

CIRCULAR DATED 23 DECEMBER 2021

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular (as defined herein) is issued by Kencana Agri Limited (the “**Company**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM (as defined herein) and the proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular with the Notice of EGM and the proxy form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee. The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the extraordinary general meeting to be held on 11 January 2022 (the “**EGM**”) in person. Instead, alternative arrangements have been put in place to allow shareholders of the Company (“**Shareholders**”) to participate at the EGM by: (a) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only feed; (b) submitting questions in advance of the EGM and addressing of substantial and relevant questions prior to, or at the EGM; and/or (c) appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. Please refer to Section 12 of this Circular and the Notice of EGM dated 23 December 2021, copies of which have been uploaded on SGXNet at <https://www2.sgx.com/securities/company-announcements> and the Company’s website at <http://www.kencanaagri.com> for further information, including the steps to be taken by Shareholders to participate at the EGM.

**PLEASE NOTE THAT NO PRINTED COPIES OF THIS CIRCULAR, THE NOTICE OF EGM AND THE PROXY FORM IN RESPECT OF THE EGM WILL BE DESPATCHED TO SHAREHOLDERS.**



**KENCANA AGRI LIMITED**

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED DISPOSAL OF 78.5% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PT CAHAYA PERMATA GEMILANG FOR A CONSIDERATION OF APPROXIMATELY US\$2,375,326 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**

*Independent Financial Adviser in respect of the Proposed Disposal as an Interested Person Transaction*



**SAC CAPITAL PRIVATE LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200401542N)

**IMPORTANT DATES AND TIMES**

Last date and time to pre-register online to attend the EGM	:	8 January 2022 at 10.00 a.m.
Last date and time for lodgement of proxy form	:	9 January 2022 at 10.00 a.m.
Date and time of the EGM	:	11 January 2022 at 10.00 a.m.
Place of the EGM	:	The EGM will be held by way of electronic means

<b>DEFINITIONS</b> .....	<b>1</b>
<b>LETTER TO SHAREHOLDERS</b> .....	<b>12</b>
1. INTRODUCTION.....	12
2. THE PROPOSED DISPOSAL.....	15
3. INTERESTED PERSON TRANSACTION.....	36
4. VALUE OF THE SALE SHARES AND THE SWK LAND.....	38
5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL.....	41
6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL.....	43
7. PROFIT GUARANTEE OR PROFIT FORECAST.....	44
8. USE OF PROCEEDS.....	44
9. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL.....	44
10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	45
11. SERVICE CONTRACTS.....	46
12. ACTION TO BE TAKEN BY SHAREHOLDERS.....	47
13. ABSTENTION FROM VOTING.....	47
14. DIRECTORS' RECOMMENDATIONS.....	48
15. DIRECTORS' RESPONSIBILITY STATEMENT.....	48
16. CONSENTS.....	48
17. DOCUMENTS FOR INSPECTION.....	49
<b>APPENDIX A – IFA LETTER</b> .....	<b>A-1</b>
<b>APPENDIX B – VALUATION REPORT</b> .....	<b>B-1</b>
<b>APPENDIX C – SHAREHOLDING STRUCTURE OF THE TARGET GROUP</b> .....	<b>C-1</b>
<b>APPENDIX D – SUMMARY OF THE RESTRUCTURING EXERCISE</b> .....	<b>D-1</b>
<b>APPENDIX E – FINANCIAL INFORMATION RELATING TO THE TARGET GROUP</b> .....	<b>E-1</b>
<b>APPENDIX F – FINANCIAL INFORMATION RELATING TO THE PT BE GROUP FOR FY2020</b> ...F-1	
<b>APPENDIX G – DIFFERENCES IN KEY TERMS OF THE ORIGINAL CSPA AND THE CSPA</b> .....	<b>G-1</b>
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	<b>N-1</b>

---

## DEFINITIONS

---

In this Circular, the following definitions apply throughout unless otherwise stated:

- “1H2020”** : The financial half year ended 30 June 2020;
- “1H2021”** : The financial half year ended 30 June 2021;
- “Act” or “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time;
- “Adjusted Consideration”** : The amount of US\$2,280,787, being the Consideration less the SWK Land Consideration and the SWK Lease Fees;
- “Aggregate Shareholders Loan Amount”** : The amount of US\$3,358,479, being the aggregate of the SWK Loan and the Enco Power Loan;
- “Associate”** : In the case of a company:
- (a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
    - (i) his immediate family;
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; or
  - (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

In the case of an individual, means:

- (a) his immediate family;
- (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

---

## DEFINITIONS

---

- (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- “Audit and Risk Committee”** : The audit and risk management committee of the Board which as at the Latest Practicable Date comprises Mr. Soh Yew Hock, Tengku Alwin Aziz and Mr. Sim Idrus Munandar;
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date;
- “Buyer”** : PT Biomassa Energi Jaya, a limited liability company established under the laws of the Republic of Indonesia, having its address at Kencana Tower 11<sup>th</sup> Floor, Jl. Raya Meruya Ilir No. 88, Jakarta Barat;
- “CDP”** : The Central Depository (Pte) Limited;
- “Circular”** : This Circular to Shareholders dated 23 December 2021;
- “Collective Agreement”** : The collective agreement dated 10 August 2021 pursuant to which, *inter alia*, KEL has assigned to the Buyer its right to receive the Refundable Down Payment in the amount of US\$1,500,000 from the Seller;
- “Company”** : Kencana Agri Limited;
- “Completion”** : The completion of the Proposed Disposal;
- “Completion Date”** : The date on which Completion takes place;
- “Conditional Loan Capitalisation”** : The conversion of the Remaining Shareholders Loan into share capital in the Target, subject to the necessary approvals being obtained;
- “Consideration”** : The consideration for the Proposed Disposal, being US\$2,375,326 (approximately IDR34,449,350,418);
- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
  - (b) in fact exercises control over a company;

---

## DEFINITIONS

---

<b>“CSPA”</b>	: The conditional shares sale and purchase agreement dated 10 August 2021 entered into between the Company, the Seller, the Buyer and the Target in connection with the Proposed Disposal, as amended by the side letters dated 12 November 2021 and 10 December 2021;
<b>“Director(s)”</b>	: The director(s) of the Company for the time being;
<b>“EGM”</b>	: The extraordinary general meeting of the Company to be held by way of electronic means on 11 January 2022 at 10.00 a.m., notice of which is given in the Notice of EGM set out on Pages N-1 to N-4 of this Circular;
<b>“Enco Holdings”</b>	: Enco Holdings Sendirian Berhad. It is the holding company of Enco Singapore;
<b>“Enco Power”</b>	: Enco Power Pte. Ltd. (formerly known as Kencana Bio-Energy Pte. Ltd.), a wholly-owned subsidiary of Enco Singapore. It holds 21.5% of the issued and paid-up share capital of the Target;
<b>“Enco Power Loan”</b>	: The shareholder’s loan owing by the Target to Enco Power as at 30 June 2021 in the amount of US\$286,647, which will increase to US\$722,073 following the Recalibration;
<b>“Enco Power Sale”</b>	: The sale of 21.5% of the issued and paid-up share capital of the Target held by Enco Power to the Buyer or a party nominated by it / its wholly-owned subsidiary;
<b>“Enco Singapore”</b>	: Enco Ventures (Singapore) Pte. Ltd., a wholly-owned subsidiary of Enco Holdings. It is the holding company of Enco Power. Enco Holdings is the joint venture partner of the Company in the biomass power plant business. It is not related to the Buyer;
<b>“EPS”</b>	: Earnings per Share;
<b>“FY”</b>	: The financial year ended, or as the case may be, ending 31 December;
<b>“Group”</b>	: The Company and its subsidiaries;

---

## DEFINITIONS

---

“HGU 01/1997”	:	The right to cultivate a plot of land with an area of 6,731.2 hectares which is located at Village of Sangku, Tempilang, Buyan Kelumbi, Tanjung Niur, Kota Waringin, District of Kelapa, Merawang, Regency of Bangka, Province of Sumatera Selatan, as is further elaborated in Situation Map Number 854/1997 dated 10 October 1997 in accordance with Right to Cultivate Certificate Number 01/Bangka dated 10 October 1997 issued by the Bangka Regency Land Office and registered in the name of the Seller, and which is currently leased by PT LK and PT EKP to conduct their respective business activities;
“HY2021”	:	The six-months financial period commencing on 1 January 2021 and ending on 30 June 2021;
“IDR”	:	Indonesian rupiah, being the lawful currency of the Republic of Indonesia;
“IFA”	:	SAC Capital Private Limited, the independent financial adviser in respect of the Proposed Disposal as an Interested Person Transaction;
“IFA Letter”	:	The letter dated 23 December 2021 from the IFA addressed to the Independent Directors in respect of the Proposed Disposal as an Interested Person Transaction, as set out in <b>Appendix A</b> to this Circular;
“Independent Directors”	:	The Directors who are considered independent for the purpose of making recommendations to the Independent Shareholders in respect of the Proposed Disposal, namely Mr. Soh Yew Hock, Tengku Alwin Aziz and Mr. Darwin Indigo;
“Independent Shareholders”	:	The Shareholders who are deemed to be independent for the purposes of the Proposed Disposal;
“Independent Valuer”	:	KJPP Desmar, Ferdinand, Hentriawan dan Rekan, the independent valuer appointed by the Target to perform a valuation on the Target Shares;
“Interested Person”	:	In the case of a company:  (a) a director, chief executive officer, or Controlling Shareholder of that company; or  (b) an associate of any such director, chief executive officer, or Controlling Shareholder;
“Interested Person Transaction”	:	A transaction between an entity at risk and an Interested Person;

---

## DEFINITIONS

---

<b>“KEL”</b>	:	PT Kencana Energi Lestari, Tbk., the buyer of 78.5% of the issued and paid-up share capital of the Target under the Original CSPA;
<b>“Land Valuer”</b>	:	KJPP Benedictus Darmapusita & Rekan;
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the publication of this Circular for ascertaining information included herein, being 10 December 2021;
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended or modified from time to time;
<b>“Long Stop Date”</b>	:	31 December 2021 or such other date mutually determined and agreed by the parties to the CSPA;
<b>“Major Transaction”</b>	:	A transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%;
<b>“NAV”</b>	:	Net asset value;
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on Pages N-1 to N-4 of this Circular;
<b>“NTA”</b>	:	Net tangible assets;
<b>“Ordinary Resolution 1”</b>	:	The ordinary resolution to be considered and, if thought fit, passed (with or without any modifications) by the Independent Shareholders at the EGM to authorise the Proposed Disposal which constitutes an Interested Person Transaction under Chapter 9 and a Major Transaction under Chapter 10 of the Listing Manual respectively;
<b>“Original Consideration”</b>	:	The aggregate consideration of US\$4,313,746 payable under the Original CSPA for the sale of 78.5% of the issued and paid-up share capital of the Target from the Seller to KEL;
<b>“Original CSPA”</b>	:	The amended and restated conditional shares sale and purchase agreement dated 5 May 2020 entered into between KEL, the Seller, the Company and the Target in relation to the sale and purchase of the Sale Shares by KEL;
<b>“Proposed Disposal”</b>	:	The sale by the Seller, and the purchase by the Buyer, of the Sale Shares for the Consideration and on the terms and subject to the conditions set out in the CSPA;

