



INTERESTED PERSON TRANSACTIONS PURSUANT TO RULE 905(2) OF THE LISTING MANUAL

The Board of Directors of Kencana Agri Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 9 November 2018 in relation to interested person transactions (“**IPTs**”) with PT Berkat Wahana Sukses (“**BWS**”) (the “**IPT Announcement**”). As disclosed in the IPT Announcement, the Group, from time to time, entered into various recurring IPTs with **BWS** in the ordinary course of business.

Information on BWS

The shareholders of BWS are Mr Henry Maknawi, the Executive Chairman (47.15%), Ms Ratna Maknawi, the Executive Vice-Chairman (47.15%), and Eddy Maknawi, the brother of the Executive Chairman and Executive Vice Chairman (5.70%). The shareholders of BWS are not engaged in the management of BWS, which is managed by experienced and independent third party.

Rule 905(2) of the Listing Manual provides that if aggregate value of transactions entered into with the same interested person during the same financial year amounts to 3% or more to the Group’s latest audited net tangible assets, the Company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Update

As announced in the IPT Announcement, the aggregate values of the IPTs with BWS for the period beginning 1 January 2018 to 31 October 2018 was US\$1,537,000, representing approximately 3.16% of the Group’s latest audited net tangible assets of US\$48,570,000 (“Group’s NTA”) as at 31 December 2017.

Further to the IPT Announcement and pursuant to Rule 905(2) of the Listing Manual, the Company wishes to announce that the Group had entered into the following IPTs with BWS for the period beginning 1 November 2018 to 31 December 2018:

Name	Details of IPTs	Aggregate value of IPTs (US\$’000)
BWS	Provision of transportation for fresh fruit bunches (“FFB”) These IPTs were entered into by the Group on an arm’s length basis in its ordinary course of business. The service fee was arrived at on a willing buyer-willing seller basis, taking into consideration prevailing market rates.	301

This resulted in the aggregate value of the IPTs entered into between the Group and BWS for the period from 1 January 2018 to 31 December 2018 to be approximately US\$1,837,000, representing approximately 3.78% of the Group’s latest audited net tangible assets of US\$48,570,000 (“Group’s NTA”) as at 31 December 2017.

Rationale and benefit of the IPTs

The Group's core business includes plantations, palm oil mills, port & bulking facilities and renewable biomass power plants. In view of the Group's strategy to focus its resources on its core business, the Group outsources certain non-core functions to third party contractors.

BWS has been providing dedicated transportation services at competitive prices to the Group. The quality of the transportation of FFB is an important factor for the efficient production of the Group's primary product, CPO. FFB are perishable products and freshly picked FFB must be processed within 24 hours in order to maximize the CPO quality. Similarly, the Group's CPO must be delivered in a timely manner in order to meet the Group's sale orders.

Given the above, the Group believes that it will be in the interests of the Group to engage the transportation and logistics services of BWS.

Audit and Risk Management Committee's Statement

The Audit and Risk Management Committee of the Company has reviewed the above IPTs and is of the view that the IPTs are transacted on normal commercial terms and at arm's length basis, and are not prejudicial to the interests of the Company and its minority shareholders.

Interest of Directors and Substantial Shareholders

Save as disclosed above and other than through their respective shareholdings in the Company, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the IPTs.

By Order of the Board

Ratna Maknawi
Executive Vice-Chairman

18 February 2019