

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix (the “**Appendix**”) is circulated to shareholders (the “**Shareholders**”) of Kencana Agri Limited (the “**Company**”) together with the Company’s Notice of AGM. Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the 2020 IPT Mandate (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held by way of electronic means on 29 April 2021 at 2:00 p.m.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**KENCANA AGRI LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200717793E)

**APPENDIX**

**in relation to:-**

**THE PROPOSED RENEWAL OF THE MANDATE  
FOR INTERESTED PERSON TRANSACTIONS**

## DEFINITIONS

In this Appendix hereto the following definitions apply throughout except where the context otherwise requires or it is otherwise stated:

- “AGM” : The Annual General Meeting of the Company to be convened by way of electronic means on 29 April 2021 at 2:00 p.m.
- “Appendix” : This appendix circulated to the Shareholders together with the Notice of AGM dated 13 April 2021
- “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 Appendix
- “CDP” : The Central Depository (Pte) Limited
- “Companies Act” : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Company” : Kencana Agri Limited
- “Constitution” : The Constitution of the Company
- “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
- “Director” : A director of the Company as at the date of this Appendix
- “FY” : Financial year ended or ending 31 December
- “Group” : The Company, its subsidiaries and associated companies
- “Independent Directors” : The Directors who are considered independent for the purpose of making a recommendation to the Shareholders in relation to the renewal of the 2020 IPT Mandate, namely, Mr Henry Maknawi, Tengku Alwin Aziz, Ms Ratna Maknawi, Mr Soh Yew Hock, Mr Sim Idrus Munandar and Mr Albert Maknawi

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| <i>“Independent Shareholders”</i>       | : | The Shareholders other than Newbloom and its associates in the context of, and having regard to, the proposed renewal of the 2020 IPT Mandate  |
| <i>“Interested Person Transactions”</i> | : | Transactions proposed to be entered into between the Group and the Interested Persons  |
| <i>“Interested Persons”</i>             | : | The Wilmar Group and their respective associates (as defined in the Listing Manual), and <b>“Interested Person”</b> means any one of them  |
| <i>“Internal Auditors”</i>              | : | The internal auditors of the Company   |
| <i>“IPT Mandate”</i>                    | : | A Shareholders’ general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and associated companies or any of them, to enter into Interested Persons Transactions with the Interested Persons  |
| <i>“2020 Appendix”</i>                  | : | The appendix circulated to the Shareholders together with the Annual Report for the financial year ended 31 December 2019  |
| <i>“2020 IPT Mandate”</i>               | : | The IPT Mandate, pursuant to the 2020 Appendix, which was proposed and approved at the AGM held on 26 June 2020.   |
| <i>“2021 IPT Mandate”</i>               | : | The IPT Mandate to be tabled for the consideration and approval of the Shareholders at the AGM   |
| <i>“Listing Manual”</i>                 | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time   |
| <i>“Newbloom”</i>                       | : | Newbloom Pte. Ltd.   |
| <i>“Securities Account”</i>             | : | A securities account maintained by a Depositor with CDP but not including a securities sub-account   |
| <i>“Securities and Futures Act”</i>     | : | The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time   |
| <i>“Senior Executives”</i>              | : | The senior executives of the Company (with no interest, direct or indirect, in the relevant Interested Person Transaction), for the purposes of the review procedures described in Section 2.5 (Review Procedures for Interested Person Transactions) below, consisting of the Executive Director of the Company, Head of Commercial and General Manager of various departments of the Group |
| <i>“SGX-ST”</i>                         | : | Singapore Exchange Securities Trading Limited  |
| <i>“Share Registrar”</i>                | : | Boardroom Corporate & Advisory Services Pte. Ltd.  |

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| <i>“Shareholders”</i>            | : | The registered holders of Shares, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares |
| <i>“Shares”</i>                  | : | Ordinary shares in the capital of the Company   |
| <i>“Subsidiaries”</i>            | : | Has the meaning as ascribed to it in Section 5 of the Companies Act   |
| <i>“Substantial Shareholder”</i> | : | Has the meaning as ascribed it in Section 81 of the Companies Act   |
| <i>“Wilmar”</i>                  | : | Wilmar International Limited  |
| <i>“Wilmar Group”</i>            | : | Wilmar, its subsidiaries, including but not limited to Newbloom, and associated companies   |
| <i>“%”</i>                       | : | Per centum or percentage  |
| <i>“S\$” and “cents”</i>         | : | Singapore dollars and cents, respectively   |