---

## DEFINITIONS

---

- “PT BE”** : PT Belitung Energy, a limited liability company established under the laws of the Republic of Indonesia, having its address at Dusun Mempaya I RT/RW 001/001, Desa Mempaya, Kec. Damar, Kab. Belitung Timur. It was engaged in the biomass power plant business and operated in Belitung, Indonesia, until July 2017. It is currently a dormant company without any operations. It is the holding company of PT ECU;
- “PT BE Group”** : PT Belitung Energy and PT Energy Cipta Utama;
- “PT ECU”** : PT Energy Cipta Utama, a limited liability company established under the laws of the Republic of Indonesia, having its address at Kencana Tower Lt.9. Jl. Raya Meruya Ilir No.88, RT/RW 001/005, Komp. Perkantoran Business Park Kebon Jeruk, Meruya Utara, Kembangan, West Jakarta. It is currently a dormant company without any operations. It is a wholly-owned subsidiary of PT BE;
- “PT EKP”** : PT Energy Karya Persada, a limited liability company established under the laws of the Republic of Indonesia, having its address at Kencana Tower Lt.9. Jl. Raya Meruya Ilir No. 88, RT/RW 001/005, Komp. Perkantoran Business Park Kebon Jeruk, Meruya Utara, Kembangan, Jakarta Barat. It has been engaged in the biomass power plant business and operating in Bangka, Indonesia, since June 2018. It is a wholly-owned subsidiary of PT LK;
- “PT LK”** : PT Listrindo Kencana, a limited liability company established under the laws of the Republic of Indonesia, having its address at Jl. Panglima Angin Tempilang, Bangka Barat 33364. It was engaged in the biomass power plant business and operating in Bangka, Indonesia, but has ceased operations since January 2021. It is the holding company of PT EKP;
- “PT PIL”** : PT Paramata Indah Lestari, an Indonesian entity which is wholly-owned by Mr. Henry Maknawi and his sons;
- “PT PLN”** : PT Perusahaan Listrik Negara, an Indonesian government-owned corporation which has a monopoly on electricity distribution in Indonesia and which generates the majority of the country’s electrical power;
- “PT PLN Penalty”** : The penalty imposed on PT LK by PT PLN due to PT LK’s failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement;

---

## DEFINITIONS

---

- “P/NTA”** : Price-to-net tangible asset value;
- “Recalibration”** : The assumption by Enco Power of a shareholders loan amount of US\$435,426 by paying such sum to the Seller to align the amount of the Enco Power Loan and the SWK Loan with the current shareholding proportions of Enco Power and the Seller in the Target of 21.5% and 78.5% respectively. The Seller owes to the Buyer an amount of US\$322,500 arising from the refund of the Refundable Down Payment. The Buyer has directed the Seller to pay US\$306,375 to Enco Power which shall be applied towards the consideration for the Enco Power Sale. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller under the Recalibration. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 (which is derived by deducting US\$306,375 from US\$435,426) in cash in full and final settlement of the amount to be paid by Enco Power to the Seller under the Recalibration once the To Be Repaid Enco Power Loan has been repaid by the Buyer (either directly or through the Target) to Enco Power, which is estimated to take place within one year from completion of the Enco Power Sale;
- “Refundable Down Payment”** : The refundable down payment in the amount of US\$1,500,000 received by the Seller from KEL on 1 November 2019 pursuant to the Original CSPA;
- “Remaining Shareholders Loan”** : The amount of US\$1,953,018, being:
- (a) the Aggregate Shareholders Loan Amount (i.e., the amount of the shareholders loan owed by the Target to its shareholders, Enco Power and the Seller as at 30 June 2021, being US\$286,647 and US\$3,071,832 respectively before the Recalibration, and US\$722,073 and US\$2,636,406 respectively after the Recalibration); less
  - (b) the To Be Repaid SWK Loan (i.e., the amount to be repaid by the Buyer (either directly or through the Target) to the Seller in partial discharge of the SWK Loan pursuant to the terms and conditions of the Proposed Disposal, being US\$1,103,287); and less

---

## DEFINITIONS

---

- (c) the To Be Repaid Enco Power Loan (i.e., the amount to be repaid by the Buyer to Enco Power in partial discharge of the Enco Power Loan pursuant to the terms and conditions of the Enco Power Sale, being US\$302,174);
- “Restructuring Exercise”** : The internal reorganisation and restructuring exercise, and the capitalisation of existing shareholder loans and certain trade receivables undertaken by the Seller and Enco Power in relation to the Target and its subsidiaries prior to the signing of the conditional sale and purchase agreement relating to the Proposed Disposal;
- “Sale Shares”** : 78.5% of the issued and paid-up share capital of the Target;
- “Sale Shares Price”** : Approximately US\$1,177,500, being the cash consideration for the Sale Shares;
- “Securities Account”** : Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent);
- “Seller” or “PT SWK”** : PT Sawindo Kencana, a limited liability company established under the laws of Republic of Indonesia, having its address at Kencana Tower, Jl. Raya Meruya Ilir No. 88, Jakarta Barat. It is an indirect wholly-owned subsidiary of the Company;
- “SFA”** : The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time;
- “SGX-ST”** : Singapore Exchange Securities Trading Limited;
- “Share(s)”** : Ordinary share(s) in the capital of the Company;
- “Shareholders” or “members”** : Registered holders of the Shares, except that where the registered holder is CDP, the term **“Shareholders”** or **“members”** shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares;
- “Shareholding Allocation”** : The current shareholding proportions of Enco Power and the Seller in the Target of 21.5% and 78.5% respectively;

---

## DEFINITIONS

---

- “Substantial Shareholders”** : Shareholders who are beneficial owners of 5.00% or more of Shares;
- “SWK Land”** : A portion of land under the HGU 01/1997 which is approximately four hectares in size<sup>1</sup> and which is registered in the name of the Seller;
- “SWK Land Sale Agreements”** : The conditional land sale and purchase agreement relating to the SWK Land between the Seller (an indirect wholly-owned subsidiary of the Company) and PT EKP (an entity in the Target Group), and the conditional land sale and purchase agreement relating to the SWK Land between the Seller (an indirect wholly-owned subsidiary of the Company) and PT LK (an entity in the Target Group);
- “SWK Land Valuation Report”** : The land valuation report pertaining to the SWK Land prepared by the Land Valuer;
- “SWK Land Consideration”** : Approximately US\$72,722, being the cash consideration for the SWK Land;
- “SWK Lease Agreements”** : The new long-term lease agreement between the Seller (an indirect wholly-owned subsidiary of the Company) and PT EKP (an entity in the Target Group) in relation to the portion of the SWK Land which is temporarily being used by PT EKP for its business activity, and the new long-term lease agreement between the Seller (an indirect wholly-owned subsidiary of the Company) and PT LK (an entity in the Target Group) in relation to the portion of the SWK Land which is temporarily being used by PT LK for its business activity;
- “SWK Lease Fees”** : Approximately US\$21,817, being the lease fees payable by PT EKP and PT LK to the Seller under the SWK Lease Agreements;
- “SWK Loan”** : The shareholder’s loan owing by the Target to the Seller as at 30 June 2021 in the amount of US\$3,071,832, which will decrease to US\$2,636,406 following the Recalibration;

---

<sup>1</sup> The size of the SWK Land will be conclusively determined at the time at which the SWK Land is transferred from the Seller to PT LK and PT EKP, based on official measurements to be provided by the Indonesian land authorities. As at the Latest Practicable Date, the management of the Company, based on internal calculations, has determined the size of the SWK Land to be approximately four hectares.

---

## DEFINITIONS

---

- “Target”** : PT Cahaya Permata Gemilang, a limited liability company established under the laws of the Republic of Indonesia, having its address at Kencana Tower Level 9. Jl. Raya Meruya Ilir No. 88, RT/RW 001/005, Komp. Perkantoran Business Park Kebon Jeruk, Meruya Utara, Kembangan, Jakarta Barat. It is 78.5% held by the Seller (an indirect wholly-owned subsidiary of the Company) and 21.5% held by Enco Power. As the Target is a joint venture entity held by the Seller and Enco Power, it is an associate of the Company;
- “Target Group”** : PT Cahaya Permata Gemilang, PT Listrindo Kencana and PT Energy Karya Persada;
- “Target Shares”** : 100% of the issued and paid-up share capital of the Target;
- “To Be Repaid Enco Power Loan”** : The amount of US\$302,174 to be repaid by the Buyer (either directly or through the Target) to Enco Power in partial discharge of the Enco Power Loan within one year from completion of the Enco Power Sale, which shall be applied towards the consideration for the Enco Power Sale;
- “To Be Repaid SWK Loan”** : A portion (i.e., US\$1,103,287) out of the aggregate amount of the SWK Loan (being US\$3,071,832 before the Recalibration and US\$2,636,406 after the Recalibration) to be repaid by the Buyer (either directly or through the Target) to the Seller in partial discharge of the SWK Loan owed by the Target to the Seller as part of the Consideration for the Proposed Disposal. Pursuant to commercial negotiations between the parties, it was agreed that the *pro rata* consideration for 100% of the issued and paid-up share capital of the Target would be approximately US\$3 million, and that US\$1,405,461 would be ascribed to the amount of shareholder loans to be repaid as part of the consideration. Based on the Seller’s 78.5% stake in the Target, 78.5% of US\$1,405,461 is US\$1,103,287;
- “US\$” and “US cents”** : United States dollars and cents respectively, being the lawful currency of the United States of America; and
- “Valuation Report”** : The summary valuation report pertaining to the Sale Shares prepared by the Independent Valuer and which is set out in **Appendix B** to this Circular.

---

## DEFINITIONS

---

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it under Section 5 of the 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 and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancy in the figures included in this Circular, the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, an exchange rate of US\$1.00 : IDR14,496 and S\$1.00 : IDR10,781 has been applied to the figures included in this Circular.

---

## LETTER TO SHAREHOLDERS

---

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

### Directors

Mr. Henry Maknawi (Executive Chairman)  
Tengku Alwin Aziz (Vice-Chairman and Independent Director)  
Ms. Ratna Maknawi (Executive Vice-Chairman)  
Mr. Albert Maknawi (Executive Director and Chief Executive Officer)  
Mr. Soh Yew Hock (Lead Independent Director)  
Mr. Sim Idrus Munandar (Independent Director)  
Mr. Darwin Indigo (Non-Executive Non-Independent Director)

### Registered Office

36 Armenian Street, #03-02,  
Singapore 179934

23 December 2021

To: The Shareholders of Kencana Agri Limited

Dear Shareholders,

### 1. INTRODUCTION

- 1.1. On 5 May 2020, PT Kencana Energi Lestari, Tbk. (“**KEL**”), PT Sawindo Kencana (the “**Seller**” or “**PT SWK**”, which is an indirect wholly-owned subsidiary of the Company), the Company and PT Cahaya Permata Gemilang (the “**Target**”) entered into an amended and restated conditional shares sale and purchase agreement (the “**Original CSPA**”)<sup>2</sup> relating to the disposal by the Seller, and the acquisition by KEL, of 78.5% of the issued and paid-up share capital of the Target (the “**Sale Shares**”) for an aggregate consideration of US\$4,313,746 (the “**Original Consideration**”).
- 1.2. On 10 August 2021, the Company announced that the Original CSPA had been terminated as the long stop date thereunder had expired and the parties thereto had agreed to revise certain key terms of the transaction in order to take into account the cessation of PT Listrindo Kencana’s (“**PT LK**”) (a subsidiary of the Target) operations since January 2021 due to technical issues which arose in November 2018, and 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. PT LK was engaged in the biomass power plant business and operating in Bangka, Indonesia, but has ceased operations since January 2021.

