



KENCANA AGRI LIMITED

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

PROPOSED DISPOSAL OF 78.5% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PT CAHAYA PERMATA GEMILANG WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED RESPECTIVELY

- **TERMINATION OF THE AMENDED AND RESTATED CSPA**
 - **ENTRY INTO NEW CONDITIONAL SHARES SALE AND PURCHASE AGREEMENT**
-

A. TERMINATION OF THE AMENDED AND RESTATED CSPA

*Unless otherwise defined, all capitalised terms used herein shall have the meanings ascribed to them in the Company’s announcements dated 31 October 2019, 12 December 2019, 23 January 2020, 24 March 2020, 5 May 2020 and 5 March 2021 (the “**Previous Announcements**”).*

The board of directors (the “**Board**” or the “**Directors**”) of Kencana Agri Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Previous Announcements and wishes to provide the shareholders of the Company with an update on the status of the Proposed Disposal.

The relevant parties have agreed to revise certain key terms of the proposed disposal of 78.5% of the issued and paid-up share capital of PT Cahaya Permata Gemilang (i.e., the Target) by SWK, a subsidiary of the Company, in order to take into account the recent market developments in the energy sector in which the Target is operating, as well as the global economic trends, including the impact of the COVID-19 pandemic.

In addition, PT Kencana Energi Lestari, Tbk. (“**KEL**”) will no longer be acquiring 78.5% of the Target directly. Instead, a special purpose vehicle, PT Biomassa Energi Jaya (“**BEJ**”), has been incorporated to acquire 78.5% of the Target. BEJ is 49% owned by KEL, and the remaining 51% is owned by PT Paramata Indah Lestari, an Indonesian entity which is owned by Mr. Henry Maknawi and his sons.

In view of these changes, as well as the expiry of the long stop date under the Amended and Restated CSPA on 30 June 2020, the parties have on 10 August 2021 mutually agreed to terminate the Amended and Restated CSPA (the “**Original CSPA**”). Concurrent with such termination, a new conditional shares sale and purchase agreement has been entered into between BEJ, SWK, the Company and the Target for the acquisition by BEJ of 78.5% of the Target (the “**New CSPA**”).

A summary of the differences in the key terms of the Original CSPA and the New CSPA are set out in **Annex 1** hereto.

B. ENTRY INTO NEW CONDITIONAL SHARES SALE AND PURCHASE AGREEMENT

1. INTRODUCTION

- 1.1. On 10 August 2021, PT Biomassa Energi Jaya (“**BEJ**” or the “**Buyer**”), PT Sawindo Kencana (“**SWK**” or the “**Seller**”), the Company and PT Cahaya Permata Gemilang (“**CPG**” or the “**Target**”) entered into a conditional shares sale and purchase agreement (i.e., the New CSPA) pursuant to which the Buyer (and/or its wholly-owned subsidiary) intends to acquire 78.5% of the issued and paid-up share capital of the Target (the “**Sale Shares**”) for an aggregate consideration of US\$2,375,326 (approximately Rp34,449,350,418) (the “**New Proposed Disposal**”). The current shareholding structure of the Target and its subsidiaries is set out in **Annex 2** hereto.
- 1.2. The relative figures of the New Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) exceed 20%. Accordingly, the New Proposed Disposal is a major transaction in respect of which the approval of the shareholders (the “**Shareholders**”) of the Company is required.
- 1.3. As described in Section 2.1 of this announcement, the Buyer is an interested person (as defined in the Listing Manual) (“**Interested Person**”) and the New Proposed Disposal is an interested person transaction (as defined in the Listing Manual) (“**Interested Person Transaction**”). The consideration for the New Proposed Disposal represents approximately 17.35% of the Group’s latest audited net tangible assets (“**NTA**”) for the financial year ended 31 December 2020 (“**FY2020**”). Accordingly, the New Proposed Disposal is an Interested Person Transaction in respect of which the approval of the Shareholders who are independent for the purposes of the New Proposed Disposal as an Interested Person Transaction (the “**Independent Shareholders**”) is required.

