



KENCANA AGRI LIMITED

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

**COMPLETION OF THE INTERNAL RESTRUCTURING OF KENCANA BIO-ENERGY PTE LTD
AND ITS SUBSIDIARIES**

The board of directors (each, a “**Director**” and collectively, the “**Board**”) of Kencana Agri Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 23 January 2020, the Group has completed the internal restructuring of Kencana Bio-Energy Pte Ltd and its subsidiaries (“**Internal Restructuring**”).

1. Background

1.1. **Shareholding Structure Prior to The Completion of Internal Restructuring.** Prior to the completion of Internal Restructuring, the Group, through its subsidiary, PT Sawindo Kencana (“SWK”) and its associate company, Kencana Bio-Energy Pte Ltd (“KBE”), holds effectively 71.5% equity interest in PT Cahaya Permata Gemilang (“CPG”). KBE is a joint control company between the Company and Enco Ventures (Singapore) Pte. Ltd in which the Company has 70% equity interest and the remaining 30% interest is held by Enco Ventures (Singapore) Pte. Ltd. KBE controls 95% equity interest of CPG. PT Belitung Energy (“BE”) and PT Listrindo Kencana (“LK”) are subsidiaries of CPG, and PT Energy Cipta Utama (“ECU”) and PT Energy Karya Persada (“EKP”) are in turn subsidiaries of BE and LK respectively. CPG and its subsidiaries are in bio-energy business. The shareholding structure prior to the completion of Internal Restructuring is set out in **Appendix 1**.

1.2. **Internal Restructuring.** Enco Ventures (Singapore) Pte Ltd is a subsidiary of Enco Holdings Sendirian Berhad (“Enco”). Enco and the Company have agreed to rationalize their respective holdings in CPG and its subsidiaries by undertaking an internal restructuring and reorganisation exercise pursuant to which:

- (a) the Company shall cease to hold its effective interest in CPG and its subsidiaries through its 70% stake in KBE, and instead hold all its existing effective interest in CPG and BE through SWK;
- (b) Enco continues to hold all its effective interest in CPG and BE through KBE; and
- (c) Both the Group and Enco are effectively capitalising substantially their loans granted to and trade receivables from LK, EKP and BE through subscription of new shares in these entities and the repayment of these loan and trade receivables by these entities to the Group and Enco.

The Internal Restructuring processes are described in item 2.2 below.

2. INTERNAL RESTRUCTURING

2.1 Rationale for the Internal Restructuring

The purpose of the Internal Restructuring is mainly to strengthen the equity of CPG and its subsidiaries and to meet its borrowing to equity ratio as imposed by lender.

The Internal Restructuring was funded through internal resources of the Group and is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2020.

None of the Directors of the Company has any interest, direct or indirect, in the aforesaid Internal Restructuring.

2.2 Internal Restructuring Process

2.2.1 As part of the Internal Restructuring, KBE has acquired 99.9% interest, comprising 15,004 shares in BE from CPG at a cash consideration of IDR1,000.

2.2.2 As of 31 July 2019, KBE granted to LK, shareholders loans amounted to an aggregate of IDR20,318,358,256 (including interest accrued thereon). As part of the Internal Restructuring, KBE subscribed 192,173 new shares of IDR100,000 each in CPG and CPG in turn subscribed 19,217 new shares of IDR1,000,000 each in LK. Upon these subscriptions, LK repaid its loan payable to KBE of IDR19,217,292,533 .