---

<sup>2</sup> In connection with the proposed disposal of 78.5% of the Target, the parties (including the Seller and KEL as the original buyer) entered into a preliminary agreement dated 31 October 2019, where it was agreed that the consideration for the proposed disposal would be US\$4,615,800 (subject to adjustments depending on the amount of cash in PT EKP and PT LK as at 31 July 2019). Thereafter, the first conditional shares sale and purchase agreement relating to the proposed disposal of 78.5% of the Target was entered into on 12 December 2019. This was supplemented by a supplemental deed dated 23 January 2020, which clarified certain commercial terms of the transaction relating to, *inter alia*, the size of the SWK Land, the consideration (which was increased from US\$4,615,800 to US\$4,636,126 (subject to adjustments depending on the amount of cash in PT EKP and PT LK as at 31 July 2019 attributable to the Seller), where the increase was to take into account 100% (and not 78.5%) of the value of the SWK Land as the SWK Land is wholly-owned by the Seller), the shareholding structure of the Target and its subsidiaries, and indemnities and warranties. This was further supplemented by a side letter dated 24 March 2020, which extended the original long stop date from 31 March 2020 to 30 June 2020. This was further supplemented and replaced by an amended and restated conditional shares sale and purchase agreement dated 5 May 2020 (i.e., the Original CSPA), which further clarified certain commercial terms of the transaction relating to the consideration (which was decreased to US\$4,313,746, after determining that the amount of cash in PT EKP and PT LK as at 31 July 2019 attributable to the Seller was US\$ 119,840) and conditions precedent.

---

## LETTER TO SHAREHOLDERS

---

Prior to its cessation, the operations of PT LK were not significant to the Group given that the renewable biomass power generation business is not part of the core business of the Group. Further, the performance of PT LK was also impeded by the aforementioned technical issues. PT LK is the holding company of PT Energy Karya Persada (“**PT EKP**”), which has been engaged in the biomass power plant business and operating in Bangka, Indonesia, since June 2018. For the avoidance of doubt, PT LK will not be liquidated as it is the holding company of PT EKP and also holds fixed assets. In addition, KEL would no longer be the buyer in the transaction. Instead, PT Biomassa Energi Jaya (the “**Buyer**”) would replace KEL as the buyer under the new transaction structure. KEL is a public company listed on the Indonesia Stock Exchange and established under the laws of the Republic of Indonesia. The Maknawi family is a controlling shareholder of KEL. The Buyer 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 (“**PT PIL**”), an Indonesian entity which is wholly-owned by Mr. Henry Maknawi and his sons.

- 1.3. In view of the foregoing, the Buyer, the Seller, the Company and the Target had on 10 August 2021 entered into a new conditional shares sale and purchase agreement, as amended by a side letters dated 12 November 2021 and 10 December 2021 (the “**CSPA**”), pursuant to which the Buyer (and/or its wholly-owned subsidiary) intends to acquire the Sale Shares for an aggregate consideration of US\$2,375,326. The shareholding structure of the Target Group is set out in **Appendix C** to this Circular.
- 1.4. Shareholders should note that the aggregate consideration payable under the CSPA (i.e., US\$2,375,326) is lower than the aggregate consideration payable under the Original CSPA (i.e., US\$4,313,746). This was pursuant to commercial negotiations between the parties and, in particular, a reduction of US\$1,336,697 in the consideration attributable to the Sale Shares for the following reasons:
  - (a) due to a technical issue reported in 2020 with the heat capacity of the boiler used by both PT LK and PT EKP (i.e., the boiler was unable to produce enough steam to power the turbines), both PT LK’s and PT EKP’s operations were adversely affected. The boiler is approximately seven years old as at the Latest Practicable Date and is not under warranty. As such, the management decided to shut down PT LK’s operations (being a non-performing asset) in order to focus on improving PT EKP’s operations. Accordingly, the Proposed Disposal no longer attributes any value to PT LK. However, for the avoidance of doubt, PT LK will not be liquidated as it is the holding company of PT EKP and also holds fixed assets and cash. As at the Latest Practicable Date, there are no plans to restart PT LK’s operations;
  - (b) an expected scale down in PT EKP’s operational output (from 26K Mwh per year to 23K Mwh per year), as well as the poor operational output of PT EKP during 2019 and 2020 (20K Mwh to 21K Mwh per year);
  - (c) the payment by PT LK of approximately US\$2 million of the PT PLN Penalty imposed on PT LK by PT PLN due to PT LK’s failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement for the period up to 31 December 2020 (i.e., the Completion Date); and

---

## LETTER TO SHAREHOLDERS

---

- (d) the assumption by the Buyer of approximately US\$3.2 million of the PT PLN Penalty imposed on PT LK by PT PLN due to PT LK's failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement for the period from 1 January 2021 to 31 May 2025 (i.e., the expiry of the relevant power purchase agreement with PT PLN). This amount is calculated on the basis that PT LK will continue to be unable to supply the minimum volume of electricity to PT PLN up to the expiry of the relevant power purchase agreement.

A summary of the differences in the key terms of the Original CSPA and the CSPA is set out in **Appendix G** to this Circular.

Shareholders should note that the aggregate consideration payable under the Original CSPA (i.e., US\$4,313,746) is the result of two revisions to the aggregate consideration originally agreed between the parties (including the Seller and KEL as the original buyer). In connection with the proposed disposal of 78.5% of the Target, the parties (including the Seller and KEL as the original buyer) entered into a preliminary agreement dated 31 October 2019, where it was agreed that the consideration for the proposed disposal would be US\$4,615,800 (subject to adjustments depending on the amount of cash in PT EKP and PT LK as at 31 July 2019). Thereafter, the first conditional shares sale and purchase agreement relating to the proposed disposal of 78.5% of the Target was entered into on 12 December 2019. This was supplemented by a supplemental deed dated 23 January 2020, which clarified certain commercial terms of the transaction relating to, inter alia, the size of the SWK Land, the consideration (which was increased from US\$4,615,800 to US\$4,636,126 (subject to adjustments depending on the amount of cash in PT EKP and PT LK as at 31 July 2019 attributable to the Seller), where the increase was to take into account 100% (and not 78.5%) of the value of the SWK Land as the SWK Land is wholly-owned by the Seller), the shareholding structure of the Target and its subsidiaries, and indemnities and warranties. This was further supplemented by a side letter dated 24 March 2020, which extended the original long stop date from 31 March 2020 to 30 June 2020. This was further supplemented and replaced by an amended and restated conditional shares sale and purchase agreement dated 5 May 2020 (i.e., the Original CSPA), which further clarified certain commercial terms of the transaction relating to the consideration (which was decreased to US\$4,313,746, after determining that the amount of cash in PT EKP and PT LK as at 31 July 2019 attributable to the Seller was US\$ 119,840) and conditions precedent.

- 1.5. The Proposed Disposal is a Major Transaction pursuant to Chapter 10 of the Listing Manual. The relative figures of the Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's latest announced consolidated accounts after the signing of the CSPA on 10 August 2021 are set out as follows:

Rule	Relative Figure
1006(a)	4.57%
1006(b)	-20.27%
1006(c)	7.46%
1006(d)	N.A.
1006(e)	N.A.

For further details on the computations, please refer to Section 6 of this Circular.

---

## LETTER TO SHAREHOLDERS

---

- 1.6. In addition, as described in Section 2.1 of this Circular, the Proposed Disposal is an Interested Person Transaction. The consideration for the Proposed Disposal represents approximately 17.35% of the Group's latest consolidated audited NTA value for FY2020, being approximately US\$13,691,000. Accordingly, the Proposed Disposal is an Interested Person Transaction in respect of which the approval of the Independent Shareholders is required.
- 1.7. Therefore, the Directors are convening the EGM to be held by way of electronic means on 11 January 2022 at 10.00 a.m. to seek approval from the Independent Shareholders for the Proposed Disposal. The Notice of EGM is set out on Pages N-1 to N-4 of this Circular. The purpose of this Circular is to provide the Independent Shareholders with the relevant information pertaining to, and to seek approval at the EGM from the Independent Shareholders for, the Proposed Disposal which constitutes an Interested Person Transaction under Chapter 9 and a Major Transaction under Chapter 10 of the Listing Manual respectively.
- 1.8. The Company has appointed SAC Capital Private Limited as the IFA to advise the Independent Directors in respect of the Proposed Disposal as an Interested Person Transaction pursuant to Rule 921(4)(a) of the Listing Manual to express an opinion on whether the Proposed Disposal is carried out on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders.
- 1.9. The Company has appointed Morgan Lewis Stamford LLC as its legal adviser as to Singapore law in relation to the Proposed Disposal.

## 2. THE PROPOSED DISPOSAL

### 2.1. Information on the Buyer

- 2.1.1. The Buyer 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 PIL, an Indonesian entity which is wholly-owned by Mr. Henry Maknawi and his sons.
- 2.1.2. KEL is a public company which has been listed on the Indonesia Stock Exchange since 2 September 2019, and which is established under the laws of the Republic of Indonesia. It is a renewable energy provider in the Republic of Indonesia providing renewable energy for the needs of industries and households. Through its subsidiaries, it currently operates two hydropower plants which are located in North Sumatra and Bengkulu respectively. It is in the process of constructing a micro-hydropower plant in North Toraja. The Maknawi family is a controlling shareholder of KEL, and holds a 67.85% interest in KEL.
- 2.1.3. Accordingly, the Maknawi family effectively holds a 84.25% interest in the Buyer, which is derived as follows:

	Shareholding Interest in the Buyer of KEL / PT PIL	Effective Shareholding in the Buyer of the Maknawi family
KEL (which is 67.85% owned by the Maknawi family)	49%	$67.85\% \times 49\% = 33.25\%$
PT PIL (which is wholly-owned by the Maknawi family)	51%	$100\% \times 51\% = 51\%$
<b>TOTAL</b>		<b>84.25%</b>

---

## LETTER TO SHAREHOLDERS

---

- 2.1.4. Mr. Henry Maknawi holds in aggregate a 53.77% interest in the Company (comprising a 0.62% direct interest, and a 53.15% deemed interest held through Kencana Holdings Pte. Ltd. in which he holds a 43.41% interest). Ms. Ratna Maknawi is deemed interested in a 0.50% interest in the Company through the Shares held for her benefit by DBS Nominees Pte Ltd and the Shares held by her spouse, Mr. Ajis Chandra. Mr. Albert Maknawi is deemed interested in a 0.89% interest in the Company through the Shares held for his benefit by DBS Nominees Pte Ltd. In addition, Mr. Henry Maknawi is a director on both the boards of KEL and the Company. His son, Mr. Albert Maknawi, is the chief executive officer of the Company, and is also the president commissioner of KEL.
- 2.1.5. As the interest of the Maknawi family in the Buyer is more than 30%, the Buyer is an associate of the Maknawi family and accordingly, an Interested Person under Chapter 9 of the Listing Manual. The Proposed Disposal will therefore constitute an Interested Person Transaction under Chapter 9 of the Listing Manual.