2. THE NEW PROPOSED DISPOSAL

2.1. Information on the Buyer

- 2.1.1. BEJ is a limited liability company established under the laws of the Republic of Indonesia. It is 49% owned by KEL, and the remaining 51% is owned by PT Paramata Indah Lestari (“**PIL**”), an Indonesian entity which is owned by Mr. Henry Maknawi and his sons.
- 2.1.2. KEL is a public company listed on the Indonesia Stock Exchange and established under the laws of the Republic of Indonesia, and is a leading renewable energy provider in the Republic of Indonesia providing renewable energy for the needs of industries and households. The Maknawi family is a controlling shareholder of KEL, and holds in aggregate a 67.85% interest in KEL, both individually and through PIL.
- 2.1.3. The Maknawi family, through Kencana Holdings Pte. Ltd. and Mr. Henry Maknawi, is also a controlling shareholder of the Company and holds in aggregate a 53.77% interest in the Company. In addition, Mr. Henry Maknawi is a director on both the boards of KEL and the Company. Mr. Albert Maknawi is the chief executive officer of the Company, and is also the president commissioner of KEL.

2.2. Information on the Target

- 2.2.1. CPG is a limited liability company established under the laws of the Republic of Indonesia, and is engaged in the independent power producer business with biomass as its fuel. It is 78.5%

owned by the Seller, and the remaining 21.5% is owned by Enco Power Pte. Ltd. (formerly known as Kencana Bio-Energy Pte. Ltd.) (“**Enco Power**”). Enco Power is the wholly-owned subsidiary of Enco Ventures Singapore Pte. Ltd. (“**Enco**”).

2.2.2. CPG owns 99.9% of PT Listrindo Kencana (“**LK**”), which in turn owns 99% of PT Energy Karya Persada (“**EKP**”, and together with the Target and LK, the “**Target Group**”). Please refer to **Annex 2** hereto for further details on the current shareholding structure of the Target Group.

2.3. Principal Terms of the New Proposed Disposal

The principal terms of the New Proposed Disposal are set out as follows:

<i>Consideration</i>	:	<p>US\$2,375,326 (approximately Rp34,449,350,418). Please refer to <u>Annex 1</u> hereto for further details.</p> <p>The consideration was determined pursuant to commercial negotiations between the Seller and the Buyer in good faith and on an arm’s length basis, and was reviewed and approved by the directors of the Company who are independent for the purposes of the New Proposed Disposal as an Interested Person Transaction (the “Independent Directors”), taking into account the following factors:</p> <p>(a) the audited accounts of the Target Group as at 31 December 2020 (after adjusting for the amount of the shareholders loan owed by the Target to SWK as at 31 December 2020) in which the net assets and net tangible assets value of the Sale Shares (i.e., 78.5% of the issued share capital of the Target) are both recorded as US\$0.6 million;</p> <p>(b) the financial performance of the Target Group during FY2020;</p> <p>(c) the value of the SWK Land¹ as determined by the Land Valuer (as defined below);</p> <p>(d) the lease fees payable for a term of six years under the SWK Lease Agreements (as defined below) which was calculated based on the market rental value as determined by the Land Valuer;</p> <p>(e) the value of the To Be Repaid SWK Loan²; and</p>
----------------------	---	--

¹ “**SWK Land**” means part of the land owned by SWK in the area of approximately 5 (five) Ha under the HGU 01/1997, where “**HGU 01/1997**” means the Right to Cultivate Certificate Number 01/Bangka dated 10 October 1997.

² As at 30 June 2021, the amount of the shareholders loan owed by the Target to its shareholders, Enco Power and SWK, is Rp4,155,096,277 (approximately US\$286,499) and Rp44,527,744,850 (approximately US\$3,070,244) respectively (the “**Aggregate Loan Amount**”). As part of the purchase consideration, an amount of US\$1,103,287 will be paid by the Buyer (either directly or through the Target) to SWK in discharge of the corresponding amount of the shareholders loan owing from the Target to SWK within one year from completion of the sale under the New CSPA (the “**To Be Repaid SWK Loan**”).