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

**KENCANA AGRI LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200717793E)

**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

13 April 2021

To: The Shareholders of Kencana Agri Limited,

Dear Sir/Madam

**THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS**

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**1. INTRODUCTION**

- 1.1** The Directors of the Company propose to table the renewal of the 2020 IPT Mandate pursuant to Chapter 9 of the Listing Manual for the consideration and approval of the Shareholders at the forthcoming AGM to be held by way of electronic means on 29 April 2021 at 2:00 p.m.

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the 2020 IPT Mandate.

- 1.2** The 2020 IPT Mandate was proposed and adopted at the last AGM held on 26 June 2020, and would take effect until the conclusion of the Company's next AGM.
- 1.3** The particulars of the Interested Person Transactions in respect of which the 2020 IPT Mandate is sought to be renewed, including the rationale for the renewal and the review procedures implemented by the Company to ensure that the Interested Person Transactions with the Interested Persons covered by the 2021 IPT Mandate are transacted on normal commercial terms, are set out in this Appendix.

**2. THE PROPOSED RENEWAL OF THE 2020 IPT MANDATE**

**2.1 Scope of the 2020 IPT Mandate**

**2.1.1 The Proposed Renewal of the 2020 IPT Mandate**

The Group has an extensive trading relationship with the Wilmar Group, and intends to continue entering into trading transactions in the ordinary course of business with the Wilmar Group. These transactions will occur frequently in the ordinary course of the Group's business and could arise at any time. To facilitate these transactions, the Company proposes to obtain the approval of the Shareholders at the AGM to renew the 2020 IPT Mandate, which will authorise the Group to enter into Interested Person Transactions as set out in Section 2.1.2 below.

General information relating to Chapter 9 of the Listing Manual, including terms such as “interested person”, “associate”, “associated company” and “controlling shareholder”, are set out in Section 3 of this Appendix.

## 2.1.2 The Nature of the Interested Person Transactions

### (a) Transactions entered into with the Wilmar Group and its associates

Transactions with the Wilmar Group to be covered by the proposed renewal of the 2020 IPT Mandate include transactions such as buying and selling of crude palm oil, crude palm kernel oil and other items between the Group and the Interested Persons, whether pursuant to existing contracts and/or arrangements or otherwise.

The Group typically enters into such trading transactions with the Wilmar Group from time to time for better logistical efficiency, as well as to hedge against market volatility in the prices of various products, commodities and services. For example, the Group may purchase crude palm oil from the Wilmar Group to match the Group’s sales to customers to minimise shipment costs where customers are located closer to the Wilmar Group’s plantations. The Group may also sell the Wilmar Group fresh fruit bunch where the Group has no processing plants located close to certain of the Group’s plantations. This applies similarly to transportation services, where the Group may engage the services of vessels belonging to the Wilmar Group for expediency.

#### (i) *Sale and Purchase of Crude Palm Oil, Refined Bleached Deodorized Palm Olein, Fresh Fruit Bunch, Palm Kernel, Palm Kernel Cake and Crude Palm Kernel Oil*

The Group buys and sells crude palm oil, refined bleached deodorized palm olein, fresh fruit bunch, palm kernel, palm kernel cake and crude palm kernel oil to and from the Wilmar Group pursuant to sale and purchase agreements entered into periodically.

Under the sale and purchase agreements, the Group agrees to sell or purchase (as the case may be) crude palm oil, refined bleached deodorized palm olein, fresh fruit bunch, palm kernel, palm kernel cake and crude palm kernel oil to the Wilmar Group on the terms and subject to the conditions of such agreements. Typically, prices established online are quoted up to three (3) to five (5) months forward. The Group enters into long term contracts to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices, which are subject to factors such as the weather, government policy, level of demand and supply in the market, the global economic environment and global production of similar and competitive crops.

Based on the audited financial statements of the Group for the FY2020, the Group did not trade with the Wilmar Group. However, the Group anticipates that it may, in the ordinary course of business, trade in such products with the Wilmar Group in future.

(ii) *Purchases of fertiliser*

The Group periodically purchases fertiliser from the Wilmar Group. The Group enters into purchase contracts to manage the price risk of the fertiliser, which are volatile and subject to factors such as the oil prices, government policy, level of demand and supply in the market and the global economic environment.