### 2.2. Information on the Target

- 2.2.1. The Target is a limited liability company which was established under the laws of the Republic of Indonesia in 2007. It is the holding company of PT LK, which is in turn the holding company of PT EKP. The Target is 78.5% owned by the Seller, an indirectly wholly-owned subsidiary of the Company, and the remaining 21.5% is owned by Enco Power, which is 100% held by Enco Singapore, which is in turn 100% held by Enco Holdings. As the Target is a joint venture entity held by the Seller and Enco Power, it is an associate of the Company. Aside from the shareholding interest in the Target held through Enco Power, each of Enco Power, Enco Singapore and Enco Holdings are not related to the Group and the Buyer. Enco Holdings and its subsidiaries are engaged in the business of providing thermal energy solutions by using boiler systems which specialise in biomass fuel fired systems, providing designs, engineering, procurement and commissioning services for biomass systems. Through the Enco Power Sale, Enco Power intends to sell its 21.5% interest in the Target to the Buyer, on terms which are not more favourable than the terms granted to the Company in relation to the Proposed Disposal. On completion of the Proposed Disposal and the Enco Power Sale, the Target will be 100% owned by the Buyer. The operations of the Target Group are run by employees of the Target, with KEL providing technical support.
- 2.2.2. The Target owns 99.9% of PT LK, a limited liability company established under the laws of the Republic of Indonesia. It was engaged in the biomass power plant business and operating in Bangka, Indonesia, but has ceased operations since January 2021 due to technical issues which arose in November 2018. Prior to such technical issues arising, PT LK operated at a 0.91 MWh capacity (which is 30% of its maximum capacity of 3 MWh). PT LK in turn owns 99% of PT EKP, a limited liability company established under the laws of the Republic of Indonesia. It has been engaged in the biomass power plant business and operating in Bangka, Indonesia, since June 2018, and currently operates at a 4 MWh capacity (which is 80% of its maximum capacity of 5 MWh). In FY2020, the net loss attributable to the Target Group was US\$1,530,677, as compared to the net profit of the Group for FY2020 of US\$7,553,000. In HY2021, the net loss attributable to the Target Group was US\$768,411, as compared to the net profit of the Group for HY2021 of US\$13,271,000. The NAV attributable to the Target Group as at 31 December 2020 and 30 June 2021 was US\$625,132 and US\$200,151 respectively. The NAV of the Target mainly comprises fixed assets. For further details on the shareholding structure of the Target Group, please refer to **Appendix C** to this Circular. Financial information relating to the Target Group is set out in **Appendix E** to this Circular.

---

## LETTER TO SHAREHOLDERS

---

2.2.3. Prior to the signing of the conditional sale and purchase agreement relating to the Proposed Disposal, the Seller and Enco Power undertook an internal reorganisation and restructuring exercise, and the capitalisation of existing shareholder loans and certain trade receivables (the “**Restructuring Exercise**”). The purpose of the Restructuring Exercise was to strengthen the equity of the Target and its subsidiaries, and to meet the borrowing to equity ratio imposed by lenders. A summary of the Restructuring Exercise is set out in **Appendix D** to this Circular. The Restructuring Exercise was completed on 23 January 2020.

### 2.3. **Collective Agreement**

2.3.1. Pursuant to Article 5.3 of the Original CSPA, the Seller is obliged to refund the refundable down payment received on 1 November 2019 in the amount of US\$1,500,000 (the “**Refundable Down Payment**”) to KEL (i.e., the buyer under the Original CSPA), as conditions precedent relating to the obtaining of requisite approvals from the relevant authorities and Shareholders for the transaction were not satisfied by 30 June 2020, being the long stop date under the Original CSPA. An extract of Article 5.3 of the Original CSPA is as follows:

*“If on the Long Stop Date, any of the Conditions Precedent as referred to in Article 5.2 (a) are not fulfilled, unless such Conditions Precedent which are not fulfilled are being waived by KEL, this Agreement shall be considered as terminated and SWK should return the Refundable Down Payment. Therefore all Parties shall be released from any of their respective obligation under this Agreement. The Parties further agree that the fulfilment of Conditions Precedent as set out in Article 5.2 (a) which shall be due on Long Stop Date may be extended and the Transaction Value shall be negotiated and determined by the agreement between the Parties.”*

The purchase consideration under the Original CSPA was US\$4,313,746. Accordingly, the Refundable Down Payment represents approximately 34.8% of such purchase consideration. Pursuant to a collective agreement dated 10 August 2021 (the “**Collective Agreement**”), KEL has assigned to the Buyer its right to receive the Refundable Down Payment.

2.3.2. The aggregate consideration payable under the CSPA (i.e., US\$2,375,326) is lower than the aggregate consideration payable under the Original CSPA (i.e., US\$4,313,746). This was pursuant to commercial negotiations between the parties and, in particular, a reduction of US\$1,336,697 in the consideration attributable to the Sale Shares from US\$2,514,197 (as stated in the Original CSPA) to US\$1,177,500 (as stated in the CSPA) for the reasons set out as follows:

- (a) due to a technical issue reported in 2020 with the heat capacity of the boiler used by both PT LK and PT EKP (i.e., the boiler was unable to produce enough steam to power the turbines), both PT LK’s and PT EKP’s operations were adversely affected. The boiler is approximately seven years old as at the Latest Practicable Date and is not under warranty. As such, the management decided to shut down PT LK’s operations (being a non-performing asset) in order to focus on improving PT EKP’s operations. Accordingly, the Proposed Disposal no longer attributes any value to PT LK. However, for the avoidance of doubt, PT LK will not be liquidated as it is the holding company of PT EKP and also holds fixed assets and cash. As at 30 June 2021, the value of PT LK’s real estate holdings, plant, property and equipment, and cash, is as follows:

---

## LETTER TO SHAREHOLDERS

---

<b>Real estate holdings</b>	Nil
<b>Plant, property and equipment</b>	IDR 15 billion (approximately US\$1 million)
<b>Cash</b>	IDR200 million (approximately US\$14,000)

As at the Latest Practicable Date, there are no plans to restart PT LK's operations;

- (b) an expected scale down in PT EKP's operational output (from 26K Mwh per year to 23K Mwh per year), as well as the poor operational output of PT EKP during 2019 and 2020 (20K Mwh to 21K Mwh per year);
- (c) the payment by PT LK of approximately US\$2 million of the PT PLN Penalty imposed on PT LK by PT PLN due to PT LK's failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement for the period up to 31 December 2020 (i.e., the Completion Date); and
- (d) the assumption by the Buyer of approximately US\$3.2 million of the PT PLN Penalty imposed on PT LK by PT PLN due to PT LK's failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement for the period from 1 January 2021 to 31 May 2025 (i.e., the expiry of the relevant power purchase agreement with PT PLN). This amount is calculated on the basis that PT LK will continue to be unable to supply the minimum volume of electricity to PT PLN up to the expiry of the relevant power purchase agreement.

This downward adjustment is also aligned with the decrease in the valuation of the Target Shares as at 31 January 2020 of approximately US\$3.0 million, and the revised valuation of the Target Shares as at 30 June 2021 of approximately US\$1.2 million.

Therefore, it has been agreed that US\$1,177,500 of the Refundable Down Payment will be applied to the Consideration payable by the Buyer to the Seller. The purchase consideration under the CSPA is US\$2,375,326 and this amount represents approximately 50% of such purchase consideration.

Accordingly, there is a difference of US\$322,500 due to the Buyer, who has directed that US\$306,375 be paid to Enco Power and applied towards the consideration for the sale by Enco Power of its 21.5% interest in the issued and paid-up share capital of the Target to the Buyer or a party nominated by it / its wholly-owned subsidiary) (the "**Enco Power Sale**") and that US\$16,125 be refunded directly to the Buyer. This is illustrated in the diagram in Paragraph III in Section 2.6 of this Circular. The amount of US\$16,125 to be refunded directly to the Buyer (being 5% of US\$322,500) was derived pursuant to an Indonesian tax regulation which requires the buyer in a sale of shares transaction to withhold 5% of the total consideration and pay such amount to the Indonesia tax office on behalf of the seller.

#### 2.4. **Aggregate Shareholders Loan**

##### 2.4.1. Recalibration of the Aggregate Shareholders Loan Amount

As at 30 June 2021, and before the Recalibration, the amount of the shareholders loan owed by the Target to its shareholders, Enco Power and the Seller, is approximately US\$286,647 (the "**Enco Power Loan**") and US\$3,071,832 (the "**SWK Loan**") respectively (in aggregate,

---

## LETTER TO SHAREHOLDERS

---

the “**Aggregate Shareholders Loan Amount**”). For the avoidance of doubt, the Seller is PT Sawindo Kencana or PT SWK.

The terms of the aforementioned shareholders loans are as follows:

- (a) up to a maximum facility of IDR309,000,000,000, which may be re-negotiated as and when needed;
- (b) drawdown of funds in accordance with drawdown notice issued by the Target and based on the funding availability of Enco Power and the Seller;
- (c) term of five years, which may be extended by mutual agreement; and
- (d) interest payable at market rate of 10.75% per annum.

The amount of the Enco Power Loan as a proportion of the Aggregate Shareholders Loan Amount is 8.54%, which is less than its 21.5% stake in the Target, and the amount of the SWK Loan as a proportion of the Aggregate Shareholders Loan Amount is 91.46%, which exceeds its 78.5% stake in the Target. To align the amount of the Enco Power Loan and the SWK Loan with the current shareholding proportions of Enco Power and the Seller in the Target of 21.5% and 78.5% respectively (the “**Shareholding Allocation**”) for the purposes of the Conditional Loan Capitalisation, Enco Power has agreed to assume a shareholders loan amount of US\$435,426 by paying such sum to the Seller (the “**Recalibration**”), as illustrated in the table below:

	Shareholding Interest in the Target	Amount owed by the Target before the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount	Amount to be paid by Enco Power / received by the Seller pursuant to the Recalibration (US\$)	Amount owed by the Target after the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount
Seller	78.5%	3,071,832	91.46%	435,426	2,636,406	78.5%
Enco Power	21.5%	286,647	8.54%	(435,426)	722,073	21.5%
<b>TOTAL</b>	<b>100%</b>	<b>3,358,479</b>	<b>100%</b>	<b>-</b>	<b>3,358,479</b>	<b>100%</b>

Hence, the amount of the Enco Power Loan after the Recalibration will increase from US\$286,647 to US\$722,073. Correspondingly, the amount of the SWK Loan will decrease from US\$3,071,832 to US\$2,636,406.