		(f) the assumption by the Buyer of the PT PLN Penalty (as defined below) with effect from 1 January 2021.
<i>Terms of Payment</i>	:	Please refer to Annex 1 hereto for further details.
<i>Conditions Precedent</i>	:	<p>(a) Execution of a conditional shares sale and purchase agreement between BEJ, Enco, Enco Power and the Target in relation to the transfer of all the shares in the Target owned by Enco Power to BEJ or a party nominated by it / its wholly-owned subsidiary (the “Enco Power Sale”).</p> <p>(b) Completion of the conversion of the Remaining Shareholders Loan³.</p> <p>(c) The conversion of the Remaining Shareholders Loan being announced in two nationally circulated newspapers.</p> <p>(d) Completion of legal and financial due diligence on the Target Group and the results of such legal and financial due diligence being satisfactory to the Buyer.</p> <p>(e) Execution of a new long-term lease agreement between SWK and EKP in relation to the portion of the SWK Land which is temporarily being used by EKP for its business activity, and a new long-term lease agreement between SWK and LK in relation to the portion of the SWK Land which is temporarily being used by LK for its business activity (collectively, the “SWK Lease Agreements”).</p> <p>(f) Execution of a conditional land sale and purchase agreement relating to the SWK Land between the Buyer and EKP, and a conditional land sale and purchase agreement relating to the SWK Land between the Buyer and LK (collectively, the “SWK Land Sale Agreements”).</p> <p>(g) Approval from the creditors of the Target and the Seller having been obtained by the Target and the Seller for: (i) the execution of the SWK Land Sale Agreements; (ii) the New Proposed Disposal; (iii) the SWK Lease Agreements; and (iv) the conversion of the Remaining Shareholders Loan.</p> <p>(h) The shareholders of the Target approving the following matters: (i) the New Proposed Disposal; (ii) the change to the composition of the board of directors and board of commissioners of the Target; (iii) the amendment to the</p>

³ Subject to the necessary approvals having been obtained, the remaining amount of the shareholders loan (i.e., the Aggregate Loan Amount less the To Be Repaid SWK Loan) (the “**Remaining Shareholders Loan**”) will be converted into share capital in the Target prior to completion of the sale under the New CSPA. On conversion of the Remaining Shareholders Loan, with the necessary adjustments made as between Enco Power and SWK, the shareholding of Enco Power and SWK in the Target will remain at 21.5% and 78.5% respectively.

		<p>articles of association of the Target; and (iv) the change to the shareholding composition of the Target.</p> <p>(i) The relevant authority approving the following matters: (i) the New Proposed Disposal; (ii) the change to the composition of the board of directors and board of commissioners of the Target; (iii) the amendment to the articles of association of the Target; and (iv) the change to the shareholding composition of the Target.</p> <p>(j) The passing of the required resolutions of Enco Power to approve the Enco Power Sale.</p> <p>(k) The Target having announced the change of control due to the New Proposed Disposal: (i) in a nationally circulated newspaper; and (ii) to its employees.</p> <p>(l) Delivery of the documents evidencing the payment of the settlement by the Seller and/or the Company of all compensation due and payable, including but not limited to severance payments, any outstanding payments, and any related payments as required under the laws and regulations, to all the Target's employees who elect to resign from the Target.</p> <p>(m) The release and discharge of the Seller as a guarantor of the loan given by OCBC NISP to LK, and the participation of KEL and PIL are guarantors in its place.</p> <p>(n) KEL and PIL jointly and severally guaranteeing the To Be Repaid SWK Loan.</p>
<p><i>Conditions Subsequent</i></p>	<p>:</p>	<p><u><i>General Conditions Subsequent</i></u> (to be fulfilled within five business days from the date on which completion of the New Proposed Disposal ("Completion") occurs (the "Completion Date"))</p> <p>(a) The issuance of approval and/or notification receipt from Minister of Law and Human Rights of Republic of Indonesia with respect to: (i) the change of the shareholding composition of the Target due to the New Proposed Disposal; (ii) the change to the composition of the board of directors and board of commissioners of the Target; and (iii) the amendment to the articles of association of the Target.</p> <p>(b) The Target having announced the Completion in a nationally circulated newspaper.</p> <p>(c) The issuance of share certificates in the name of BEJ (and/or its wholly-owned subsidiary) and shareholders register of the Target which reflects the shareholding composition of the Target upon Completion.</p>