Under the purchase agreements, the Group agrees to purchase fertiliser from the Wilmar Group on the terms and subject to the conditions of such agreements. The Group enters into purchase contracts to manage the price risk of the fertiliser, which are volatile and subject to factors such as the oil prices, government policy, level of demand and supply in the market and the global economic environment.

Based on the audited financial statements of the Group for the FY2020, the Group did not trade fertilizer with Wilmar Group. However, the Group anticipates that it may, in the ordinary course of business trade in such products with the Wilmar Group in future.

(iii) *Sale and Purchase of Other Items*

The Group buys and sells various other palm products to and from the Wilmar Group pursuant to sale and purchase agreements entered into periodically.

Under the sale and purchase agreements, the Group agrees to buy and sell (as the case may be) various other palm products from and to the Wilmar Group. The Group enters into long term contracts to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices, which are subject to factors such as the weather, government policy, level of demand and supply in the market, the global economic environment and global production of similar and competitive crops.

Based on the audited financial statements of the Group for the FY2020, the Group did not trade in other palm products with the Wilmar Group. However, the Group anticipates that it may, in the ordinary course of business trade in such products with the Wilmar Group in future.

(iv) *Provision and engagement of services*

The Group may provide processing, storage and transportation services to the Wilmar Group for the processing, storage and transportation of crude palm oil, crude palm kernel oil and other palm products. *Vice versa*, the Wilmar Group may also provide such services to our Group. The Group enters into service agreements to manage its operations and provide such services to the Wilmar Group to optimise its utilisation capacity in the areas of processing, storage and transportation.

Based on the audited financial statements of the Group for the FY2020, the Group did not provide nor received any of these services from Wilmar Group. However, the Group anticipates that it may, in the ordinary course of business, provide or receive such services to or from Wilmar Group in future.

(b) Transactions not covered by the proposed 2020 IPT Mandate

Transactions with the Interested Persons which do not fall within the ambit of the proposed renewal of the 2020 IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

The proposed renewal of the 2020 IPT Mandate will not cover any transaction by the Group with Interested Persons below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. In addition, the proposed renewal of the 2020 IPT Mandate will not include transactions for the purchase or sale of assets, undertakings or businesses.

## **2.2 The Interested Persons**

Under the proposed renewal of the 2020 IPT Mandate, the Interested Persons will comprise the Wilmar Group which is deemed to be Interested Persons that the Group will be transacting with.

### About Wilmar

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertilisers as well as flour and rice milling. At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries and regions. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies. The Group has a multinational workforce of about 100,000 people.

## **2.3 Rationale**

The proposed renewal of the 2020 IPT Mandate, is intended to facilitate transactions in the ordinary course of business of the Group which are recurrent in nature and may be transacted from time to time with the Interested Persons provided that they are carried out on normal commercial (or, in the absence of other similar comparable transactions, commercially reasonable) terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Group has an extensive trading relationship with the Wilmar Group. It is thus impractical for the Company to announce and/or convene separate general meetings on each occasion to seek the Shareholders' approval for, the entry by the Group into such transactions. The renewal of the 2020 IPT Mandate is intended to enable the Group to conduct its ordinary business of trading in crude palm oil and other items with the Wilmar Group, which are time- sensitive and recurring in nature.



The proposed renewal of the 2020 IPT Mandate will also substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow manpower resources to be focused towards other corporate and business opportunities.

## **2.4 Benefits of the Transactions with the Wilmar Group**

Wilmar is currently Asia's leading agribusiness group and the largest purchaser of crude palm oil and crude palm kernel oil in the region, the primary products of the Group.

It is critical to the continued growth and development of the Group that trading transactions in the ordinary course of business between the Group and the Wilmar Group remain unfettered.

## **2.5 Review Procedures for the Interested Person Transactions**

To ensure that the Interested Person Transactions are conducted on normal commercial (or, in the absence of other similar comparable transactions, fair and reasonable) terms and will not be prejudicial to the interests of the Company and its minority Shareholders, as a general rule the Group will only enter into transactions with the Interested Persons if the terms offered by or extended to the Interested Persons are no less or more favourable than the terms that may be obtainable from or extended to unrelated third parties.