In Section 2.3.2 of this Circular, it was noted that there is a difference of US\$322,500 out of the total amount of the Refundable Down Payment due from the Seller to the Buyer, who has directed that the Seller pay to Enco Power a sum of US\$306,375, with the remaining US\$16,125 to be refunded directly to the Buyer. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller under the Recalibration. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 (which is derived by deducting US\$306,375 from US\$435,426) in cash in full and final settlement of the amount to be paid by Enco Power to the Seller under the Recalibration once the To Be Repaid Enco Power Loan has been repaid by the Buyer (either directly or through the Target) to Enco Power, which is estimated to take place within one year

## LETTER TO SHAREHOLDERS

from completion of the Enco Power Sale. The Company will use the proceeds of US\$129,051 received by the Seller, its indirect wholly-owned subsidiary, for its working capital requirements.

For the avoidance of doubt, the Recalibration is an arrangement between the Seller and Enco Power as shareholders of the Target, and the amount payable by Enco Power to the Seller under the Recalibration is separate from the Consideration for the Proposed Disposal to be paid by the Buyer to the Seller.

### 2.4.2. Partial Discharge of the Aggregate Shareholders Loan Amount

Pursuant to the terms and conditions of the CSPA, as part of the Consideration for the Proposed Disposal, the parties have agreed that the Buyer will (either directly or through the Target) repay to the Seller an amount of US\$1,103,287 (the “**To Be Repaid SWK Loan**”) in partial discharge of the SWK Loan owed by the Target to the Seller. The To Be Repaid SWK Loan will be repaid by the Buyer (either directly or through the Target) to the Seller, being an indirect wholly-owned subsidiary of the Company, in cash within one year from the Completion Date. The Company will use the proceeds for its working capital requirements.

Through the Enco Power Sale, Enco Power intends to sell its 21.5% interest in the Target to the Buyer, on terms which are not more favourable than the terms granted to the Company in relation to the Proposed Disposal. As agreed amongst the parties, the Buyer will also (either directly or through the Target) repay to Enco Power an amount of US\$302,174 (the “**To Be Repaid Enco Power Loan**”) in partial discharge of the Enco Power Loan owed by the Target to Enco Power within one year from completion of the Enco Power Sale, which shall be applied towards the consideration for the Enco Power Sale.

### 2.4.3. Conditional Loan Capitalisation

Subject to the necessary approvals being obtained from Bank OCBC NISP as the financier of the Target and the shareholders of the Target, the Aggregate Shareholders Loan Amount less the To Be Repaid SWK Loan and the To Be Repaid Enco Power Loan (the “**Remaining Shareholders Loan**”) will be converted into share capital in the Target prior to Completion (the “**Conditional Loan Capitalisation**”), as illustrated in the table below:

	Shareholding Interest in the Target	Amount owed by the Target before the Recalibration (US\$)	Amount owed by the Target after the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount	Amount to be repaid by the Buyer to the Seller / Enco Power (US\$)	Remaining Shareholders Loan (US\$)	As a % of the Remaining Shareholders Loan
Seller	78.5%	3,071,832	2,636,406	78.5%	To Be Repaid SWK Loan (i.e., US\$1,103,287)	1,533,119	78.5%
Enco Power	21.5%	286,647	722,073	21.5%	To Be Repaid Enco Power Loan (i.e., US\$302,174)	419,899	21.5%
<b>TOTAL</b>	<b>100%</b>	<b>3,358,479</b>	<b>3,358,479</b>	<b>100%</b>	<b>1,405,461</b>	<b>1,953,018</b>	<b>100%</b>

---

## LETTER TO SHAREHOLDERS

---

### Fluctuation of the Remaining Shareholders Loan

The amount of the Remaining Shareholders Loan may fluctuate depending on the working capital requirements of the Target Group prior to or on the Completion Date.

Based on an internal forecast of the working capital requirements of the Target Group as at 31 December 2021 as prepared by the management of the Company, the Target Group will not require any additional shareholders loans prior to or on the Completion Date. However, the aggregate amount repayable under the Remaining Shareholders Loan is expected to increase by approximately US\$172,000 due to interest payable on the Remaining Shareholders Loan up to 31 December 2021. Such increase in the amount repayable under the Remaining Shareholders Loan will increase the NAV and NTA of the Target Group by US\$135,000 (being the amount of interest payable to the Seller only) at Completion, and will correspondingly reduce any premium implied by the Consideration from the Buyer by the same amount.

### 2.5. **SWK Land**

The SWK Land is a portion of land under the HGU 01/1997 which is approximately four hectares in size<sup>3</sup> and which is registered in the name of the Seller. HGU 01/1997 refers to the right to cultivate a plot of land with an area of 6,731.2 hectares located at Village of Sangku, Tempilang, Buyan Kelumbi, Tanjung Niur, Kota Waringin, District of Kelapa, Merawang, Regency of Bangka, Province of Sumatera Selatan, which is registered in the name of the Seller, and which is currently leased by PT LK and PT EKP to conduct their respective business activities. The Target is the holding company of PT LK, which is in turn the holding company of PT EKP. PT LK was engaged in the biomass power plant business and operating in Bangka, Indonesia, but has ceased operations since January 2021 due to technical issues which arose in November 2018. PT EKP has been engaged in the biomass power plant business and operating in Bangka, Indonesia, since June 2018. Accordingly, the SWK Land is essential to the business of the Target Group and is an integral element of the Proposed Disposal.

Pursuant to the SWK Land Sale Agreements, the SWK Land will be transferred to PT LK and PT EKP for a consideration of US\$72,722 (i.e., the SWK Land Consideration), which comprises part of the Consideration for the Proposed Disposal. Pursuant to the terms and conditions of the CSPA, the SWK Land will only be transferred to PT LK and PT EKP after the fulfilment of the conditions subsequent relating to the SWK Land, which shall be fulfilled within six years from the Completion Date. In the interim period, PT LK and PT EKP will continue to lease the SWK Land from the Seller pursuant to the SWK Lease Agreements for an aggregate lease fee equal to the SWK Lease Fees of US\$21,817, which comprises part of the Consideration for the Proposed Disposal.

---

<sup>3</sup> The size of the SWK Land will be conclusively determined at the time at which the SWK Land is transferred from the Seller to PT LK and PT EKP, based on official measurements to be provided by the Indonesian land authorities. As at the Latest Practicable Date, the management of the Company, based on internal calculations, has determined the size of the SWK Land to be approximately four hectares.

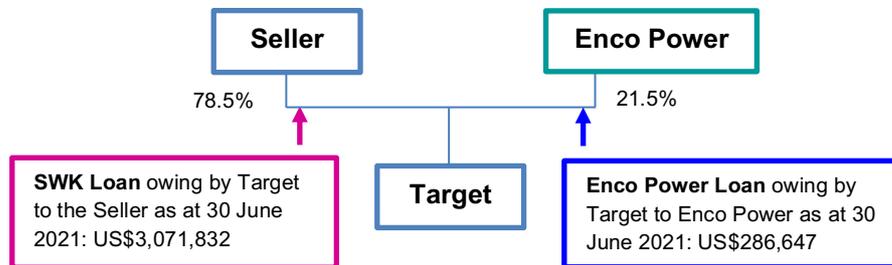
## LETTER TO SHAREHOLDERS

The Consideration payable to the Seller includes the SWK Land Consideration and the SWK Lease Fees as the transfer of the SWK Land is from the Seller to PT LK and PT EKP, and the lease of the SWK Land in the interim period prior to the transfer of the SWK Land is leased from the Seller to PT LK and PT EKP. As disclosed above, PT LK and PT EKP are part of the Target Group.

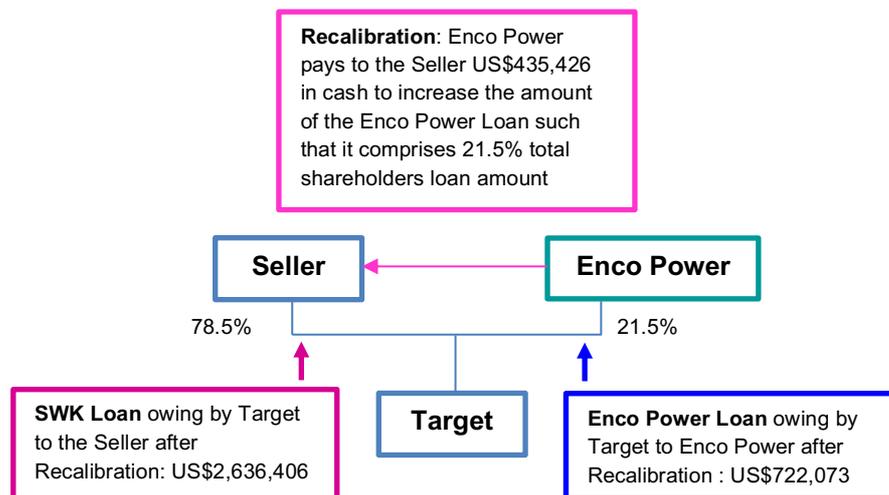
### 2.6. Principal Terms of the Proposed Disposal

The following diagrams illustrates the key elements of the Proposed Disposal.