		<p><u>Conditions Subsequent relating to the SWK Land (to be fulfilled within six years from the Completion Date)</u></p> <p>(a) The land checking process of HGU 01/1997 having been completed and the Land Registration Certificate (<i>Surat Keterangan Pendaftaran Tanah</i>) of the HGU 01/1997 has been issued by the relevant land office (if required by the notary).</p> <p>(b) The required approval from the relevant governmental authority for the transfer of the SWK Land to LK and EKP having been properly obtained.</p> <p>(c) The mortgage over HGU 01/1997 having been released and the original certificate of HGU 01/1997 having been shown to the Buyer and the Target before conducting the relinquishment of land title over the SWK Land based on the HGU 01/1997.</p> <p>(d) The Seller having relinquished the land title over the SWK Land which is part of the HGU 01/1997, and the SWK Land having been validly applied to be a certificate of right to build in the name of LK and EKP which is free from any encumbrance and claim.</p>
<i>Exclusive Rights</i>	:	The Buyer has an exclusive right to purchase the Sale Shares and both the Seller and/or the Company are prohibited from offering, negotiating or selling the Sale Shares to any third party without written consent from the Buyer.
<i>First Right to Purchase</i>	:	The Seller shall grant EKP and LK the first right to purchase empty fruit bunches and mesocarp fiber at a fixed price of Rp50/kg. Such fix price may be further negotiated in the future in good faith.
<i>Long Stop Date</i>	:	31 December 2021 or such other date as may be mutually agreed
<i>Penalty</i>	:	With effect from 1 January 2021, the penalty imposed on LK by PT Perusahaan Listrik Negara due to LK's inability to meet minimum production requirements will be borne by the Buyer (the " PT PLN Penalty "), and the Seller and the Company shall be released from its obligations in respect of such penalty with effect from such date.

3. INTERESTED PERSON TRANSACTION

3.1. Materiality Thresholds under Chapter 9 of the Listing Manual

Based on the Group's latest audited consolidated financial statements for FY2020, the NTA of

the Group as at 31 December 2020 was approximately US\$13,691,000. The consideration for the New Proposed Disposal represents approximately 17.35% of the Group's latest audited NTA. Accordingly, the New Proposed Disposal is an Interested Person Transaction in respect of which the approval of Independent Shareholders is required.

3.2. Value of Interested Person Transactions

3.2.1. Save for the New Proposed Disposal, there are no Interested Person Transactions entered into by the Group with the Buyer for the financial year ending 31 December 2021 ("FY2021") as of the date of this announcement (not including transactions below S\$100,000 and transactions previously approved by the Shareholders).

3.2.2. Save for the New Proposed Disposal, there are no Interested Person Transactions entered into by the Group with any Interested Persons for FY2021 as of the date of this announcement (not including transactions below S\$100,000 and transactions previously approved by the Shareholders).

3.3. Statement of the Audit Committee

The audit committee of the Board is obtaining an opinion from an independent financial adviser on the New Proposed Disposal before forming its view, which will be announced subsequently.