2.2.3 As of 31 July 2019, Enco and/or its subsidiaries ("Enco Group") granted LK, BE and EKP, shareholder loans and have trade receivables from these companies amounted to an aggregate of IDR122,143,575,567 (including interest accrued thereon). Enco Group novated its rights of these loans/receivables to KBE and SWK as follows:

Enco Group's rights of the loan/receivables novated to	Loans/trade payables owing by	Amount (IDR)
KBE	LK	31,053,095,544
KBE	BE	47,008,629,194
KBE	EKP	2,487,836,457
SWK	LK	38,450,635,907
SWK	BE	3,143,378,465
Total		122,143,575,567

As a result of the novation of the loans/receivables by Enco Group to KBE and SWK as mentioned above, these parties, namely 1) KBE, in turn owe to Enco Group of the same corresponding amount as stated above and 2) SWK, through the Company, in turn owe to Enco Group of the same corresponding amount as stated above. Upon the novation as described:

- SWK subscribed 384,506 new shares of IDR100,000 each in CPG and 3,143 new shares of IDR1,000,000 each in BE respectively. In turn, CPG subscribed 38,451 new shares of IDR1,000,000 each in LK. Upon these subscriptions, LK and BE repaid its loans and trade payables to SWK of IDR38,450,635,907 and IDR3,143,378,465 respectively.

- KBE subscribed 83,359 new shares of IDR100,000 each in CPG and 46,018 new shares of IDR 1,000,000 each in BE respectively. In turn, CPG subscribed 8,336 new shares of IDR1,000,000 each in LK. Upon these subscriptions, LK and BE repaid its loans and trade payables to KBE of IDR8,335,884,345 and IDR46,013,676,850 respectively and, EKP repaid its loans and trade payables to KBE of IDR2,438,123,591.
- 2.2.4** The Group granted to BE, LK, EKP and CPG shareholder loans and have trade receivables from these companies amounted to an aggregate of IDR378,545,970,649 (including interest accrued thereon and additional loan granted by the Group after 31 July 2019 amounted to IDR26,200,000,000). As part of the Internal Restructuring, SWK subscribed 1,584,771 new shares of IDR100,000 each in CPG and 220,084 new shares of IDR1,000,000 each in BE. In turn, CPG subscribed 156,017 new shares of IDR1,000,000 each in LK. Upon these subscriptions, BE, LK, EKP and CPG repaid its loans and trade payables to the Group of IDR352,345,970,649. In addition, LK, EKP, and BE also repaid its loans and trade payables to KBE totalling IDR26,200,000.000.
- 2.2.5** Upon the completion of the restructuring steps above, 1) the Group offset its entire 70% equity interest in KBE with the partial amount owing to Enco Group as a result of Enco Group novated to SWK, its rights of the loans granted to and trade receivables from LK and BE and 2) Enco Group waived its remaining rights of these loans and receivables novated to SWK - This effectively cancelled the amount owing to Enco Group arising from the novation of assets to SWK as described in item 2.2.3.
- 2.3 Effect of the Internal Restructuring**
- 2.3.1** On completion of the Internal Restructuring, the Group effective interests in CPG and BE (held through SWK) increased from 71.5% to 78.5% while Enco's interests in CPG and BE (held through KBE) has been diluted from 28.5% to 21.5%. Please refer to the revised shareholding structure as shown in **Appendix 2**. It has also been agreed between the Company and Enco that KBE's name shall be changed in due course.
- 2.3.2** As stated previously in the Company's announcements dated 31 October 2019 and 12 December 2019, the Proposed Disposal (as defined in the respective announcements) will be based on SWK's effective interest in CPG on completion of the Internal Restructuring which represent 78.5% of the issued and paid-up share capital of CPG held by SWK.

