



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

- **CLARIFICATION ON THE TERMS AND CONDITIONS OF THE CONDITIONAL SHARES SALE AND PURCHASE AGREEMENT**
- **ENTRY INTO A SUPPLEMENTAL DEED TO THE CONDITIONAL SHARES SALE AND PURCHASE AGREEMENT**

*Unless otherwise defined, all capitalised terms used herein shall have the meanings ascribed to them in the Company’s announcements dated 31 October 2019 and 12 December 2019 (the “**Previous Announcements**”) in relation to the preliminary agreement dated 31 October 2019 entered into between the Company, PT Sawindo Kencana and PT Kencana Energi Lestari Tbk. for the sale and purchase of 78.5% of the issued and paid-up share capital of PT Cahaya Permata Gemilang (the “**Proposed Disposal**”) and the conditional shares sale and purchase agreement dated 12 December 2019 (the “**CSPA**”) entered into between the Company, PT Sawindo Kencana, PT Kencana Energi Lestari Tbk. and PT Cahaya Permata Gemilang to supplement the details of the Proposed Disposal.*

The board of directors of Kencana Agri Limited refers to the Previous Announcements and wishes to make certain clarifications regarding the terms and conditions contained in the CSPA, as well as announce that the Company, the Seller, the Buyer and the Target have on 23 January 2020 entered into a supplemental deed to the CSPA (the “**Supplemental Deed**”) in order to clarify and further supplement the details of the Proposed Disposal.

(a) Value and Size of the SWK Land

The value of the SWK Land, which comprises part of the Consideration, has been determined to be approximately US\$72,722. The CSPA also clarifies that the size of the SWK Land is approximately **four**¹, not five, hectares in size.

(b) Consideration

The CSPA and the Supplemental Deed clarify that the Consideration for the Proposed Disposal is approximately **US\$4,636,126** (subject to adjustment resulting from the amount of cash

¹ As at the date hereof, the management of the Company, based on internal calculations, has determined the size of the SWK Land to be approximately 3.4 hectares. The size of the SWK Land will be conclusively determined at the time at which the SWK Land will be transferred based on official measurements to be provided by the Indonesian land authorities which, as at the date hereof, the management of the Company believes will be approximately 4 hectares.

balances in EKP and LK as at 31 July 2019 attributable to SWK), an increase from US\$4,615,800 as previously stated in the Preliminary Agreement. This revision was made to take into account 100% (and not 78.5%) of the value of the SWK Land as the SWK Land is wholly-owned by SWK.

The amount of cash balances in EKP and LK as at 31 July 2019 attributable to SWK has been determined to be US\$119,840.

Therefore, the final Consideration for the Proposed Disposal is approximately **US\$4,755,966** which comprises the following:

- (a) approximately US\$3,387,676, being the value of EKP;
- (b) approximately US\$1,153,911, being the value of LK;
- (c) approximately US\$72,722, being the value of the SWK Land (which comprises approximately US\$38,500 for the sale of 1.8 hectares of land to LK and approximately US\$34,222 for the sale of the remaining 1.6 hectares of land to EKP);
- (d) approximately US\$21,817, being the value of the lease fees payable under the SWK Lease Agreements for a term of six years (which comprises approximately US\$11,550 for the lease of 1.8 hectares of land by LK for a term of six years and approximately US\$10,267 for the lease of the remaining 1.6 hectares of land by EKP for a term of six years); and
- (e) US\$119,840, being the amount of the adjustment due to cash balances in EKP and LK as at 31 July 2019 attributable to SWK.

(c) Shareholding Structure of the Target Group

The CSPA further clarifies that LK's interest in EKP, and BE's interest in ECU, is **99.0%**, and not 99.9%. The revised shareholding structure of the Target Group is set out in Appendix 1 below.

(d) Discharge of Loan Guarantee

The Supplemental Deed also provides that the removal or discharge of SWK as a guarantor of the loan given by Bank OCBC NISP to LK shall be a condition precedent to completion.

(e) Warranties and Indemnities

The Supplemental Deed clarifies that the Company and the Seller shall jointly indemnify and hold harmless the Buyer from and for any and all losses suffered or borne by the Buyer arising from, *inter alia*, breach of representations and warranties, provided that any such indemnity claim by the Buyer must be made within thirty (30) days from three (3) years after Completion for tax-related matters and 30 days from one (1) year after Completion for non-tax related matters, failing which the Buyer shall no longer be entitled to make any such claims.

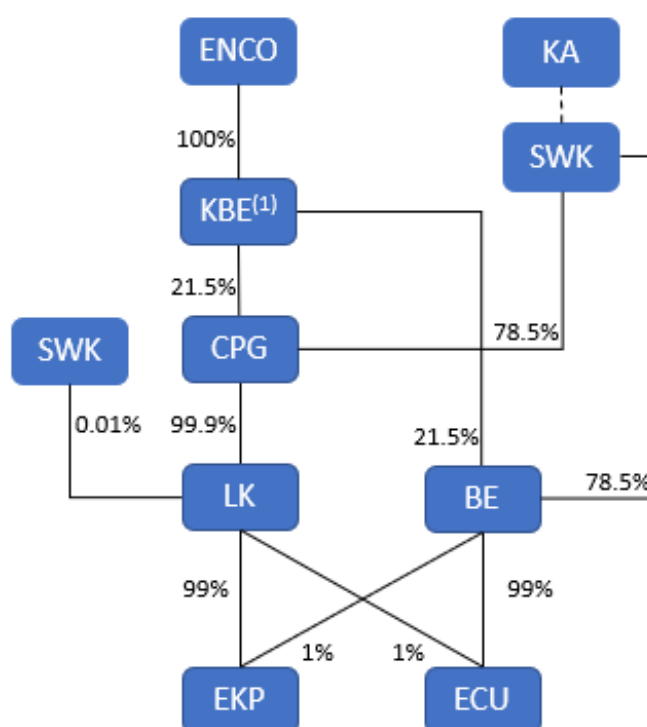
On behalf of the Board

Ratna Maknawi
Executive Vice Chairman

Singapore, 23 January 2020

APPENDIX 1

Post Restructuring Structure



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
LK	: PT Listrindo Kencana
ECU	: PT Energy Cipta Utama
EKP	: PT Energi Karya Persada