4. VALUE OF THE SALE SHARES

4.1. Valuation of the Target Shares

KJPP Desmar, Ferdinand, Hentriawan dan Rekan (the "**Independent Valuer**") has been appointed by the Target to perform a valuation on 100% of the issued and paid-up share capital of the Target (the "**Target Shares**"). Details relating to the valuation of the Target Shares will be set out in the circular to be provided to the Shareholders in connection with the New Proposed Disposal.

4.2. Value of the Sale Shares

4.2.1. As at 31 December 2020, based on the audited accounts of the Target Group (after adjusting for the amount of the shareholders loan owed by the Target to SWK as at 31 December 2020), the book value (i.e., the net assets) and net tangible assets value of the Sale Shares are both US\$0.6 million. The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded.

4.2.2. The excess of the Adjusted Consideration⁴ over the book value of the Sale Shares as at 31 December 2020 is approximately US\$1.7 million.

4.2.3. The excess of the Consideration over the book value of the Sale Shares as at 31 December 2020 is approximately US\$1.8 million.

4.2.4. As at 31 December 2020, the amount of loss on the New Proposed Disposal is US\$0.3 million. The loss on the New Proposed Disposal represents the difference between the Consideration and the carrying value of the investment in the Target in the books of the Company. The carrying

⁴ "**Adjusted Consideration**" means US\$2,280,787, being the Consideration less the value of the SWK Land (i.e., approximately US\$72,722) and the lease fees payable for a term of six years under the SWK Lease Agreements (i.e., approximately US\$21,817).

value is determined after the capitalisation of outstanding trade receivables due from and the shareholders' loan extended to the Target Group.

5. VALUE OF THE SWK LAND

KJPP Benedictus Darmapuspita dan Rekan (the “**Land Valuer**”) has been appointed by the Target to perform a valuation on the SWK Land. Details relating to the valuation of the SWK Land will be set out in the circular to be provided to the Shareholders in connection with the New Proposed Disposal.

6. FINANCIAL EFFECTS OF THE NEW PROPOSED DISPOSAL

6.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group after Completion. The financial effects of the New Proposed Disposal on the Company as set out below are based on the Group's latest audited financial statements for FY2020 and the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that Completion took place on 31 December 2020; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the earnings per Share (“**EPS**”) have been computed assuming that Completion took place on 1 January 2020.

6.2. Share Capital

As no new shares will be issued by the Company (“**Shares**”) in connection with the New Proposed Disposal, the New Proposed Disposal will have no impact on the Company's issued share capital.

6.3. NTA per Share

	Before the New Proposed Disposal	On Completion
NTA ⁽¹⁾ attributable to the Shareholders (US\$'000)	13,691	13,431
Number of Shares (excluding treasury shares) ('000)	287,011	287,011
NTA per Share (US cents)	4.77	4.68

Note:-

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

6.4. EPS

	Before the New Proposed Disposal	On Completion
Profit after taxation and non-controlling interests (US\$'000)	4,021	3,761
Weighted average number of Shares (excluding treasury shares) ('000)	287,011	287,011
EPS (US cents)	1.4	1.31

6.5. Gearing

	Before the New Proposed Disposal	On Completion
Net borrowings / (cash) ⁽¹⁾ as at 31 December 2020 (US\$'000)	234,942	233,744
Shareholders' equity (US\$'000)	13,691	13,431
Gearing (times)	17.16	17.40

Note:-

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the New Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's latest announced financial statements for FY2020 are set out as follows:

Rule	Bases	Size of relative figure
1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	4.57% ⁽¹⁾
1006(b)	The net loss ⁽²⁾ attributable to the assets acquired or disposed of, compared with the Group's net profit ⁽²⁾ .	-20.27% ⁽³⁾
1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares (excluding treasury shares).	7.46% ⁽⁴⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets.	N.A.

