Kernel from the Mills to the Designated Points. BWS shall provide the suitable trucks and drivers for the Transportation Services in relation to Kernel as required by the Contracting Parties. The fees include the cost of diesel and drivers, and were arrived at on a willing buyer willing seller basis, with reference to independent third party quotes obtained by the Group, and taking into account internal costing prepared by the Group, and other relevant factors considered by the IFA as set out in paragraph 6 of the IFA Letter appended as Appendix 1 to this Circular.⁵

The agreed list of fees for the Transportation Services in relation to Kernel, which remains unchanged since the Group's entry into the 2019 BWS Contracts, is as follows:

Route (with return trip)	Fee (Rp / MT)
AIK (CP) Mill to Riwang (and return) of less than 30 km	49,892
SKL (CP) Mill to Palaran (and return) of approximately 220 km	281,700
AEK (CP) Mill to Palaran (and return) of approximately 280 km	302,016
AKM (CP) Mill to Tarjun (and return) of approximately 300 km	221,660 ⁽¹⁾

Note:

- (1) The fee is lower despite the longer distance as the road conditions for this route are better.

5.3.5 Annual Fee Review

The Contracting Parties and BWS may request for a review of the fees, on an annual basis to take into account factors such as the effects of inflation, increase in wages and adjustments to market fees for similar Transportation Services. Any upward and/or downward adjustments to the fees pursuant to the annual fee review shall not in any case exceed 10% of the fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee. For clarity, the Kernel Transportation Contracts do not have a separate provision for adjustment to fees arising from fluctuation in Diesel Base Price. Other than the above annual fee review, the fees under the Kernel Transportation Contracts will not be adjusted due to fluctuation in Diesel Base Price.

⁵ For the avoidance of doubt, the market prices for the Kernel Transportation Services are not located in the public domain as such services are provided pursuant to business to business contracts and are proprietary in nature.

LETTER TO SHAREHOLDERS

In the event that proposed upward adjustments to the fees pursuant to the annual fee review exceeds 10% of the fees for the preceding year, Shareholders' approval will be sought.

5.3.6 Contract Basis

The Kernel Transportation Contracts provide the framework under which the Contracting Parties or their subsidiaries may engage BWS for the provision of Transportation Services in relation to Kernel from the Mills to the Designated Points.

The Contracting Parties or any of their subsidiaries may engage BWS for the Transportation Services in relation to Kernel under the Kernel Transportation Contract on a contract basis by executing a confirmation letter, which will set out the specific terms of each job, such as the location of the Mill and the Designated Point, the timeline over which the jobs are expected to be performed, and other material information required to make an assessment of the scope of the jobs requested by the Group. Acceptance by BWS of the terms set out in the confirmation letter will formalise and confirm the jobs.

During its performance of the relevant job and pursuant to the terms of the Kernel Transportation Contracts, BWS shall submit a job delivery report to the relevant Contracting Party or their subsidiary on a biweekly basis and within seven days of the first and third week of every calendar month. Such job delivery report will specify the fees payable based on the Weighbridge Ticket issued by the relevant Mill over the previous month.

Under the Kernel Transportation Contracts, payment by the relevant Contracting Party or their subsidiary to BWS will be made on a biweekly basis in accordance with the fees payable set out in the aforementioned job delivery report within two weeks of receipt of the following documents by the relevant Contracting Party's office in Jakarta:

- (a) the validly executed job delivery report for the applicable month;
- (b) invoice with stamp duty; and
- (c) standard tax invoice.

The relevant Contracting Party or their subsidiary shall make payment by way of telegraphic transfer to BWS, details of which shall be provided by BWS at least five business days before payment is due.

5.3.7 (a) Reimbursement by BWS

If any of the Contracting Parties, acting reasonably, finds any of the Kernel Transportation Services performed by BWS to be unsatisfactory, the Contracting Party may engage independent third party contractors to perform the required Transportation Services, and BWS shall be liable on demand to compensate the Contracting Party in full for the difference between the amount actually incurred by the Contracting Party and the amount the Contracting Party would have incurred had BWS performed the Transportation Services in relation to Kernel for those job(s).

Other provisions for protection of the Contracting Parties includes, for instance, if the Kernels are not collected at the designated mill, the Group is entitled to engage independent third party contractors to collect the Kernels at the expense of BWS, and BWS shall be liable on demand to compensate the Group the costs incurred by the Group in hiring such third party services.

For the completed five (5)-year 2019 BWS Contracts in relation to Kernel dated 30 April 2019, the Group has found the overall service level of the Transportation Services in relation to Kernel performed by BWS to be satisfactory.

LETTER TO SHAREHOLDERS

If any of the Contracting Parties finds that the difference in the volume of Kernel recorded in the relevant Weighbridge Ticket exceeds the agreed tolerance level of shrinkage, being 0.2% of the volume of Kernel which had been loaded onto the truck, BWS shall be liable to compensate the Contracting Party for the Kernel loss exceeding the agreed tolerance level based on the prevailing price of Kernel, which is to be determined with reference to the tender prices of Kernel arrived at in the local auction conducted by KPBN.⁶ The Contracting Party shall be entitled to set-off any compensation due against the fees payable to BWS.

(b) Reimbursement by Contracting Parties

The Contracting Party shall pay compensation to BWS, the amount of which shall be fixed by consultation to reach accord subject to the following conditions:

- (i) if during performance of the jobs, any access infrastructure of the Contracting Parties suffers from severe damage causing the route to be longer and farther while the Contracting Party insists upon using such damaged infrastructure; or
- (ii) if during the performance of the Transportation Services, the damaged infrastructure of the Contracting Parties causes BWS's trucks to break down.

5.3.8 Termination

The Group may in its absolute discretion choose to terminate the Kernel Transportation Contracts upon the occurrence of certain agreed events, such as a material change in economic conditions, breach of contract or negligence on the part of BWS. The Kernel Transportation Contracts do not provide for termination at the discretion of BWS.

5.4. The CPO Transportation Contracts

5.4.1 Under the CPO Transportation Contracts, the Contracting Parties and BWS agreed to a framework pursuant to which the Contracting Parties and/or any of their subsidiaries may contract the services of BWS for the purpose of transporting CPO from the Mills and to the designated storage tanks or vessels (the "**Facilities**"). The Group has outsourced the Transportation Services in relation to CPO to BWS for more than 15 years.

5.4.2 Agreed Locations

The Transportation Services in relation to CPO shall be for the transportation of CPO from the Mills to the Facilities owned and/or controlled by the Contracting Parties as follows:

- (a) Bangka, Bangka Belitung, Indonesia;
- (b) Kotabaru, South Kalimantan, Indonesia; and
- (c) Kutai, East Kalimantan, Indonesia.

5.4.3 Term of Contracts

The CPO Transportation Contracts are proposed to be for a term of five (5) years.

⁶ The tender prices of Kernel arrived at in the local auction conducted by KPBN is available to subscribers of INACOM – KPBN at <https://www.kpbn.co.id/membersarea/pricing>.