#### I. The SWK Loan and the Enco Power Loan (Before the Recalibration)

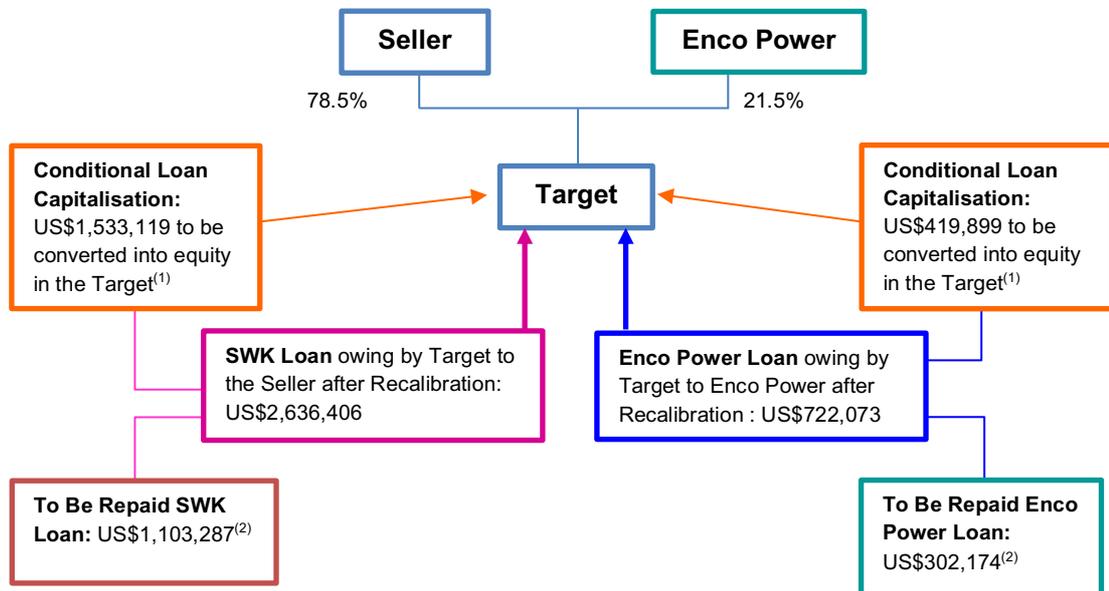


#### II. The SWK Loan and the Enco Power Loan (After the Recalibration)



LETTER TO SHAREHOLDERS

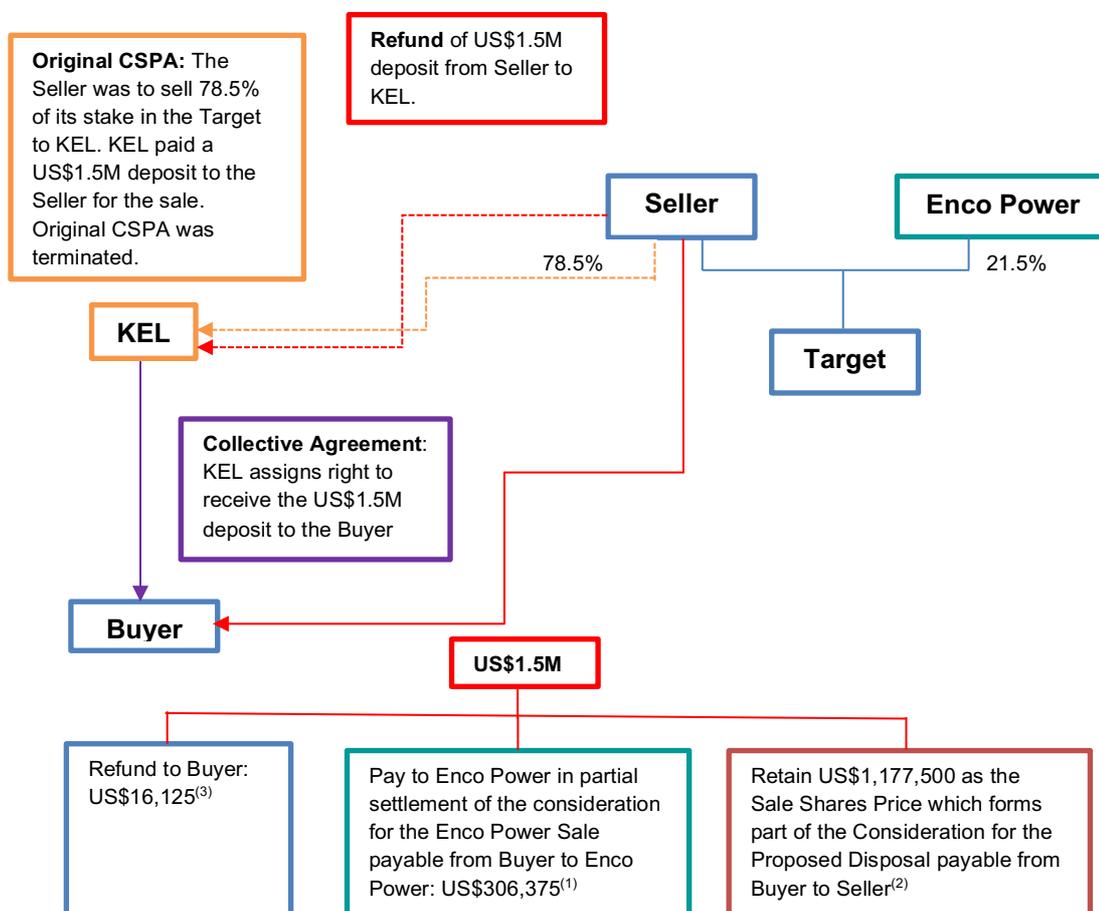
**III. The To Be Repaid SWK Loan, the To Be Repaid Enco Power Loan and the Conditional Loan Capitalisation**



- (1) Upon completion of the Conditional Loan Capitalisation, the shareholding interests of the Seller and Enco Power in the Target will remain at 78.5% and 21.5% respectively. The Conditional Loan Capitalisation will take place prior to Completion of the Proposed Disposal.
- (2) The To Be Repaid SWK Loan comprises a component of the consideration of the Proposed Disposal, and the To Be Repaid Enco Power Loan comprises a component of the consideration under the Enco Power Sale. See also Note (2) and Note (5) of Paragraph VI.

## LETTER TO SHAREHOLDERS

### IV. The Collective Agreement

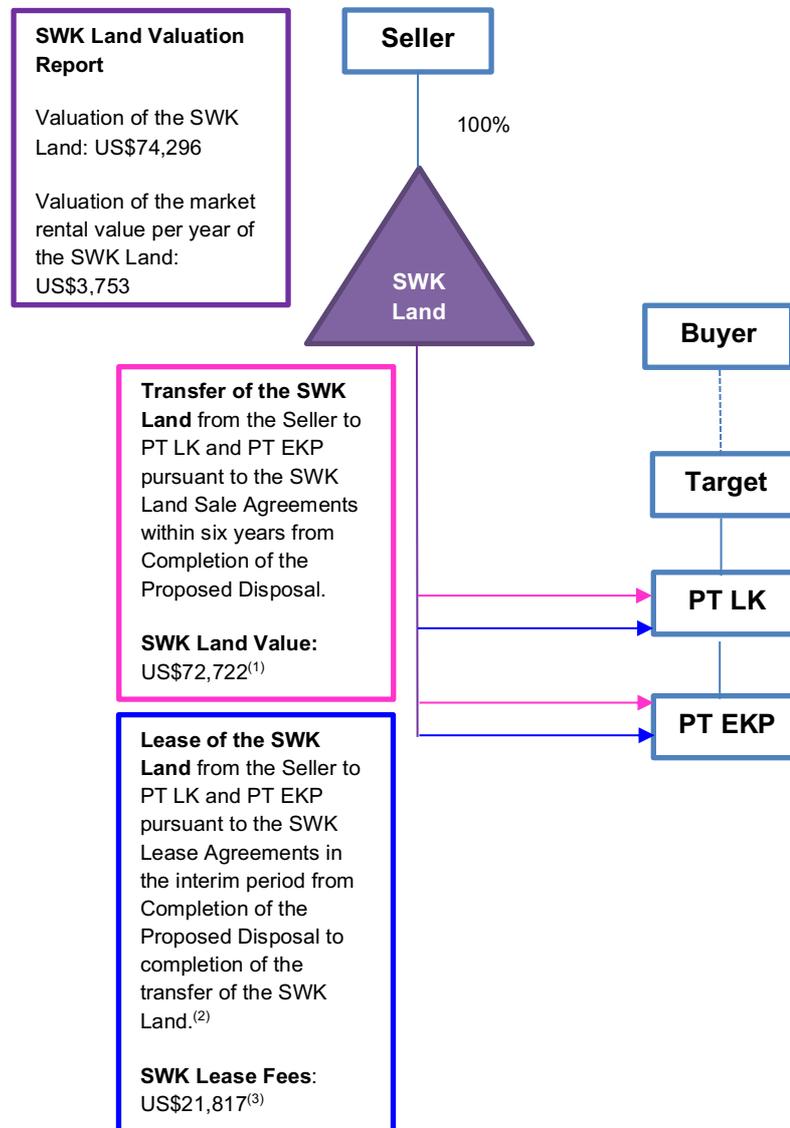


**Note:**

- (1) The Buyer has directed that the Seller pay US\$306,375 to Enco Power as partial settlement of the consideration for the Enco Power Sale. See also Note (6) of Paragraph VI. Pursuant to the Recalibration, Enco Power has agreed to assume a shareholders loan amount of US\$435,426 by paying such sum to the Seller to increase the amount of the Enco Power Loan such that it comprises 21.5% total shareholders loan amount. See also Paragraph II. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 (which is derived by deducting US\$306,375 from US\$435,426) in cash in full and final settlement of the amount to be paid by Enco Power to the Seller under the Recalibration once the To Be Repaid Enco Power Loan has been repaid by the Buyer (either directly or through the Target) to Enco Power, which is estimated to take place within one year from completion of the Enco Power Sale.
- (2) The Sale Shares Price comprises a component of the consideration of the Proposed Disposal. The Buyer has directed that the Seller retain this sum as partial settlement of the consideration for the Proposed Disposal. See also Note (1) of Paragraph VI.
- (3) This amount will be paid by the Buyer to the Indonesian tax authorities for and on behalf of Enco Power at completion of the Enco Power Sale. Under the application Indonesian tax regulations, the buyer in a sale of shares transaction is required to withhold 5% of the total consideration and pay such amount to the Indonesia tax office on behalf of the seller.

## LETTER TO SHAREHOLDERS

### V. The SWK Land, the SWK Land Consideration and the SWK Lease Fees

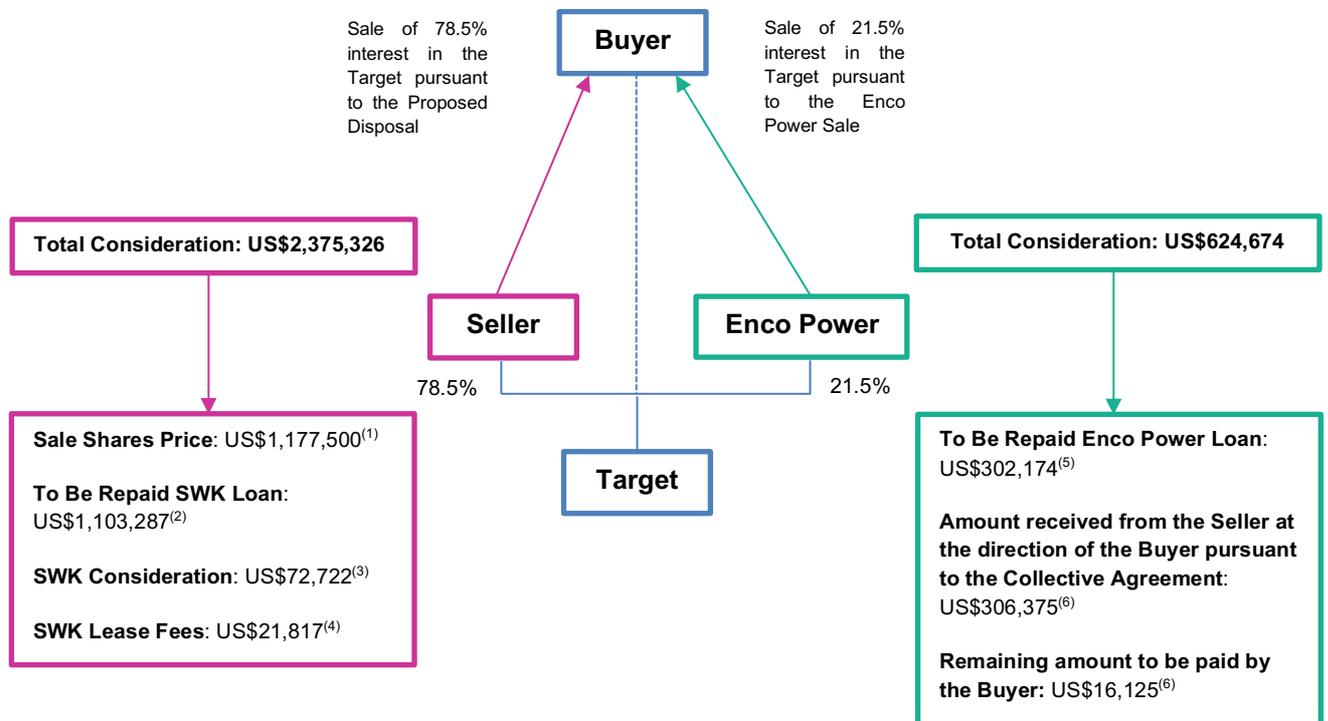


**Notes:**

- (1) The SWK Land Consideration comprises a component of the consideration of the Proposed Disposal. This will be paid by the Buyer to the Seller within 14 business days after satisfaction of the relevant SWK Land conditions subsequent. See also Note (3) of Paragraph VI.
- (2) At present, PT LK and PT EKP have an existing lease for the SWK Land which is used for the Target Group's business operations. On Completion of the Proposed Disposal, PT LK and PT EKP (which will then be owned by the Buyer) will continue leasing the SWK Land from the Seller as an interim measure, as the transfer of the SWK Land from the Seller to PT LK and PT EKP may take up to six years to achieve.
- (3) The SWK Lease Fees comprises a component of the consideration of the Proposed Disposal. This will be paid by the Buyer to the Seller in cash at completion of the Proposed Disposal. See also Note (4) of Paragraph VI.