Notes:-

- (1) Based on the net asset value of the Sale Shares as at 31 December 2020 as recorded in the audited accounts of the Target (after adjusting for the amount of the shareholders loan owed by the Target to SWK as at 31 December 2020) of US\$625,132 and the Group's net asset value of US\$13,691,000 as at 31 December 2020.
- (2) Net profits / loss means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Based on the net loss attributable to the Sale Shares of US\$1,530,677 for FY2020 and the net profit attributable to the Group for FY2020 of US\$7,553,000.
- (4) Based on the consideration of US\$2,375,326 and the market capitalisation of the Company being US\$31,854,737 which is calculated based on the weighted average price of S\$0.15 per Share on 9 August 2021 (being the market day preceding the date of the New CSPA) and 287,011,177 Shares in issue as at 9 August 2021 (being the market day preceding the date of the New CSPA).

Accordingly, the New Proposed Disposal is a Major Transaction pursuant to Chapter 10 of the Listing Manual.

8. PROFIT GUARANTEE OR PROFIT FORECAST

No profit guarantee or profit forecast (or any covenant which quantifies the anticipated level of future profits) was granted by the Seller under the New CSPA.

9. USE OF PROCEEDS

The net proceeds from the consideration under the New Proposed Disposal will be used by the Company for working capital purposes, including but not limited to payment of operating expenses such as salary, fertiliser, fuel and other general overheads.

10. RATIONALE FOR AND BENEFITS OF THE NEW PROPOSED DISPOSAL

As at the date of this announcement, the Target Group owns two power plants:

- (a) a power plant held by LK, which has not been in operation since November 2018 due to technical issues and which has permanently ceased operations since January 2021; and
- (b) a power plant held by EKP which has been in operation since June 2018.

The New Proposed Disposal is being undertaken pursuant to a strategic review of the financial position, operational needs, long-term strategy and direction of the Company, as well as the business prospects of the Target and its subsidiaries. The rationale for the New Proposed Disposal is as follows:

- (a) the Group embarked on its renewable biomass power generation business segment to: (i) utilise waste products from production facilities, such as empty fruit bunches and palm kernel shells, in line with its zero waste strategy; (ii) provide "green" renewable electricity to local communities in power scarce areas; and (iii) generate additional revenue for the Group. However, notwithstanding that such operations have been ongoing for nearly ten years, this business segment remains challenging to operate and has yet to become profitable. Further, in line with its original strategy to register its renewable biomass plant as a clean development mechanism project that would enable the Group to sell certified emission reduction credits, the Group entered into an emissions reduction purchase agreement with the Danish Ministry of Climate and Energy. However, this agreement was

not renewed upon its expiry in 2014 and the Group has to date not been able to successfully source for suitable alternative projects. Therefore, the New Proposed Disposal would enable the Group to focus on its core business in the oil palm industry by channelling its resources to improve production and operational efficiency;

- (b) as the Group's cash flow liquidity has been adversely affected due to the downward trend in crude palm oil prices since 2012, lower fresh fruit bunches and crude palm oil production and the uncertain economic outlook, the New Proposed Disposal would improve the Group's cash flow liquidity and enable the Group to support its core operations without additional investment requirements; and
- (c) the financial performance of the Group's biomass energy segment under the Target and its subsidiaries has not been ideal. This business segment has been recording losses in recent years despite the injection of significant investments and resources. As the benefits of such investments have not been proven to date, continuing with this business segment may pose greater risk for the Group due to uncertainty in the power production industry and other technical and operational issues experienced in the past. Therefore, it would be in the best interest of the Group to devote available resources to its core business.

11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed in Section 2.1 of this announcement, and save for their respective interests in the Shares, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the New Proposed Disposal.

12. SERVICE CONTRACTS

No service contracts will be entered into in connection with the New Proposed Disposal.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company at 36 Armenian Street, #03-02, Singapore 179934 from a period of three months from the date of this announcement:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2020; and
- (c) the New CSPA.