LETTER TO SHAREHOLDERS

5.4.4 Fees

The CPO Transportation Contracts set out an agreed list of fees for the transportation of CPO based on the monthly Diesel Base Price of PT Pertamina. BWS shall provide the suitable trucks with oil tanks and drivers for the Transportation Services in relation to CPO as required by the Contracting Parties. The fees include the cost of diesel and drivers, and were arrived at on a willing buyer willing seller basis, with reference to independent third party quotes obtained by the Group, and taking into account internal costing prepared by the Group, and other relevant factors considered by the IFA as set out in paragraph 6 of the IFA Letter appended as Appendix 1 to this Circular.⁷

Diesel Base Price for the month (Rp / Litre)	Fees (Rp / MT)			
	SWK (CP) Mill to Belinyu	AKM (CP) Mill to Tampakang, Kerang	AEK (CP) Mill to Muara Kaman	SKL (CP) Mill to Muara Kaman
10,000	198,380	123,524	171,300	69,196
10,250	200,090	124,172	172,200	69,538
10,500	201,800	124,820	173,100	69,880
10,750	203,510	125,468	174,000	70,222
11,000	205,220	126,116	174,900	70,564
11,250	206,930	126,764	175,800	70,906
11,500	208,640	127,412	176,700	71,248
11,750	210,350	128,060	177,600	71,590
12,000	212,060	128,708	178,500	71,932
12,250	213,770	129,356	179,400	72,274
12,500	215,480	130,004	180,300	72,616
12,750	217,190	130,652	181,200	72,958
13,000	218,900	131,300	182,100	73,300
13,250	220,610	131,948	183,000	73,642
13,500	222,320	132,596	183,900	73,984
13,750	224,030	133,244	184,800	74,326
14,000	225,740	133,892	185,700	74,668
14,250	227,450	134,540	186,600	75,010
14,500	229,160	135,188	187,500	75,352
14,750	230,870	135,836	188,400	75,694
15,000	232,580	136,484	189,300	76,036
15,250	234,290	137,132	190,200	76,378
15,500	236,000	137,780	191,100	76,720
15,750	237,710	138,428	192,000	77,062
16,000	239,420	139,076	192,900	77,404
16,250	241,130	139,724	193,800	77,746

⁷ For the avoidance of doubt, the market prices for the CPO Transportation Services are not located in the public domain as such services are provided pursuant to business to business contracts and are proprietary in nature.

LETTER TO SHAREHOLDERS

Diesel Base Price for the month (Rp / Litre)	Fees (Rp / MT)			
	SWK (CP) Mill to Belinyu	AKM (CP) Mill to Tampakang, Kerang	AEK (CP) Mill to Muara Kaman	SKL (CP) Mill to Muara Kaman
16,500	242,840	140,372	194,700	78,088
16,750	244,550	141,020	195,600	78,430
17,000	246,260	141,668	196,500	78,772
17,250	247,970	142,316	197,400	79,114
17,500	249,680	142,964	198,300	79,456
17,750	251,390	143,612	199,200	79,798
18,000	253,100	144,260	200,100	80,140
18,250	254,810	144,908	201,000	80,482
18,500	256,520	145,556	201,900	80,824
18,750	258,230	146,204	202,800	81,166
19,000	259,940	146,852	203,700	81,508
19,250	261,650	147,500	204,600	81,850
19,500	263,360	148,148	205,500	82,192
19,750	265,070	148,796	206,400	82,534
20,000	266,780	149,444	207,300	82,876

If the Diesel Base Price of PT Pertamina at the beginning of the month is either lower than Rp 10,000 or higher than Rp 20,000 per litre, either the Contracting Party or BWS may propose a new set of fees to the party. Any changes to the fees pursuant to fluctuations in diesel prices beyond the range between Rp 10,000 and Rp 20,000 per litre (as set out in the table above) shall be subject to review and prior approval of the Audit and Risk Management Committee. There has not been any such proposal in the duration of the 2019 BWS Contract. In the interest of the Group, the Contracting Party will initiate the negotiation of changes to the fees when diesel prices fall below Rp 10,000 per litre, while the Contracting Parties will let BWS initiate such negotiations when diesel prices rise above Rp 20,000. Such changes will take effect in accordance with the date agreed upon by the Contracting Party and BWS pursuant to such negotiations.

For the Shareholders' reference, the agreed list of fees for the transportation of CPO based on the monthly Diesel Base Price of PT Pertamina under the 2019 BWS Contracts is as follows:

Diesel Base Price for the month (Rp / Litre)	Fees (Rp / MT)			
	SWK (CP) Mill to Belinyu	AKM (CP) Mill to Tampakang, Kerang	AEK (CP) Mill to Muara Kaman	SKL (CP) Mill to Muara Kaman
8,000	171,200	106,540	148,900	60,560
8,250	172,910	107,188	149,800	60,902
8,500	174,620	107,836	150,700	61,244
8,750	176,330	108,484	151,600	61,586
9,000	178,040	109,132	152,500	61,928
9,250	179,750	109,780	153,400	62,270

LETTER TO SHAREHOLDERS

Diesel Base Price for the month (Rp / Litre)	Fees (Rp / MT)			
	SWK (CP) Mill to Belinyu	AKM (CP) Mill to Tampakang, Kerang	AEK (CP) Mill to Muara Kaman	SKL (CP) Mill to Muara Kaman
9,500	181,460	110,428	154,300	62,612
9,750	183,170	111,076	155,200	62,954
10,000	184,880	111,724	156,100	63,296
10,250	186,590	112,372	157,000	63,638
10,500	188,300	113,020	157,900	63,980
10,750	190,010	113,668	158,800	64,322
11,000	191,720	114,316	159,700	64,664

The range of base fees for the 2019 BWS Contract were determined based on a Diesel Base Price of Rp 9,500 per litre, whereas the range of base fees for the Contracts were determined based on a Diesel Base Price of Rp 15,000 per litre. As a reference, based on the historical notifications received by the Group, the Diesel Base Price ranged from Rp 10,050 to Rp 11,100 per litre in April 2019 whereas the Diesel Base Price ranged from Rp 13,885 to Rp 15,010 per litre in February 2024.

5.4.5 Annual Fee Review

The Contracting Parties and BWS may request for a review of the fees on an annual basis to take into account factors such as the effects of inflation, increase in wages and adjustments to market fees for similar jobs. Any upward and/or downward adjustments to the fees pursuant to the annual fee review shall not in any case exceed 10% of the fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee.

In the event that proposed upward adjustments to the fees pursuant to the annual fee review exceeds 10% of the fees for the preceding year, Shareholders' approval will be sought.

For the avoidance of doubt, adjustments made due to fluctuations in Diesel Base Price are separate from and do not count towards the 10% maximum permissible adjustment to the base prices.

5.4.6 Contract Basis

The CPO Transportation Contracts provide the framework under which the Contracting Parties or their subsidiaries may engage BWS for the provision of Transportation Services in relation to CPO from the Mills to the Facilities.

The Contracting Parties or any of their subsidiaries may engage BWS for the provision of Transportation Services in relation to CPO from the Mills to the Facilities under the CPO Transportation Contracts on a contract basis by executing a confirmation letter, which will set out the specific terms of each job, such as the location of the Mills where the CPO should be collected and the Facilities where the CPO should be delivered, the estimated volume of CPO to be transported over the duration of each job and other material information required to make an assessment of the scope of the jobs requested by the Group. Acceptance by BWS of the terms set out in the confirmation letter will formalise and confirm the jobs.

During its performance of the relevant job and pursuant to the terms of the CPO Transportation Contracts, BWS shall submit a job delivery report to the relevant Contracting Party or their subsidiary on a biweekly basis and within seven days of the first and third week of every calendar month. Such job delivery report will specify the fees payable based on the Weighbridge Ticket issued by the relevant Contracting Party over the previous month.

LETTER TO SHAREHOLDERS

Under the CPO Transportation Contracts, payment by the relevant Contracting Party or their subsidiary to BWS will be made on a biweekly basis in accordance with the fees payable set out in the aforementioned job delivery report within 15 days of receipt of the following documents by the relevant Contracting Party's office in Jakarta:

- (a) the validly executed job delivery report for the applicable month;
- (b) invoice with stamp duty; and
- (c) standard tax invoice.

The relevant Contracting Party or their subsidiary shall make payment by way of telegraphic transfer to BWS, details of which shall be provided by BWS at least five business days before payment is due.