## LETTER TO SHAREHOLDERS

### (VI) The Proposed Disposal and the Enco Power Sale



#### Notes:

- (1) Deemed paid pursuant to the Collective Agreement. See also Note (2) of Paragraph IV.
- (2) To be repaid by the Buyer in cash (either directly or through the Target) to the Seller within one year from the Completion Date of the Proposed Disposal. See also Note (2) of Paragraph III.
- (3) To be paid to the Seller within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land. See also Note (1) of Paragraph V.
- (4) To be paid to the Seller at Completion of the Proposed Disposal. See also Note (3) of Paragraph V.
- (5) To be repaid by the Buyer (either directly or through the Target) to Enco Power within one year from completion of the Enco Power Sale. See also Note (2) of Paragraph III.
- (6) Pursuant to the Collective Agreement, the Buyer has directed that the Seller pay US\$306,375 to Enco Power which shall be applied towards the consideration for the Enco Power Sale. See also Note (1) of Paragraph III. Pursuant to the Recalibration, Enco Power has agreed to assume a shareholders loan amount of US\$435,426 by paying such sum to the Seller to align the amount of the Enco Power Loan and the SWK Loan with the current shareholding proportions of Enco Power and the Seller in the Target of 21.5% and 78.5% respectively. See also Paragraph II. The Seller owes to the Buyer an amount of US\$322,500 arising from the refund of the Refundable Down Payment. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller under the Reclibration. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 (which is derived by deducting US\$306,375 from US\$435,426) in cash in full and final settlement of the amount to be paid by Enco Power to the Seller under the Recalibration once the To Be Repaid Enco Power Loan has been repaid by the Buyer (either directly or through the Target) to Enco Power, which is estimated to take place within one year from completion of the Enco Power Sale. The remaining amount of the consideration for the Enco Power Sale (i.e., US\$16,125) will be paid by the Buyer to the Indonesian tax authorities for and on behalf of Enco Power at completion of the Enco Power Sale. Under the application Indonesian tax regulations, the buyer in a sale of shares transaction is required to withhold 5% of the total consideration and pay such amount to the Indonesia tax office on behalf of the seller.

---

## LETTER TO SHAREHOLDERS

---

### 2.6.1. Consideration

The Consideration for the Proposed Disposal is US\$2,375,326 (approximately IDR34,449,350,418) which comprises the following components (compared against their respective book value and market value (as applicable):

Consideration Component	Book Value	Market Value
(a) Approximately US\$1,103,287, being the To Be Repaid SWK Loan.	US\$1,103,287	N.A. although the value of the To Be Repaid SWK Loan was taken into account in the valuation of the Sale Shares conducted by the Independent Valuer, KJPP Desmar, Ferdinand, Hentriawan dan Rekan.
(b) Approximately US\$1,177,500, being the cash consideration for the Sale Shares (the “ <b>Sale Shares Price</b> ”).	US\$(2.0) million (without adjusting for the amount of the shareholders loan owed by the Target to the Seller as at 31 December 2020).  US\$0.6 million (after adjusting for the amount of the shareholders loan owed by the Target to the Seller as at 31 December 2020).	US\$1.2 million as at 30 June 2021, based on the valuation of the Sale Shares conducted by the Independent Valuer, KJPP Desmar, Ferdinand, Hentriawan dan Rekan.
(c) Approximately US\$72,722, being the cash consideration for the SWK Land (the “ <b>SWK Land Consideration</b> ”) which was determined taking into consideration the valuation of the SWK Land as at 14 July 2021 as determined by the Land Valuer.	US\$119	US\$74,296 based on the valuation of the SWK Land conducted by the Land Valuer, KJPP Benedictus Darmapuspita & Rekan, as at 14 July 2021.
(d) Approximately US\$21,817, being the value of the SWK Lease Fees, which was calculated taking into consideration the market rental value per year of the SWK Land as at 14 July 2021 as determined by the Land Valuer.	N.A.	US\$3,753 per year (US\$22,518 in aggregate for a six-year lease of the SWK Land) based on the valuation of the SWK Land conducted by the Land Valuer, KJPP Benedictus Darmapuspita & Rekan, as at 14 July 2021.

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 Independent Directors, taking into account the following factors:

Factor	Impact on the Consideration
(i) 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 the Seller as at 31 December 2020), in which the NAV and NTA of the Sale Shares are both recorded as US\$0.6 million.	This was taken into consideration by the Independent Valuer, KJPP Desmar, Ferdinand, Hentriawan dan Rekan, in arriving at a valuation for the Sale Shares of US\$1.2 million as at 30 June 2021. Please refer to Section 4.1 of the Circular for details on the Valuation Report relating to the valuation of the Sale Shares.

---

## LETTER TO SHAREHOLDERS

---

- (ii) The financial performance of the Target Group during FY2020 where the Target Group recorded a loss of approximately US\$1,530,677. This was taken into consideration by the Independent Valuer, KJPP Desmar, Ferdinand, Hentriawan dan Rekan, in arriving at a valuation for the Sale Shares of US\$1.2 million as at 30 June 2021. Please refer to Section 4.1 of the Circular for details on the Valuation Report relating to the valuation of the Sale Shares.
- (iii) The valuation of the SWK Land as at 14 July 2021 as determined by the Land Valuer, KJPP Benedictus Darmapusita & Rekan, being US\$74,296. Please refer to Section 4.3 of the Circular for details on the Land Valuation Report relating to the valuation of the SWK Land. US\$72,722 was determined to be the cash consideration for the SWK Land, which is equal to an earlier valuation of the SWK Land as at 29 November 2019. As the earlier valuation amount and the updated valuation amount of US\$74,296 as at 14 July 2021 do not differ significantly, the parties agreed to maintain the cash consideration for the SWK Land at US\$72,722 based on the earlier valuation amount.
- Note: As part of the Proposed Disposal, it is intended that the Seller will transfer the SWK Land (which is registered in the name of the Seller) to PT LK and PT EKP (which are part of the Target Group and will become indirect subsidiaries of the Buyer on Completion of the Proposed Disposal). It is expected that the transfer of the SWK Land will take place within six years from Completion of the Proposed Disposal.*
- (iv) The market rental value per year of the SWK Land as at 14 July 2021 as determined by the Land Valuer, KJPP Benedictus Darmapusita & Rekan, being US\$3,753 (US\$22,518 in aggregate for a six-year lease of the SWK Land). Please refer to Section 4.3 of the Circular for details on the Land Valuation Report relating to the valuation of the SWK Land. US\$21,817 was determined to be the cash consideration for the SWK Lease Fees, which is equal to an earlier valuation of the market rental value per year of the SWK Land of US\$3,636 (US\$21,817 in aggregate for a six-year lease of the SWK Land) as at 29 November 2019. As the earlier valuation amount and the updated valuation amount of US\$22,518 as at 14 July 2021 do not differ significantly, the parties agreed to maintain the cash consideration for the SWK Lease Fees at US\$21,817 based on the earlier valuation amount.
- Note: As stated above, it is intended that the Seller will transfer the SWK Land to PT LK and PT EKP within six years from Completion of the Proposed Disposal. In the interim period, PT LK and PT EKP will continue to lease the SWK Land from the Seller pursuant to the SWK Lease Agreements.*
- (v) The value of the To Be Repaid SWK Loan, being US\$1,103,287. Given that the Consideration for the sale and purchase of 78.5% of the issued and paid-up share capital of the Target is US\$2,375,326, the *pro rata* consideration for 100% of the issued and paid-up share capital of the Target would be approximately US\$3 million. Pursuant to commercial negotiations, it was agreed that approximately US\$1.5 million would be ascribed to the consideration for the shares, US\$94,539 would be ascribed to the SWK Land Consideration and the SWK Lease Fees in aggregate and the remaining US\$1,405,461 would be ascribed to the amount of shareholder loans to be repaid. Based on the Seller's 78.5% stake in the Target, 78.5% of US\$1,405,461 is US\$1,103,287.

---

## LETTER TO SHAREHOLDERS

---

- (vi) The assumption by the Buyer of approximately US\$3.2 million of the PT PLN Penalty with effect from 1 January 2021 until 31 May 2025. This was taken into consideration by the parties during commercial negotiations and it was agreed that this would result in a reduction from the Original Consideration.