### **2.5.1 Review Procedures**

To ensure that the Interested Person Transactions are conducted at an arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than the usual commercial terms extended to unrelated third parties, the Company has adopted and/or will adopt the following procedures for the review and approval of Interested Person Transactions under the renewed 2020 IPT Mandate:

- (a) All sale and purchase agreements with external reference quoted price entered into with Interested Persons are to be carried out based on the prevailing market reference price available on established exchanges and/or established market references which are acceptable to the Audit and Risk Management Committee and is calculated by reference to any fair pricing basis to be determined and agreed by at least two (2) Senior Executives of the Company and reviewed quarterly by the Audit and Risk Management Committee.
- (b) Any other sale and purchase contracts without external reference quoted prices or rates and all service agreements entered into with an Interested Person are to be carried out with reference to at least two (2) non- Interested Person price or rate independent quotation of a similar nature. In determining the most competitive price and/or attractive terms to the Group, non-price factors, including but not limited to quality, delivery time, vessel condition, vessel location and track record will be taken into account. Similar to (a), all such transactions are reviewed quarterly by the Audit and Risk management Committee.

All other terms and conditions of the sale and purchase contracts under the proposed renewal of the 2020 IPT Mandate will remain substantially the same as when Wilmar Group was not an Interested Person. The Audit and Risk Management Committee has approved the template contracts to be used under the 2021 IPT Mandate. Any deviation

of material terms and conditions from the template contracts will require the approval of the Audit and Risk Management Committee before it can be adopted.

## 2.5.2 Threshold limits

In addition to the review procedures, the Group supplements its internal systems by setting threshold limits to its transactions, to ensure that all categories of Interested Person Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:

- (a) a Category 1 transaction is one where in relation to:
  - (i) the sale and purchase contracts with external reference quoted price, the transaction with an Interested Person is below or equal to US\$4,000,000;
  - (ii) any other sale and purchase contracts without external reference quoted price or rate and service agreements, the transaction with an Interested Person is below or equal to US\$400,000;
  
- (b) a Category 2 transaction is one where in relation to:
  - (i) the sale and purchase contracts with external reference quoted price, the transaction with an Interested Person is in excess of US\$4,000,000;
  - (ii) any other sale and purchase contracts without external reference quoted price or rate and service agreements, the transaction with an Interested Person is in excess of US\$400,000.

Category 1 transactions do not require the prior review and approval of the Audit and Risk Management Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit and Risk Management Committee. Category 2 transactions must be reviewed and approved by the Audit and Risk Management Committee prior to being contracted.

The thresholds of US\$4,000,000 and US\$400,000 are set as limits based on expected and past sale and purchases volume of the Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the Audit and Risk Management Committee. Having considered the current market prices, the prevailing market conditions and the expected sale volume, the Board is of the opinion that the threshold limits of US\$4,000,000 and US\$400,000 reflect a risk control level that is acceptable to the Company.

In the event that a member of the Audit and Risk Management Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit and Risk Management Committee.

### **2.5.3 Other review procedures**

In addition to the review procedures set out above, the following have been/will also be implemented:

- (a) The Group shall, on a quarterly basis, report to the Audit and Risk Management Committee on all Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Group's internal auditors will review all of such Interested Person Transactions on a quarterly basis and come up with a quarterly internal audit report. The Audit and Risk Management Committee shall review such internal audit report on the Interested Person Transactions at its quarterly meetings except where any Interested Person Transactions requires the approval of the Audit and Risk Management Committee prior to the transaction.
- (b) The Group's annual internal audit plan shall also include a review of the established review procedures for the monitoring of such Interested Person Transactions entered into during the current financial year. As part of the Group's annual audit process, external auditors will also review all Interested Person Transactions with an Interested Person on an annual basis. The Internal Auditors shall report directly to the Audit and Risk Management Committee. The external auditors will review and confirm the Interested Person Transactions under the notes to the financial statements.
- (c) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will abstain from voting on any resolution relating to the Interested Person Transaction and/or abstain from participating in the Audit and Risk Management Committee's decision during its review of the established review procedures for the Interested Person Transaction or during its review or approval of any Interested Person Transaction.

### **2.6 Register of Interested Person Transactions**

The Company will maintain a register of all transactions carried out with the Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to the amount of the Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis.