5.4.7 (a) Reimbursement by BWS

If any of the Contracting Party, acting reasonably, finds any of the Transportation Services in relation to CPO performed by BWS to be unsatisfactory, the Contracting Party may engage independent third party contractors to perform the required Transportation Services, and BWS shall compensate the Contracting Parties in full for the difference between the amount actually incurred by the Contracting Party and the amount the Contracting Party would have incurred had BWS performed the Transportation Services in relation to CPO for those job(s).

For the completed five (5)-year 2019 BWS Contracts in relation to CPO and CPKO dated 30 April 2019, the Group has found the overall service level of the Transportation Services in relation to CPO and CPKO performed by BWS to be satisfactory.

If any of the Contracting Parties finds that the difference in the volume of CPO recorded in the relevant Weighbridge Ticket exceeds the agreed tolerance level of shrinkage, being 0.2% of the volume of CPO which had been loaded onto the truck, BWS shall be liable to compensate the Contracting Party for the Kernel loss exceeding the agreed tolerance level based on the prevailing price of CPO, which is to be determined with reference to the tender prices of CPO arrived at in the local auction conducted by KPBN.⁸ The Contracting Party shall be entitled to set-off any compensation due against the fees payable to BWS.

(b) Reimbursement by Contracting Parties

The Contracting Party shall pay compensation to BWS, the amount of which shall be fixed by consultation to reach accord subject to the following conditions:

- (i) if the Contracting Party's Mill suddenly breaks down and/or there is no CPO to be transported;
- (ii) if during performance of the jobs, any access infrastructure of the Contracting Parties suffers from severe damage causing the route to be longer and farther while the Contracting Party insists upon using such damaged infrastructure; or
- (iii) if during the performance of the Transportation Services, the damaged infrastructure of the Contracting Parties causes BWS's trucks to break down.

⁸ The tender prices of CPO arrived at in the local auction conducted by KPBN is available to subscribers of INACOM – KPBN at <https://www.kpbn.co.id/memberarea/pricing>.

LETTER TO SHAREHOLDERS

The compensation amounts will be determined pursuant to the negotiation between the BWS and the Contracting Party and the verification by the Contracting Party of the following, whichever is applicable:

- (i) the additional costs incurred by BWS for the longer duration required for BWS to complete the job, including but not limited to, additional costs relating to overtime wages and additional fuel; and
- (ii) the additional costs incurred by BWS to repair its trucks to a working condition.

For the Shareholders' reference, over the duration of the five (5)-year 2019 BWS Contracts, the Contracting Parties have not paid any compensation to BWS. The Company estimates that (a) the aggregate value of the potential reimbursements does not exceed 5% of the Group's latest audited NTA, and (b) in any event, the total aggregate value of the transactions to be carried out, and the potential reimbursements to be paid, over the duration of the Contracts will not exceed the estimated aggregate value of US\$12.5 million.

5.4.8 Termination

The Group may in its absolute discretion choose to terminate the CPO Transportation Contracts upon the occurrence of certain agreed events, such as a material change in economic conditions, breach of contract or negligence on the part of BWS. The CPO Transportation Contracts do not provide for termination at the discretion of BWS.

5.5. Rationale for entering into the Contracts

5.5.1 The Group's strategy is to focus its resources on its core businesses, being the management and expansion of its oil palm plantation business, production of oil palm products, and improving its distribution of its products. In view of this strategy, the Group outsources certain non-core functions to third party contractors. As a reference, the aggregate values of the transactions entered into between the Group and BWS for the past five financial years under the 2019 BWS Contracts represent less than 3% of the Group's cost of sales for each of the past five financial years ended 31 December 2023.

5.5.2 The Group is of the view that the five (5) year Contracts are necessary and beneficial to the Group as the Group continues to expand for the following reasons:

- (a) The Group intends to further scale up its CPO production as it (i) increases the FFB harvest from its plantations under its control; and (ii) increases the FFB purchased from plasma farmers and third parties.

BWS has provided dedicated Transportation Services to the Group for more than 15 years. Over this period, BWS has demonstrated its reliability and dedication in performing the Transportation Services required by the Group at competitive prices. BWS does not service other customers, and all its resources are devoted to meeting the needs of the Group. As at the Latest Practicable Date, BWS deploys 168 trucks for the Group's operations.

- (b) The quality of the transportation of FFB is an important factor for the efficient production of one of the Group's primary products, CPO. FFB are perishable products. Freshly harvested FFB must be safely transported (with minimal loss and damages) to the Group's Mills for processing within 24 hours in order to maximise the yield and quality of one of the Group's primary product, CPO.
- (c) The processed CPO must similarly be delivered in a safe and timely manner in order to meet the Group's sale orders. The oil tanks used to transport CPO must be kept clean to prevent any contamination of the CPO transported.

LETTER TO SHAREHOLDERS

- (d) Over the years, BWS has consistently met the needs of the Group and has proven to be a reliable provider of the Transportation Services required by the Group with a good track record. The Group has been satisfied with the Transportation Services rendered by BWS to-date and believes that BWS possess the capabilities to deliver quality Transportation Services in relation to the CPO, EFB, FFB and Kernel. BWS has demonstrated its thorough understanding of the needs and standards required of the Group in the long working relationship of the Group and BWS.
 - (e) BWS is familiar with the operations of the Group, thus reducing operational risks and ensuring integration between the Group's operations and BWS's Transportation Services.
- 5.5.3 Accordingly, the Company believes that it will be in the interests of the Group to secure the services of BWS with the Contracts.

6. REVIEW PROCEDURES

6.1. Register of Interested Person Transactions

- 6.1.1 The Group has maintained and will continue to maintain a register of all transactions (including transactions below S\$100,000) carried out pursuant to the Contracts (the "IPT Register"). The IPT Register shall include all information pertinent to these transactions such as but not limited to the date of the transactions, the value of the transactions, the basis for determining the applicable fees/base fees (such as the Diesel Base Price of PT Pertamina), and the type and volume of products transported.
- 6.1.2 Any adjustments to the fees/base fees pursuant to the annual fee/base fee review shall also be filed in the IPT Register.
- 6.1.3 The IPT Register shall be prepared, maintained and monitored by personnel of the Group (who shall not be interested in any of the Contracts) who are duly delegated to do so by the Audit and Risk Management Committee and reviewed by the internal auditors on a quarterly basis and by the external auditors on an annual basis.

6.2. Review by Audit and Risk Management Committee

- 6.2.1 The Audit and Risk Management Committee shall review the quarterly internal audit reports on the transactions entered into under the Contracts to ascertain that the terms of the Contracts have been complied with.
- 6.2.2 If any member of the Audit and Risk Management Committee is deemed interested in the Contracts, he or she, whichever is applicable, shall abstain from participating in the review and approval process in connection with any of the Contracts.

6.3. Annual Fee / Base Fee Review

- 6.3.1 The Group shall review the fees / base fees under the Contracts on an annual basis. Following the annual fee / base fee review, the Group will propose adjustments in the fees to BWS (as the case may be), if required. In addition, as part of the Group's internal control procedures, the Audit and Risk Management Committee shall review and give its prior approval to any fee adjustments made pursuant to the annual fee / base fee reviews.

Since the Group entered into the five (5)-year contracts in 2012, the Audit and Risk Management Committee had only approved the adjustments to base fees for FFB on one occasion, in February 2023, following a request submitted in November 2022 due to an increase in the operational costs as a result of the recent economic conditions. As a reference, Diesel Base Price for April 2019 was Rp 11,963 per litre while Diesel Base Price for November 2022 was Rp 24,538 per litre. BWS commenced charging the Group the agreed upon revised fees after receipt of approval from the Audit and Risk Management Committee.