Ratna Maknawi
Executive Vice Chairman
Singapore, 10 August 2021

ANNEX 1

DIFFERENCES IN THE KEY TERMS OF THE ORIGINAL CSPA AND THE NEW CSPA

	ORIGINAL CSPA	NEW CSPA
<i>Purchase Consideration</i>	<p>Approximately US\$4,313,746 comprising:</p> <p>(a) the loan amount owed by the Target to its shareholders, being approximately US\$1,585,170;</p> <p>(b) the consideration for the Sale Shares, being approximately US\$2,514,197;</p> <p>(c) approximately US\$72,722, being the value of the SWK Land;</p> <p>(d) approximately US\$21,817, being the value of the lease fees payable under the SWK Lease Agreements; and</p> <p>(e) approximately US\$119,840, being the amount of cash balances in the Target, EKP and LK as at 31 July 2019 attributable to the Seller.</p>	<p>Approximately US\$2,375,326 comprising:</p> <p>(a) approximately US\$1,103,287, being the To Be Repaid SWK Loan;⁵</p> <p>(b) the consideration for the Sale Shares, being approximately US\$1,177,500;</p> <p>(c) approximately US\$72,722, being the value of the SWK Land; and</p> <p>(d) approximately US\$21,817, being the value of the lease fees payable under the SWK Lease Agreements for a term of six years.</p>
<i>Payment Terms</i>	<ul style="list-style-type: none"> • Refundable down payment of US\$1,500,000 in cash (paid by KEL to SWK on 1 November 2019) (the “Refundable Down Payment”).⁶ • Remainder of the purchase consideration to be paid at completion save that the value of 	<ul style="list-style-type: none"> • The To Be Repaid SWK Loan to be paid by BEJ (either directly or through the Target) to SWK within one year from completion of the sale under the New CSPA.⁷ • US\$1,177,500 deemed paid to SWK pursuant to the Collective Agreement.⁸

⁵ See Note 2 and Note 3.

⁶ Pursuant to Article 5.3 of the Original CSPA, SWK is obliged to refund the Refundable Down Payment to KEL. Pursuant to a collective agreement dated 10 August 2021 (the “**Collective Agreement**”), KEL has assigned to BEJ its right to receive the Refundable Down Payment. Due to the consideration for the Sale Shares being adjusted downwards from US\$2,514,197 to US\$1,177,500, the parties have agreed that only US\$1,177,500 of the Refundable Down Payment will be applied to the aggregate consideration payable by BEJ to the Seller. Accordingly, there is a difference of US\$322,500 due to BEJ, who has directed that US\$306,375 be paid to Enco Power and applied towards the consideration for the Enco Power Sale and that US\$16,125 be refunded directly to BEJ.

⁷ See Note 2 and Note 3.