The register of Interested Person Transactions shall be prepared, maintained and monitored by personnel of the Group (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit and Risk Management Committee and reviewed by internal auditors on a quarterly basis and by external auditors on an annual basis.

## **2.7 Review by Audit and Risk Management Committee**

As mentioned in Section 2.5.3, the Audit and Risk Management Committee shall review the quarterly internal audit reports on the Interested Person Transactions to ascertain that the established review procedures for monitoring the Interested Person Transactions have been complied with.

If during these quarterly reviews, the Audit and Risk Management Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will return to the Shareholders for a new mandate with new guidelines, thresholds and procedures for transactions with the Interested Persons to ensure that future Interested Person Transactions will be on an arm's length basis and on normal commercial terms. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit and Risk Management Committee.

If any member of the Audit and Risk Management Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction

## **2.8 Validity Period of the IPT Mandate**

An IPT Mandate will take effect from its approval as an ordinary resolution and will continue in force until the next AGM of the Company, unless revoked or varied by the Company in general meeting. Approval from the Shareholders will be sought for subsequent renewals at each successive AGM of the Company, subject to satisfactory review by the Audit and Risk Management Committee of its continued application to the transactions with the Interested Persons.

## **2.9 Disclosure of Interested Person Transactions pursuant to the IPT Mandate**

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial year that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

## **2.10 Statement of the Audit and Risk Management Committee**

Having considered, *inter alia*, the terms, the rationale for and the benefits of the proposed renewal of the 2020 IPT Mandate, the Audit and Risk Management Committee is satisfied that the methods or procedures proposed by the Company as set out in Section 2.5 of this Appendix for determining transaction prices of Interested Person Transactions are sufficient to ensure that the Interested Person Transactions are carried out on normal commercial (or, in the absence of other similar comparable transactions, fair and reasonable) terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### **3. GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL**

#### **3.1 Scope**

Chapter 9 of the Listing Manual applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the entity at risk.

#### **3.2 Definitions**

An “entity at risk” means the issuer, any of its subsidiaries (other than subsidiaries that listed on Singapore stock exchange or an approved stock exchange) or any of its associated companies (other than associated companies that are listed on Singapore stock exchange or an approved stock exchange) provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

An “interested person” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An “associate” includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer or controlling shareholder, and any company in which such director, chief executive officer or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

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.

A “controlling shareholder” means a person who holds (directly or indirectly) 15% or more of the voting shares in the listed company or one who in fact exercises control over the listed company.

A “transaction” includes (a) the provision or receipt of financial assistance, (b) the acquisition, disposal or leasing of assets, (c) the provision or receipt of services, (d) the issuance or subscription of securities, (e) the granting of or being granted options, and (f) 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 (for example, through one or more interposed entities).

#### **3.3 General Requirements**

Except for transactions which are excluded from the ambit of Chapter 9, immediate announcement, or immediate announcement and shareholders’ approval are required in respect of transactions with interested persons if certain financial thresholds are met or exceeded. In particular, shareholders’ approval is required where:

- (a) the value of such transaction when aggregated with the values of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 5% of the latest audited consolidated net tangible assets of the listed company; or

- (b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated net tangible assets of the listed company.

### **3.4 General Mandate**

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

## **4. DIRECTORS' RECOMMENDATIONS**

Having considered, *inter alia*, the terms, the rationale for and the benefits of the proposed renewal of the 2020 IPT Mandate, the Independent Directors are of the view that the proposed renewal of the 2020 IPT Mandate is in the interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to the proposed renewal of the 2020 IPT Mandate as set out in the Notice of AGM.

Mr Darwin Indigo, being an executive of the Wilmar Group, has abstained from making any recommendation on the renewal of the 2020 IPT Mandate.

## **5. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING**

By virtue of its interest in the renewal of the 2020 IPT Mandate, Newbloom, which is interested in 20.0% of the share capital of the Company, will abstain and has undertaken to ensure that its associates will abstain from voting on the ordinary resolution relating to the proposed renewal of the 2020 IPT Mandate at the forthcoming AGM.

## **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the renewal of the 2020 IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 this Appendix in its proper form and context.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

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 of this Appendix up to the date of the AGM:

7.1.1 the Constitution of the Company; and

7.1.2 the Annual Report for the financial year ended 31 December 2020.

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

Henry Maknawi  
Executive Chairman