LETTER TO SHAREHOLDERS

For the avoidance of doubt, adjustments to the prices due to a fluctuation in Diesel Base Price is not subject to the review and approval of the Audit and Risk Management Committee as such adjustments have been contemplated in the Contracts.

6.4. Results of Past Reviews

The Audit and Risk Management Committee has relied on similar review procedures for the five (5)-year 2019 BWS Contracts approved by the Independent Shareholders on 29 April 2019. During the five (5)-year review period, no irregularities were detected by the Group and its internal as well as external auditors. The Audit and Risk Management Committee has also implemented all recommendations made by the internal audit team and external auditors to enhance the review process.

7. INDEPENDENT FINANCIAL ADVISER'S OPINION

7.1. Appointment of IFA

Pursuant to Chapter 9 of the Listing Manual, Xandar Capital Pte. Ltd. has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors and to opine on whether the financial terms of the Contracts are on normal commercial terms and whether or not they are prejudicial to the interests of the Company and the minority Shareholders.

7.2. Opinion of the IFA

7.2.1 Taking into consideration the factors set out in the IFA Letter and subject to the assumptions and qualifications set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Contracts are on normal commercial terms and the proposed entry of the Contracts is not prejudicial to the interests of the Company and its minority Shareholders.

7.2.2 The factors considered by the IFA in relation to the proposed entry into the IPTs are as set out in paragraph 7 of the IFA Letter, the relevant extracts of which are as reproduced below:

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

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

- (a) in summary, the quotes from BWS are at discounts to the Third Party Quotes;*
- (b) in general, the quotes from BWS are at discounts to the internal costing calculated by the Group. Where the internal costing calculated by the Group is lower than the quotes from BWS, the maximum savings had the Group operated its own Transportation Services is up to US\$1.00 (or S\$1.35) for each MT transported;*
- (c) based on the internal costing of the Group, we calculate the annual operating costs of the Group had the Group purchased all 168 trucks and relevant truck dumps and oil tanks to operate on its own and note that the Group will have more cost savings by outsourcing the Transportation Services to BWS;*
- (d) the Company have implemented controls and review procedures for the Contracts; and*
- (e) other considerations.”*

LETTER TO SHAREHOLDERS

- 7.2.3 A copy of the IFA Letter, containing the IFA's opinion in full, is appended as Appendix 1 to this Circular. Shareholders are advised to read the IFA Letter carefully and consider it in the context of this Circular.

8. VIEWS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AND DIRECTORS' RECOMMENDATION

8.1. Views of the Audit and Risk Management Committee

Having reviewed, *inter alia*, the terms and rationale for and the benefits of the Contracts, as well as the opinion and advice of the IFA, the Audit and Risk Management Committee concurs with the opinion of the IFA and is of the view that the Contracts are on normal commercial terms and are not prejudicial to the interests of the Company and the Independent Shareholders.

8.2. Directors' Recommendation

- 8.2.1 Having considered, *inter alia*, the rationale for and the benefits of the Contracts, as well as the opinion and advice of the IFA, the Non-Interested Directors are of the view that the Contracts are in the interests of the Company and accordingly recommend that Independent Shareholders vote in favour of the resolution approving the entry by the Group into the Contracts as set out in the Notice of EGM.

- 8.2.2 Mr Henry Maknawi, Ms Ratna Maknawi and Mr Albert Maknawi, being interested in the Contracts, have abstained from making any recommendation on the Contracts.

9. INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND CONTROLLING SHAREHOLDERS

9.1. Interest of Directors and Controlling Shareholders

- 9.1.1 Mr Henry Maknawi, Ms Ratna Maknawi and Mr Eddy Maknawi are interested in, in aggregate, the entire share capital of BWS.
- 9.1.2 Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Controlling Shareholders of the Company have any direct or indirect interests in the Contracts.

9.2. Abstention from Voting

- 9.2.1 Rule 919 of the Listing Manual provides that interested persons and their associates must not vote on any shareholders' resolutions approving any transaction, mandate or renewal thereof in respect of any interested person transaction under Chapter 9 of the Listing Manual, nor accept appointments as proxies unless specific instructions as to voting are given.
- 9.2.2 Mr Henry Maknawi, Ms Ratna Maknawi, Mr Eddy Maknawi and Mr Albert Maknawi have undertaken to abstain, and ensure that their associates (including Kencana Holdings Pte. Ltd.) abstain, from voting in respect of the Contracts at the EGM. Mr Henry Maknawi, Ms Ratna Maknawi, Mr Eddy Maknawi and Mr Albert Maknawi will also decline to accept appointment as proxy from any Shareholders to vote in respect of the ordinary resolution to approve entry into the Contracts by the Company, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

LETTER TO SHAREHOLDERS

9.3. Directors' and Substantial Shareholders' Interests in the Company

9.3.1 As at the Latest Practicable Date, the interests of the Directors in the Shares (as extracted from the Register of Directors' shareholdings), and the interests of the Substantial Shareholders in the Shares (as extracted from the Register of Substantial Shareholders), are as follows:

	Direct Interest		Deemed Interest		Total Interest
	No. of Shares	%	No. of Shares	%	%
Directors					
Mr. Henry Maknawi ⁽¹⁾	1,774,970	0.62	152,555,224 ⁽¹⁾	53.15 ⁽¹⁾	53.77
Tengku Alwin Aziz	418,970	0.15	-	-	0.15
Ms. Ratna Maknawi ⁽²⁾	-	-	1,416,530 ⁽²⁾	0.50 ⁽²⁾	0.50
Mr. Albert Maknawi ⁽³⁾	-	-	2,561,380 ⁽³⁾	0.89 ⁽³⁾	0.89
Mr. Soh Yew Hock	-	-	50,000	0.02	0.02
Mr. Sim Idrus Munandar	-	-	-	-	-
Mr. Darwin Indigo	-	-	-	-	-
Substantial Shareholders (other than Directors)					
Kencana Holdings Pte. Ltd.	152,555,224	53.15	-	-	53.15
Newbloom Pte. Ltd. ⁽⁴⁾	57,402,236 ⁽⁴⁾	20.00 ⁽⁴⁾	-	-	20.00
Wilmar International Limited ⁽⁴⁾	-	-	57,402,236 ⁽⁴⁾	20.00 ⁽⁴⁾	20.00

Notes:

- (1) 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..
- (2) Ms. Ratna Maknawi is deemed to be interested in the Shares held for her benefit by DBS Nominees Pte. Ltd. and the Shares held by her spouse, Mr. Ajis Chandra.
- (3) 2,561,380 Shares in which Mr. Albert Maknawi is beneficially interested, are held through DBS Nominees Pte. Ltd..
- (4) 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..

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be convened at Hotel Fort Canning, Lavender Ballroom, 11 Canning Walk, Singapore 178881, on 26 April 2024 at 2.30 p.m., or immediately after the conclusion of the Annual General meeting to be held at 2.00 p.m. on the same day and at the same place (or the adjournment thereof) for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's registered office 36 Armenian Street, #03-02, Singapore 179934 not later than 2.30 p.m. on 23 April 2024. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he subsequently wishes to do so.

LETTER TO SHAREHOLDERS

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

13. CONSENT OF THE IFA

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 36 Armenian Street, #03-02, Singapore 179934, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Contracts;
- (b) the Constitution of the Company;
- (c) the Annual Report of the Company for FY2023;
- (d) the IFA Letter; and
- (e) the written consent of the IFA, referred to in Section 13 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
Kencana Agri Limited

Tengku Alwin Aziz
Vice-Chairman and Independent Director

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



9 April 2024

KENCANA AGRI LIMITED

36 Armenian Street
#03-02
Singapore 179934

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

Dear Non-Interested Directors

LETTER FROM XANDAR CAPITAL PTE. LTD. PURSUANT TO RULE 921(4)(A) OF THE SGX-ST LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED (THE "COMPANY") IN RELATION TO THE PROPOSED ENTRY INTO FIVE (5)-YEAR CONTRACTS WITH AN ESTIMATED AGGREGATE VALUE OF US\$12,500,000 (THE "CONTRACTS") WITH PT BERKAT WAHANA SUKSES ("BWS") AS INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter (this "IF A Letter") which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company (the "Shareholders") dated 9 April 2024 (the "Circular").

