



KENCANA AGRI LIMITED

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

MEMORANDUM OF UNDERSTANDING FOR A PROPOSED LAND DISPOSAL

The Board of Directors (the “Board”) of Kencana Agri Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to announce that a wholly-owned subsidiary of the Company, PT Agro Sawitmas Lestari (“ASML”), has on 11 April 2022 entered into a non-legally binding memorandum of understanding (“MOU”) with unrelated third parties, PT North Kalimantan Battery Material (“NKBM”) and PT Kalimantan Industrial Park Indonesia (“KIPI”) pursuant to which KIPI intends to acquire an approximate 2,600 hectares of right to cultivate (Hak Guna Usaha, “HGU”) plantation land owned by ASML (“Proposed Disposal”) for the purpose of the development of an industrial park in North Kalimantan. NKBM will be one of the major tenants of the said industrial park.

The entry into the MOU is to facilitate due diligence and negotiation between the parties with the intention of entering into a definitive sale and purchase agreement (“SPA”). The MOU is valid for a period of 4 months or until the earlier execution of the SPA. If the Proposed Disposal materialised in 2022, it may have a positive impact on the earnings per share and net tangible assets per share of the Group for the financial year ending 31 December 2022.

The said plantation land owned by ASML has been underperforming for several years. The Proposal Disposal is aligned with the intention of the management of the Company to keep the Group’s profitable core business in focus and avoid a deterioration in the value of the Group’s assets.

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the Proposed Disposal is in the preliminary stage and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will materialise. The Company will make such announcements as may be appropriate to update the shareholders as and when there are any material developments in relation to the Proposed Disposal.

Shareholders and potential investors are advised to read this announcement and any further announcements made by the Company carefully. If shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers.

BY ORDER OF THE BOARD

Ratna Maknawi
Executive Vice Chairman

Singapore, 11 April 2022