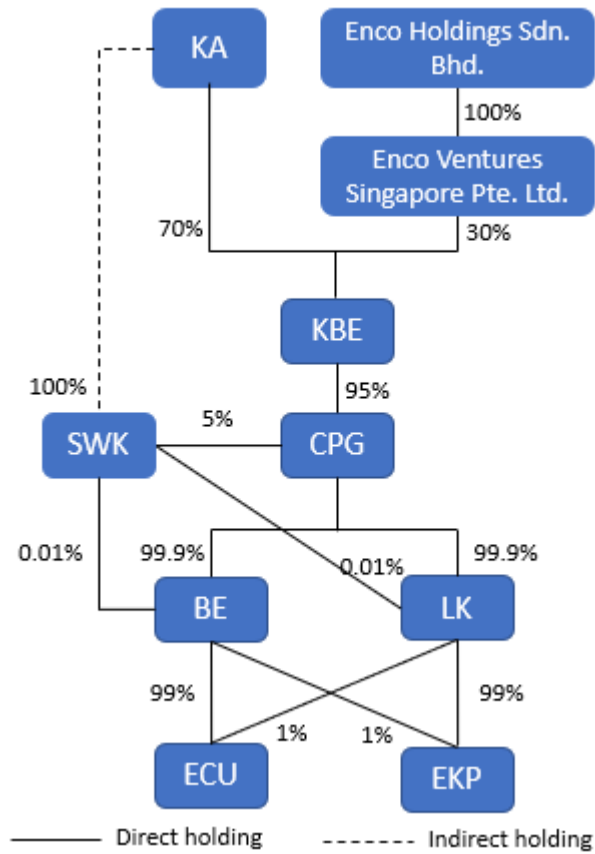
On behalf of the Board

Ratna Maknawi
Executive Vice Chairman

Singapore, 23 January 2020

APPENDIX 1

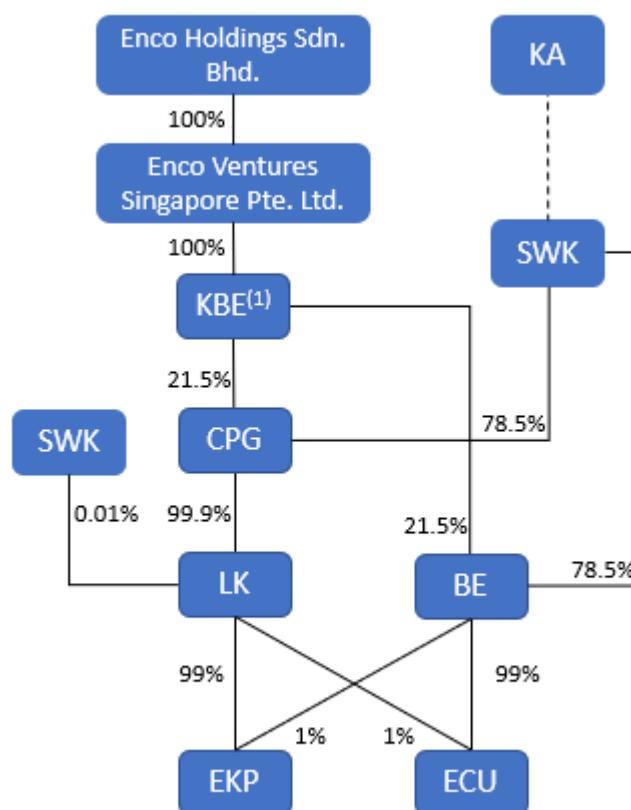
SHAREHOLDING STRUCTURE BEFORE THE INTERNAL RESTRUCTURING



KA	:	Kencana Agri Limited or the Company
ENCO	:	Enco Holdings Sendirian Berhad
KBE	:	Kencana Bio Energy Pte. Ltd
SWK	:	PT Sawindo Kencana
CPG	:	PT Cahaya Permata Gemilang
BE	:	PT Belitung Energy
LK	:	PT Listrindo Kencana
ECU	:	PT Energy Cipta Utama
EKP	:	PT Energy Karya Persada

APPENDIX 2

SHAREHOLDING STRUCTURE AFTER THE INTERNAL RESTRUCTURING



Note:
(1) KBE name to be changed

KA	:	Kencana Agri Limited or the Company
ENCO	:	Enco Holdings Sendirian Berhad
KBE	:	Kencana Bio Energy Pte. Ltd
SWK	:	PT Sawindo Kencana
CPG	:	PT Cahaya Permata Gemilang
BE	:	PT Belitung Energy
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