The following exchange rates are applied throughout this Circular, unless otherwise stated:

- S\$1.00 to Rp 11,337;
- US\$1.00 to S\$1.3414;
- US\$1.00 to Rp 15,207.

1. INTRODUCTION

On 29 April 2019, the Company announced that it had obtained the approval of its independent Shareholders for its two wholly-owned subsidiaries (namely, PT Sawit Permai Lestari and PT Wira Palm Mandiri (collectively, the "**Contracting Parties**") to enter into eight (8) five (5)-year contracts (collectively, the "**2019 BWS Contracts**") with BWS for the provision of logistics and point-to-point transportation services ("**Transportation Services**") in relation to the Group's products, namely, empty fruit bunch ("**EFB**"), fresh fruit bunch ("**FFB**"), palm kernel ("**Kernel**") as well as crude palm oil ("**CPO**") and crude palm kernel oil ("**CPKO**", together with CPO, referred as "**Oil**") by BWS to the Contracting Parties and their subsidiaries (being the entities-at-risk group of companies, the "**EAR Group**"). Further details of the 2019 BWS Contracts are set out in the Company's circular to Shareholders dated 11 April 2019 (the "**2019 Circular**").

BWS is an 'Associate' ⁽¹⁾ of Mr Henry Maknawi and Ms Ratna Maknawi. Mr Henry Maknawi is the Executive Chairman and, as at 15 March 2024 (the "**Latest Practicable Date**"), is deemed interested in 154,330,194 ordinary shares ("**Shares**"), representing approximately 53.77% interest in the Company. Ms Ratna Maknawi is the Executive Vice-Chairman of the Company and the sister of Mr Henry Maknawi. Accordingly, BWS is an 'interested person' of the Company,

Page 1 of 16

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



and transaction between (a) the Company and its subsidiaries; and (b) BWS, constitute 'interested person transaction' under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Note:

- (1) 'Associate' shall have the same meaning as defined in the listing manual of the SGX-ST (the "Listing Manual").

With the expiration of the 2019 BWS Contracts on 30 April 2024, the Company is proposing that the Contracting Parties enter into the Contracts, which comprises eight (8) new five (5)-year contracts with BWS, with an estimated aggregate value of US\$12,500,000, for the provision of Transportation Services in relation to CPO, EFB, FFB and Kernel by BWS to the EAR Group.

The annual transactional values of the 2019 BWS Contracts since the entry of the 2019 BWS Contracts on 30 April 2019 were as follows:

	Financial year ended 31 December ("FY")				
	2019 ⁽¹⁾	2020	2021	2022	2023
Total value of transactions carried out pursuant to the 2019 BWS Contracts (US\$'000)	1,777	1,963	1,775	2,353	2,280
As a percentage of the consolidated net tangible assets ("NTA") of the Company for the preceding financial year	8.02	19.92	12.96	7.65	7.47

Note:

- (1) Excluding US\$222,000 for the period from 1 January 2019 to 30 April 2019 which occurred prior to the commencement of the 2019 BWS Contracts.

As at 31 December 2023, the NTA of the Company and its subsidiaries (the "Group") amounted to approximately US\$30.58 million and 5% of the Group's NTA will be approximately US\$1.53 million.

The Company expects the aggregate value of transactions under the Contracts to be approximately US\$12.50 million, which will exceed 5% of the Company's latest audited consolidated NTA as at 31 December 2023. Accordingly, the Company is seeking its independent Shareholders' approval for the Contracting Parties to enter into the Contracts upon the expiry of the existing contracts in April 2024 pursuant to Rule 906(1) of the Listing Manual of the SGX-ST (the "Listing Manual"), which requires a company to obtain shareholder approval for any interested person transaction of a value equal to, or more than 5% of the group's latest audited NTA.

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



In accordance with Rule 921(4) of the Listing Manual, the Company needs to appoint an independent financial adviser (“**IFA**”) to opine on whether the terms of the Contracts (and all other transactions which are the subject of aggregation pursuant to Rule 906) are on normal commercial terms and whether the proposed entry of the Contracts is prejudicial to the interest of the Company and its minority Shareholders.

In connection thereof, Xandar Capital Pte. Ltd. has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to opine on and advise the directors of the Company (the “**Directors**”), who have no interest, direct and indirect, in the Contracts, and are considered independent and unconflicted for the purposes of considering the Contracts, namely Tengku Alwin Aziz, Mr Soh Yew Hock, Mr Sim Idrus Munandar and Mr Darwin Indigo (collectively, the “**Non-Interested Directors**”), as to whether the terms of the Contracts and all other transactions which are subject of aggregation with the Contracts pursuant to Rule 906 of the Listing Manual, are on normal commercial terms, and whether the proposed entry into the Contracts are prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter, which is prepared pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Non-Interested Directors, sets out our evaluation of and our opinion to, the Contracts, and forms part of the Circular.

2. TERMS OF REFERENCE

Xandar Capital has been appointed pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors as to whether (a) the terms of the Contracts are on normal commercial terms and (b) whether the proposed entry into the Contracts is prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations of the terms pertaining to the Contracts, nor were we involved in the deliberations leading up to the decisions on the part of the Company to agree on the terms of the Contracts. Our evaluation is limited to the terms of the Contracts and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Contracts.

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

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

Page 3 of 16

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址: 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址: <http://www.xandarcapital.com>

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



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

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save for the IFA Letter) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Contracts, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and to the Contracts, are to the best of their knowledge and belief, fair and accurate in all material aspects.

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

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

Our opinion is prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as addressed to the Non-Interested Directors in relation to the Contracts, and the recommendation made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors.

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

Page 4 of 16

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Contracts, should be considered in the context of the entirety of this IFA Letter and the Circular.

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

3. INFORMATION ON THE CONTRACTS

Details of the Contracts are set out in Section 5 of the Circular.

In summary, two (2) wholly-owned subsidiaries of the Company will respectively be entering into four (4) five (5)-year transportation and logistics contracts with BWS.

Accordingly, a total of eight Contracts will be entered into between the Contracting Parties and BWS. We summarise the Contracts as follows:

	Transportation Services			
	CPO	EFB	FFB	Kernel
Points of Transportation Services	From the palm oil mills (“Mills”) and to the designated storage tanks or vessels (the “Facilities”)	From the Mills to designated delivery points within the oil palm plantations (“Delivery Points”) owned and/or controlled by the Contracting Parties and their subsidiaries	From the estate blocks within the oil palm plantations owned and/or controlled by the Contracting Parties and their subsidiaries (“Estate Blocks”) to the Mills	From the Mills to the designated storage/factory/ jetty/ ship (the “Designated Points”)
Location in Indonesia	(a) Bangka, Bangka Belitung; (b) Kotabaru, South Kalimantan; and (c) Kutai, East Kalimantan	(a) Bangka, Bangka Belitung; (b) Kotabaru, South Kalimantan; (c) Paser, East Kalimantan; and (d) Kutai, East Kalimantan	(a) Bangka, Bangka Belitung; (b) Kotabaru, South Kalimantan; (c) Paser, East Kalimantan; and (d) Kutai, East Kalimantan	(a) Kotabaru, South Kalimantan; (b) Paser, East Kalimantan; and (c) Kutai, East Kalimantan
Base fee	NIL	NIL	Based on each metric tonne (“MT”) in tiers of 5 km, from less than 5 km to up to 80 km for conventional system, and from less than 5 km to up to 55 km for bin system	NIL