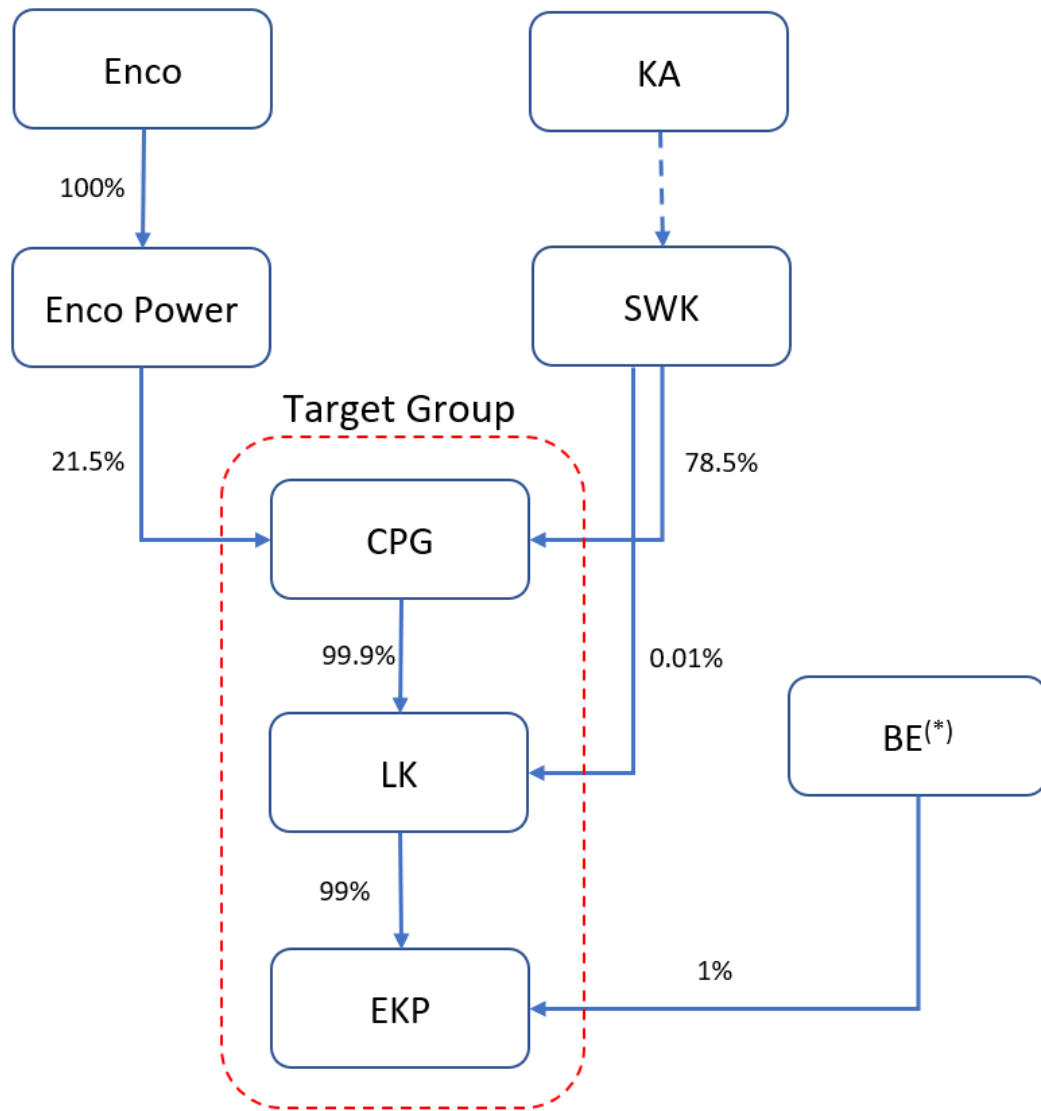
⁸ See Note 6.

	the SWK Land will be paid to the Seller within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land.	<ul style="list-style-type: none"> • US\$72,722 to be paid to SWK within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land. • US\$21,817 to be paid to SWK at completion of the sale under the New CSPA.⁹
<i>Guarantor for OCBC Bank Facility</i>	KEL as guarantor of the loan given by OCBC NISP to LK.	KEL and PIL as guarantors of the loan given by OCBC NISP to LK.
<i>Guarantor for the To Be Repaid SWK Loan</i>	-	KEL and PIL as joint and several guarantors of the To Be Repaid SWK Loan.

⁹ The lease fees payable under the SWK Lease Agreements will be paid by BEJ on behalf of the Target to SWK on completion of the sale under the New CSPA. Such amount will constitute a loan from BEJ to the Target.

ANNEX 2

SHAREHOLDING STRUCTURE



Enco	:	Enco Ventures Singapore Pte. Ltd.
Enco Power	:	Enco Power Pte. Ltd. (formerly known as Kencana Bio-Energy Pte. Ltd)
KA	:	Kencana Agri Limited or the Company
SWK	:	PT Sawindo Kencana or the Seller
CPG	:	PT Cahaya Permata Gemilang or the Target
LK	:	PT Listrindo Kencana
EKP	:	PT Energy Karya Persada
BE	:	PT Belitung Energy *BE is owned 21.5% and 78.5% by Enco Power and SWK respectively