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



	Transportation Services			
	CPO	EFB	FFB	Kernel
Fee	Depending on (a) the MT of CPO transported; (b) the routes taken; and (c) the relevant DBP* for the month of services *DBP refers to “diesel base price” of PT Pertamina and the fee per MT has been pre-determined in tiers of Rp 250 for DBP between Rp 10,000 and Rp 20,000 per litre	Based on each MT in tiers of 5 km, from less than 5 km to up to 35 km	Based on the following formula: (applicable base fee +/- adjustments due to DBP fluctuation (if any*)) x MT of FFB delivered *The formula provides for upwards or downwards adjustment to the base fee in the event that the DBP of PT Pertamina increases or decreases in integral of Rp 250 from the DBP of Rp 15,000 per litre applied to determine the initial base fee in the Contracts	Fixed fee for each of the four (4) pre-determined routes under the Transportation Services in relation to Kernel
Annual fee (or base fee) review	On an annual basis, taking into account factors such as the effects of inflation, increase in wages and adjustments to market fees for similar Transportation Services. Any upward and/or downward adjustments to the fees or base fee, where applicable, pursuant to the annual fee review shall not in any case exceed 10% of the fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee of the Company.			
Reimbursement by BWS	<p>If any of the Contracting Parties, acting reasonably, finds any of the Transportation Services carried out by BWS to be unsatisfactory, the Contracting Party may engage independent third party contractors to perform the required Transportation Services, and BWS shall be liable on demand to compensate the Contracting Party in full for the difference between the amount actually incurred by the Contracting Party and the amount the Contracting Party would have incurred had BWS performed the Transportation Services for those job(s).</p> <p>In addition, for Transportation Services in relation to Kernel, if the Kernels are not collected at the designated mill, the Group is entitled to engage independent third party contractors to collect the Kernels at the expense of BWS, and BWS shall be liable on demand to compensate the EAR Group the costs incurred by the EAR Group in hiring such third party services.</p>			

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



	Transportation Services			
	CPO	EFB	FFB	Kernel
Reimbursement for losses occurred during job(s)	BWS shall compensate the EAR Group for any loss arising from the difference in volume of CPO recorded in the relevant weighbridge ticket ⁽¹⁾ exceeding the agreed tolerance level of 0.2% of the volume of CPO loaded onto the truck, based on the prevailing CPO price (determined with reference to the tender prices arrived at in the local auction conducted by PT Kharisma Pemasaran Bersama Nusantara ⁽²⁾).	No such reimbursement.	BWS shall compensate the EAR Group for loss of FFB and/or loose fruit occurred during the job with reference to the FFB price issued by the Indonesian Department of Agriculture.	BWS shall compensate the EAR Group for any loss arising from the difference in volume of Kernel recorded in the relevant weighbridge ticket exceeding the agreed tolerance level of 0.2% of the volume of Kernel loaded onto the truck, based on the prevailing Kernel price (determined with reference to the tender prices arrived at in the local auction conducted by PT Kharisma Pemasaran Bersama Nusantara).
Reimbursement by Contracting Parties	<p>The Contracting Party shall pay compensation to BWS, the amount of which shall be fixed by consultation to reach accord subject to the following conditions:</p> <p>(i) if during performance of the jobs, any access infrastructure of the Contracting Parties suffers from severe damage causing the delivery route to be longer and farther while the Contracting Party insists upon using such damaged infrastructure; or</p> <p>(ii) if during the performance of the Transportation Services, the damaged infrastructure of the Contracting Parties causes BWS' trucks to break down.</p> <p>In addition, for Transportation Services in relation to CPO or FFB, BWS shall also be reimbursed if the Mill of the Contracting Party breaks down resulting in no CPO to be transported or if the Mill of the Contracting Party breaks down after BWS' trucks have loaded the FFB and headed towards the Mill.</p>			

Notes:

- (1) A weighbridge is a purpose built machine used to measure the weight of a vehicle. A weighbridge ticket is a ticket issued by the weighbridge which indicates the weight of a truck and its load when the truck pass through the weighbridge. The Group can calculate any difference in volume of CPO by comparing the weighbridge ticket of the truck when it leaves the Mill and the weighbridge ticket of the truck when it reaches the Facilities.
- (2) PT Kharisma Pemasaran Bersama Nusantara ("**KPBN**") is a subsidiary company of the Indonesian state-owned enterprise, PT Perkebunan Nusantara ("**PTPN**"). KPBN is the designated marketing agent for the agricultural commodities, including but not limited to palm oil, rubber, sugar and tea produced by the Indonesian government owned plantations. The Company and BWS has no relationship, direct or indirect, with KPBN.



4. ABOUT BWS

As mentioned in earlier paragraph of this IFA Letter, BWS is an 'Associate' of Mr Henry Maknawi. Further information relating to BWS (including its shareholders) can be found in Section 4 of the Circular.

We highlight the following in relation to BWS:

- (i) BWS is a company incorporated in Indonesia in 2008;
- (ii) BWS was incorporated solely for the purposes of providing the Transportation Services to the EAR Group; and
- (iii) BWS has been servicing the EAR Group exclusively since incorporation;
- (iv) As at the Latest Practicable Date, BWS had 168 trucks supporting the EAR Group's operations.

5. INFORMATION ON INTERESTED PERSON TRANSACTIONS WHICH ARE SUBJECT OF AGGREGATION WITH THE CONTRACTS

Pursuant to Rule 921(4)(a) of the Listing Manual, the IFA needs to opine on whether the Contracts as well as all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual are on normal commercial terms, and are not prejudicial to the interest of the Company and its minority shareholders.

We understand that the Group does not have any other transactions with BWS and its associates (excluding transactions below S\$100,000) which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

6. EVALUATION OF THE CONTRACTS

In our evaluation of the Contracts, we have taken into account the following factors:

- (i) quotations from unrelated third parties for similar Transportation Services;
- (ii) the Group's internal costing;
- (iii) controls and review procedures; and
- (iv) other considerations.

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



6.1 QUOTATIONS FROM UNRELATED THIRD PARTIES FOR SIMILAR TRANSPORTATION SERVICES

The Group has obtained fee quotations from two (2) independent third parties (the “Third Party Quotes”) for comparison. We compare the Third Party Quotes with the Contracts in the following sub-paragraphs.

6.1.1 CPO Transportation Contracts

We compare as follows:

	Third Party Quote A	Third Party Quote B
Fee tiers	The fee tiers provided in Third Party Quote A are also in tiers of Rp 250 for each MT but for a narrower DBP of between Rp 12,000 and Rp 16,250 per litre	The fee tiers provided in Third Party Quote B are also in tiers of Rp 250 for each MT but for a narrower DBP of between Rp 12,000 and Rp 16,250 per litre
Fee	The fees quoted by BWS are at discounts of between 1.7% and 5.2% to the fees provided in Third Party Quote A	The fees quoted by BWS are at discounts of between 1.1% and 29.4% to the fees provided in Third Party Quote B

6.1.2 EFB Transportation Contracts

We compare as follows:

	Third Party Quote A	Third Party Quote B
Fee tiers	The fee tiers provided in Third Party Quote A are the same as BWS in tiers of 5 km, from less than 5 km to up to 35 km	The fee tiers provided in Third Party Quote A are the same as BWS in tiers of 5 km, from less than 5 km to up to 35 km
Fee	The fees quoted by BWS are at discounts of between 14.9% and 36.1% to the fees provided in Third Party Quote A	The fees quoted by BWS are at discounts of between 26.4% and 49.7% to the fees provided in Third Party Quote B

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



6.1.3 FFB Transportation Contracts

We compare as follows:

	Third Party Quote A	Third Party Quote B
Fee tiers	Same as BWS in tiers of 5 km, from less than 5 km to up to 80 km for conventional system, and from less than 5 km to up to 55 km for bin system.	Same as BWS in tiers of 5 km, from less than 5 km to up to 80 km for conventional system, and from less than 5 km to up to 55 km for bin system.
Fee	For conventional system, the fees quoted by BWS are at a discount of 15% to the fees provided in Third Party Quote A For bin system, the fees quoted by BWS are also at a discount of 15% to the fees provided in Third Party Quote A BWS' adjustments when DBP increases or decreases in tiers of Rp 250 are also 15% lower than the adjustments provided in Third Party Quote A	For conventional system, the fees quoted by BWS are at discounts of between 4.4% and 10.5% to the fees provided in Third Party Quote B For bin system, the fees quoted by BWS are at discounts of between 2.1% and 10.0% to the fees provided in Third Party Quote B BWS' adjustments when DBP increases or decreases in tiers of Rp 250 are 13% lower than the adjustments provided in Third Party Quote B

6.1.4 Kernel Transportation Contracts

We compare as follows:

	Third Party Quote A	Third Party Quote B
Fee Tiers	Unlike in BWS that quotes based on the four (4) pre-determined routes, the Third Party Quote A quotes by distance in tiers of 30 km.	Unlike in BWS that quotes based on the four (4) pre-determined routes, the Third Party Quote B quotes by distance in tiers of 30 km.
Fee	The (4) fees quoted by BWS are at discounts of between 1.6% and 66.9% to the four (4) fees provided in Third Party Quote A	The (4) fees quoted by BWS are at discounts of between 3.8% and 68.7% to the four (4) fees provided in Third Party Quote B



6.1.5 Annual review of fees under the Contracts

We note that the third party suppliers only provide the quote for year 2024. Accordingly, there are no annual review of fees under the Third Party Quotes.

In respect of the annual fee or base fee reviews, we note that the Contracts have provided that, any upward and/or downward adjustments to the fees pursuant to the annual fee review shall not in any case exceed 10% of the fees for the preceding year and shall be subject to the review and prior approval of the Audit and Risk Management Committee.

In this respect, we note that:

- (a) save for the CPO contracts (where the fees quoted by BWS represent less than 10% discount to the fees under the Third Party Quotes), most of the fees quoted by BWS already represent more than 10% discount to the fees under the Third Party Quotes; and
- (b) since the Group entered into the five (5)-year contracts in 2012, the Audit and Risk Management Committee had only approved the adjustments to base fees for FFB on one occasion.

6.1.6 Billing intervals and credit terms

We note that the Contracts provide for biweekly billing and credit terms of two weeks from the receipt of relevant job order documentations. Quotations from the third party suppliers did not indicate billing intervals and credit terms.

In respect of billing intervals, the Company have provided three (3) three-month contracts entered into by the Group with third party suppliers ("**Short Term Contracts**") for transportation services outside the scope of the 2019 BWS Contracts. These Short Term Contracts have billing intervals of one month. We have enquired and understand that, due to the voluminous job orders carried out under the previous five (5)-year contracts with BWS, the Group had agreed to a biweekly billing interval for the existing 2019 BWS Contracts and the Contracts as this will help with the Group's financial reporting requirement.

In respect of credit terms, we note that the Short Term Contracts have also provided for two weeks' credit terms which is the same as provided for under the Contracts.



6.2 THE GROUP'S INTERNAL COSTING

For purposes of comparison, we have enquired and the Group has prepared an internal costing as if the Group owns and operates its own fleet of trucks for the Transportation Services.

We have reviewed the fairness, reasonableness and completeness of the basis and assumptions underlying the internal costing (to the extent feasible) and note the following:

- (a) the Group has obtained third party quotations as the basis for its purchase prices for the acquisition of the trucks and related truck dumps or oil tanks, and assumes the purchase of these trucks and related truck dumps or oil tanks as its property, plant and equipment;
- (b) the Group incurs depreciation as the newly purchased property, plant and equipment will be depreciated on a straight-line basis over eight (8) years in accordance with its accounting policy to depreciate plant, fixtures and equipment over a period of four (4) to eight (8) years. The Company confirms that heavy vehicles such as the transportation trucks and related truck dumps or oil tanks will be subject to depreciation over a period of eight (8) years;
- (c) the Group obtains three (3)-year financing for the acquisition of the trucks and related truck dumps or oil tanks as its property, plant and equipment in accordance with financing terms obtained from the Group's existing unrelated third party automobile financing companies in Indonesia. We are satisfied with the financing terms obtained from the Group's existing unrelated third party automobile financing companies in Indonesia as these are from established finance companies in Indonesia;
- (d) the Group will engage at least two (2) drivers for each truck, similar to the current arrangement by BWS to have at least two (2) drivers for each truck;
- (e) the Group will engage sufficient mechanic to undertake the repair and maintenance, and sufficient backroom staff to manage the transportation schedules, similar to the current arrangement by BWS to provide trucks in satisfactory working conditions and support for both repair and maintenance;
- (f) the Group calculates such staff costs based on the minimum wages in the provinces where it has operations in Indonesia, namely Bangka, South Kalimantan and East Kalimantan; and
- (g) the fees are imputed based on a DBP of Rp 15,000 per litre.

For avoidance of doubts, the Group did not prepare any projections and did not forecast the volume of job orders which may be carried out under the Contracts.

6.2.1 CPO Transportation Contracts

We note that the quotes from BWS are at discounts of between 3% and 14% to the internal costing calculated by the Group.



6.2.2 EFB Transportation Contracts

We note that, save for fees for distance equal or less than 10 km, the quotes from BWS are at discounts of between 6% and 24% to the internal costing calculated by the Group.

For distance equal or less than 10 km, the quotes from BWS are at premia of between 3% and 20% to the internal costing calculated by the Group. While the percentage difference may seem material at 20%, for distance less than 5 km, the Group will have maximum savings of approximately Rp 6,600 (or approximately US\$0.43 or S\$0.58) for each MT transported.

6.2.3 FFB Transportation Contracts

Conventional system

We note that the quotes from BWS are generally at discounts of between 1% and 31% to the internal costing calculated by the Group. On average, the quotes from BWS are at discounts of between 9% and 18% to the different tiers of fees per MT depending on the DBP applicable.

For distance where the quotes from BWS are at premia to the internal costing calculated by the Group, the Group will have maximum savings of approximately Rp 10,900 (or approximately US\$0.72 or S\$0.96) for each MT transported.

Bin system

We note that the quotes from BWS are at discounts of between 2% and 24% to the internal costing calculated by the Group. On average, the quotes from BWS are at discounts of between 7% and 16% to the different tiers of fees per MT depending on the DBP applicable.

For shorter distances, while the quotes from BWS are at premia of between 2% and 56% to the internal costing calculated by the Group, the Group will have maximum savings of approximately Rp 15,300 (or approximately US\$1.00 or S\$1.35) for each MT transported.

6.2.4 Kernel Transportation Contracts

We note that the quotes from BWS for longer distance Transportation Services are at discounts of between 27% and 52% to the internal costing calculated by the Group.

For shorter distance, while the quote from BWS is at premium of 37% to the internal costing calculated by the Group, the Group will have maximum savings of approximately Rp 13,500 (or approximately US\$0.89 or S\$1.19) for each trip.

6.2.5 Complete fleet operations

Based on the internal costing of the Group, we have also calculated the annual operating costs of the Group had the Group purchased all 168 trucks and relevant truck dumps and oil tanks to operate on its own.

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



Based on our calculations, the additional cost of operations had the Group operated the fleet on its own significantly exceed the cost savings for the shorter distance Transportation Services set out above. The additional annual cost of operations had the Group operated the fleet on its own is also significantly higher than the historical annual transaction value under the 2019 BWS Contracts. Accordingly, the Group will have more cost savings by outsourcing the Transportation Services to BWS.

6.3 CONTROLS AND REVIEW PROCEDURES

We note that the Company have the following controls and review procedures for the Contracts:

- (a) the prior approval of the Audit and Risk Management Committee is required for any adjustments to the fees during the annual fee (base fee) review;
- (b) the Company will keep track of the transactions conducted pursuant to the Contracts in the register of interested person transactions (“**IPT Register**”) and the IPT Register will be reviewed by internal auditors quarterly and the external auditors annually; and
- (c) the Audit and Risk Management Committee shall review the quarterly internal audit reports on the transactions entered into under the Contracts to ascertain that the terms of the Contracts have been complied with.

6.4 OTHER CONSIDERATIONS

6.4.1 Rationale for and Benefits of the Contracts

The outsourcing of the Transportation Services is in line with the Group’s strategy is to focus its resources on its core businesses, being the management and expansion of its oil palm plantation business, production of oil palm products, and improving its distribution of its products.

Over the years, BWS has consistently met the needs of the Group and has proven to be a reliable provider of the Transportation Services required by the Group with a good track record. The Group has been satisfied with the Transportation Services rendered by BWS to-date and believes that BWS possess the capabilities to deliver quality Transportation Services in relation to the CPO, EFB, FFB and Kernel. BWS has demonstrated its thorough understanding of the needs and standards required of the Group in the long working relationship of the Group and BWS.

Accordingly, the Company is of the view that the five (5) year fixed contracts are necessary and beneficial to the Group, in particular, as the Group expects to scale up its CPO production and will require more Transportation Services for its raw materials and products.

6.4.2 Abstention from recommendation and voting

In accordance with Rule 921(7) of the Listing Manual, the Interested Person and their Associates shall abstain from voting on resolutions involving themselves and the Group.

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



We note that Mr Henry Maknawi, Ms Ratna Maknawi and Mr Albert Maknawi, have abstained from making recommendations to the Shareholders in relation to the Contracts.

Mr Henry Maknawi, Ms Ratna Maknawi, Mr Eddy Maknawi and Mr Albert Maknawi have undertaken to abstain, and ensure that their associates (including Kencana Holdings Pte. Ltd.) abstain, from voting in respect of the Contracts at the EGM. Mr Henry Maknawi, Ms Ratna Maknawi, Mr Eddy Maknawi and Mr Albert Maknawi will also decline to accept appointment as proxy from any Shareholders to vote in respect of the ordinary resolution to approve entry into the Contracts by the Company, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

7. OUR OPINION

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

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

- (a) in summary, the quotes from BWS are at discounts to the Third Party Quotes;
- (b) in general, the quotes from BWS are at discounts to the internal costing calculated by the Group. Where the internal costing calculated by the Group is lower than the quotes from BWS, the maximum savings had the Group operated its own Transportation Services is up to US\$1.00 (or S\$1.35) for each MT transported;
- (c) based on the internal costing of the Group, we calculate the annual operating costs of the Group had the Group purchased all 168 trucks and relevant truck dumps and oil tanks to operate on its own and note that the Group will have more cost savings by outsourcing the Transportation Services to BWS;
- (d) the Company have implemented controls and review procedures for the Contracts; and
- (e) other considerations.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Contracts are on normal commercial terms and the proposed entry of the Contracts is not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX 1: LETTER FROM XANDAR CAPITAL PTE LTD PURSUANT TO RULE 921(4)(A) OF THE LISTING MANUAL AS WELL AS TO ADVISE THE NON-INTERESTED DIRECTORS OF KENCANA AGRI LIMITED IN RESPECT OF THE CONTRACTS



8. THIS IFA LETTER

This IFA Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as addressed to the Non-Interested Directors in connection with and for the purposes of their consideration of the Contracts and forms part of the Circular. Our opinion in relation to the Contracts should be considered in the context of the entirety of this IFA Letter and the Circular, as required under Rule 921(4)(a) of the Listing Manual.

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

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

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

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

KENCANA AGRI LIMITED

(Company Registration No. 200717793E)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Kencana Agri Limited (the “**Company**”) will be held at Hotel Fort Canning, Lavender Ballroom, 11 Canning Walk, Singapore 178881, on 26 April 2024 at 2.30 p.m., or immediately after the conclusion of the Annual General Meeting to be held at 2.00 p.m. on the same day and at the same place (or the adjournment thereof) for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolution as an ordinary resolution:

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company's circular to its shareholders dated 9 April 2024 (the “**Circular**”).*

ORDINARY RESOLUTION: THE PROPOSED ENTRY INTO THE CONTRACTS AS INTERESTED PERSON TRANSACTIONS

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for:
 - (i) the Contracts and the transactions contemplated therein; and
 - (ii) the Group to engage the services of BWS in accordance with the terms of the Contracts; and
- (b) the Directors of the Company and each of them be and are hereby authorised to do all acts and things (including without limitation, execution of all such documents as may be required) as they or each of them may deem desirable, necessary or expedient in the interests of the Company to give effect to the transactions contemplated by the Contracts as they or he shall think fit and in the interests of the Company.

By Order Of the Board

LEE YING YING
Company Secretary

Date: 9 April 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

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

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

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

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

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

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

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

- 3) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
- 4) Pursuant to Section 181 of the Companies Act 1967 (Singapore), any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 (Singapore).
- 5) An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the EGM.
- 6) The completed and signed Proxy Form must be submitted to the Company in the following manner:
 - (a) by post 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 2.30 p.m. on 23 April 2024 (being not less than 72 hours before the time appointed for holding the EGM and at any adjournment thereof), failing which the proxy form will be treated as invalid. Members are strongly encouraged to submit completed proxy forms 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 EGM. To do so, all questions must be submitted and received by the Company by 2.30 p.m. on 18 April 2024 in the following manner:

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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 EGM by the stipulated deadline by publishing the responses to the questions on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <http://www.kencanaagri.com> at least 48 hours before the closing date and time for the lodgement of the proxy forms for the EGM (i.e. by 2.30 p.m. on 21 April 2024). The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

General:

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) 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 EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member (such as his name, his presence at the EGM 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)
(Registration No. 200717793E)

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

*I/We _____

NRIC/Passport No./Registration No. _____

of _____

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

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

and / or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting to be held at Hotel Fort Canning, Lavender Ballroom, 11 Canning Walk, Singapore 178881, on 26 April 2024 at 2.30 p.m.. *I/We direct *my/our *proxy/proxies to vote in the manner indicated below. If no specific direction as to the manner of voting is given, *my/our *proxy/proxies may vote or abstain at his discretion.

		Voting on a Poll		
No.	Ordinary Resolution	For**	Against**	Abstain**
1.	To approve the Contracts			

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 EGM. 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 _____ 2024

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

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

IMPORTANT: PLEASE READ NOTES ON THE OVERLEAF

Notes:

1. Please insert the total number of shares in the share capital of the Company held by the member. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.
5. A proxy need not be a member of the Company.
6. The instrument appointing the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer(s).
7. Where an instrument appointing the proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The completed and signed proxy form must be submitted to the Company in the following manner:
 - (a) by post 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 2.30 p.m. on 23 April 2024 (Singapore time) (being 72 hours before the time appointed for the holding of the EGM).

Members are strongly encouraged to submit completed proxy forms electronically.

9. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 (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 2.30 p.m. on 17 April 2024 (Singapore time).

General:

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