*Note: PT PLN and PT LK had entered into a power purchase agreement under which PT LK is obliged to supply a minimum volume of electricity to PT PLN per year. Pursuant to the terms and conditions of the relevant power purchase agreement, in the event that PT LK fails to supply the minimum volume, it will be liable to pay a penalty to PT PLN. As PT LK failed to supply the minimum volume, a penalty was imposed on it by PT PLN. With effect from 1 January 2021, the PT PLN Penalty will be borne by the Buyer, and PT LK will not be required to bear the PT PLN Penalty with effect from such date. As the power purchase agreement between PT LK and PT PLN expires on 31 May 2025, the amount of the PT PLN Penalty to be borne by the Buyer from 1 January 2021 to such expiry date is approximately US\$3.2 million.*

### 2.6.2. Terms of Payment

The Consideration of US\$2,375,326 will be paid in the following manner:

- (a) the To Be Repaid SWK Loan (i.e., US\$1,103,287) will be repaid by the Buyer in cash (either directly or through the Target) to the Seller within one year from the Completion Date, which is a repayment period commercially agreed between the parties. No interest is payable on the To Be Repaid SWK Loan. The To Be Repaid SWK Loan is jointly guaranteed by KEL and PT PIL;
- (b) the cash amount of US\$1,177,500 is deemed paid to the Seller pursuant to the Collective Agreement. This deemed payment arrangement arose from the Buyer directing that the Seller retain this amount as partial settlement of the consideration for the Proposed Disposal, as more particularly described in Section 2.3 of this Circular;
- (c) the cash amount of US\$72,722 will be paid to the Seller within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land. This is expected to occur at the latest in 2026 as there are outstanding loans in the amount of approximately US\$22 million owed by the Seller to Bank OCBC NISP, which are secured by collateral over the HGU 01/1997 (which has a land area of 6,731.2 hectares), which includes the SWK Land (which has a land area of approximately 4 hectares). These outstanding loans will be settled by 2026 whereupon the collateral over the HGU 01/1997 will be discharged, after which the transfer of the SWK Land from the Seller to PT EKP and PT LK can take place. After Completion of the Proposed Disposal but prior to the transfer of the SWK Land from the Seller to PT EKP and PT LK, PT EKP and PT LK will lease the SWK Land from the Seller for a period of six years under the SWK Lease Agreements. Pursuant to the terms and conditions of the SWK Lease Agreements, PT EKP and PT LK are required to, *inter alia*, obtain the prior consent of the Seller before constructing any buildings or facilities, and to maintain the SWK Land in good condition and to reinstate the SWK Land upon expiry of the lease. However, even in the event of any damage to the SWK Land prior to the repayment of the outstanding loans owing to Bank OCBC NISP and/or the transfer of the SWK Land from the Seller to PT EKP and PT LK: (i) this would not materially affect the value of the collateral granted to Bank OCBC NISP by the Seller and/or the Seller's position as a borrower, as the SWK Land only comprises a small portion of the entire collateral; and

---

## LETTER TO SHAREHOLDERS

---

(ii) this would not materially affect the Consideration for the Proposed Disposal as the SWK Land Consideration has already been agreed between the parties and only comprises 3.06% of the Consideration for the Proposed Disposal; and

- (d) the cash amount of US\$21,817 will be paid to the Seller at Completion of the Proposed Disposal.

The Consideration of US\$2,375,326 received by the Seller, as an indirect wholly-owned subsidiary of the Company, will be used by the Company for its working capital requirements.

### 2.6.3. Conditions Precedent

The conditions precedent to Completion include the following:

- (a) Execution of a conditional shares sale and purchase agreement between the Buyer, Enco Singapore, Enco Power and the Target in relation to the Enco Power Sale.
- (b) Completion of the Conditional Loan Capitalisation.
- (c) The Conditional Loan Capitalisation being announced in two nationally circulated newspapers as required under applicable Indonesian laws.
- (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.
- (e) Execution of the SWK Lease Agreements by the Seller, PT LK and PT EKP in respect of the lease by PT LK and PT EKP of the SWK Land from the Seller during the interim period commencing from the Completion of the Proposed Disposal to before the SWK Land is transferred from the Seller to PT LK and PT EKP.
- (f) Execution of the SWK Land Sale Agreements by the Seller, PT LK and PT EKP in respect of the transfer of the SWK Land from the Seller to PT LK and PT EKP which is expected to be achieved within six years from Completion of the Proposed Disposal.
- (g) Approval from the creditor of the Target and the Seller (namely, Bank OCBC NISP) having been obtained by the Target and the Seller for: (i) the execution of the SWK Land Sale Agreements; (ii) the Proposed Disposal; (iii) the SWK Lease Agreements; and (iv) the Conditional Loan Capitalisation. Such approval is required under the terms and conditions of the financing granted by Bank OCBC NISP to the Target and the Seller.
- (h) The shareholders of the Target approving the following matters: (i) the 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.
- (i) The Indonesian Ministry of Laws and Human Rights approving the following matters: (i) the 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.

---

## LETTER TO SHAREHOLDERS

---

- (j) The passing of the required resolutions of the shareholders, board of directors and board of commissioners of the Company and the Seller, where applicable, to approve (i) the transfer of the Sale Shares to the Buyer; and (ii) the transfer of the SWK Land from the Seller to PT LK and PT EKP.
- (k) The Target having announced the change of control due to the Proposed Disposal: (i) in a nationally circulated newspaper; and (ii) to its employees, as required under applicable Indonesian laws.
- (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.
- (m) The release and discharge of the Seller as a guarantor of the loan given by Bank OCBC NISP to PT LK (an entity within the Target Group), as evidenced by a discharge letter issued by Bank OCBC NISP to the Seller, and the participation of KEL and PT PIL as guarantors in its place.
- (n) KEL and PT PIL jointly and severally guaranteeing the To Be Repaid SWK Loan.

As at the Latest Practicable Date:

- (i) the conditions precedent stated in sub-paragraph (a), sub-paragraph (d) and sub-paragraph (g) (except for (g)(iv)) have been fulfilled;
- (ii) in respect of the condition precedent stated in sub-paragraph (j), drafts of the resolutions are in final form to be executed at Completion;
- (iii) in respect of the conditions precedent stated in sub-paragraphs (e) and (f), drafts of the SWK Lease Agreements and the SWK Land Sale Agreements are in final form to be executed at Completion;
- (iv) in respect of the condition precedent stated in sub-paragraph (l), as there are no resigning employees of the Target, no statutory compensation was due and payable;
- (v) in respect of the condition precedent stated in sub-paragraph (m), the bank has given its in-principle approval to the release or discharge of the Seller as a guarantor of the loan given by Bank OCBC NISP to PT LK, and the participation of KEL and PT PIL as guarantors in its place; and
- (vi) the conditions precedent stated in sub-paragraphs (h), (i) and (n) will be satisfied concurrently with Completion.

### 2.6.4. Long Stop Date

If on the Long Stop Date (i.e., 31 December 2021), any of the conditions precedent are not fulfilled, unless such conditions precedent which are not fulfilled are being waived by the Buyer, the CSPA shall be considered as terminated and the Seller should return the Refundable Down Payment to the Buyer.

---

## LETTER TO SHAREHOLDERS

---

### 2.6.5. Conditions Subsequent

**(1) *General Conditions Subsequent (to be fulfilled within five business days from the Completion Date)***

- (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 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.
- (b) The Target having announced the Completion in a nationally circulated newspaper.
- (c) The issuance of share certificates in the name of the Buyer (and/or its wholly-owned subsidiary) and shareholders register of the Target which reflects the shareholding composition of the Target upon Completion.

**(2) *Conditions Subsequent relating to the SWK Land (to be fulfilled within six years from the Completion Date)***

- (a) The land checking process of HGU 01/1997 having been completed and the Land Registration Certificate (Surat Keterangan Pendaftaran Tanah) of the HGU 01/1997 has been issued by the relevant land office (if required by the notary).
- (b) The required approval from the relevant governmental authority for the transfer of the SWK Land to PT LK and PT EKP having been properly obtained.
- (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.
- (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 PT LK and PT EKP which is free from any encumbrance and claim.

The amount of US\$72,722 (i.e., the SWK Land Consideration) will be paid to the Seller within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land. If Completion has occurred but such conditions subsequent relating to the SWK Land cannot be fulfilled within the permitted period due to whatsoever reason, the Buyer has no further obligation to pay the SWK Land Consideration to the Seller and the Buyer does not have any other payment obligations to the Seller.

The parties may, if mutually agreeable terms and conditions are reached, opt to extend the existing lease arrangements under the SWK Lease Agreements. Based on advice obtained from the Company's Indonesian legal counsel, the Directors are of the view that the risk that the requisite government approvals for the transfer of the SWK Land will not be obtained within six years from Completion is low.

---

## LETTER TO SHAREHOLDERS

---

### 2.6.6. First Right to Purchase

The Seller shall grant PT EKP and PT LK (which will become indirect subsidiaries of the Buyer upon Completion of the Proposed Disposal) the first right to purchase empty fruit bunches and mesocarp fiber at a fixed price of IDR50/kg. For the avoidance of doubt, this first right to purchase does not oblige PT EKP and/or PT LK to purchase these raw materials; it only obliges the Seller to first offer these raw materials to PT EKP and/or PT LK.

However, in the event that there is a material change in the market prices for such raw materials, the Seller, PT EKP and PT LK will re-negotiate the price in good faith. In the event that the parties are unable to agree on a new price, the Seller is not obliged to sell the raw materials to PT EKP and PT LK and may sell to any third party.

This first right to purchase will take effect on Completion of the Proposed Disposal. There is no fixed term in respect of this right to purchase, and such right will continue to subsist until the parties agree to terminate such right.

This first right to purchase is granted under the CSPA which is signed by, *inter alia*, the Seller and the Buyer. Accordingly, the Buyer will be able to enforce its rights under the CSPA.

Empty fruit bunches and mesocarp fiber are produced as by-products from the palm oil extraction process, and which are also used as raw material (fuel) for biomass power plants. In the event that the Seller does not sell these raw materials, it will incur costs to dispose of such materials as the market for such raw materials is very limited. Due to its own consumption and the limited market for such raw materials, the Seller was not previously selling these raw materials to third parties. Instead, it was supplying these raw materials, as and when there was excess, to its indirect subsidiaries, PT EKP and PT LK, for their power plant operations.

This arrangement is beneficial for both the Seller and the Buyer as the Seller owns a palm oil plantation and the Target Group operates a biomass power plant, and the Seller will have certainty over the income derived from such sales (without having to incur costs in storing, transporting and disposing of such raw materials), and the Buyer (through PT EKP and PT LK) will have certainty over the supply of raw materials required to operate the biomass power plant. Further, due to the close proximity between the Seller's palm oil plantation and the biomass power plant operated by the Target Group, the Buyer is able to save on transport costs by purchasing from the Seller instead of third parties.

While the sale of these raw materials by the Seller to PT EKP and PT LK constitute an interested person transaction within the meaning stated in Chapter 9 of the Listing Manual, as at the Latest Practicable Date, the Company does not expect the aggregate value of the sale transactions to exceed S\$100,000 within a financial year. This is especially so as the Seller intends to use the mesocarp fiber for its own plantation operations and will only sell to PT EKP and PT LK in the event of excess volume.

Accordingly, Rules 905(1) and 905(2), and/or Rules 906(1) and 906(2), of the Listing Manual, are not applicable to such sale transactions. In the event that the aggregate value of the sale transactions exceeds S\$100,000 within a financial year, the Company will comply with the requirements under Rules 905(1) and 905(2), and/or Rules 906(1) and 906(2), of the Listing Manual.

---

## LETTER TO SHAREHOLDERS

---

Notwithstanding that the sale of these raw materials by the Seller to PT EKP and PT LK are exempt from the requirements under Rules 905(1) and 905(2), and/or Rules 906(1) and 906(2), of the Listing Manual, such sale transactions are still subject to the review of the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar) on a quarterly basis. The Audit and Risk Committee (excluding Mr. Sim Idrus Munandar) will review the terms and conditions of such sale transactions to determine if, *inter alia*, the price of IDR50/kg is commensurate with current market prices by obtaining quotes from third parties or, where it is not feasible to obtain such third party quotes, requiring management to find alternative methods to justify the pricing.

The members of the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar) are of the opinion that the first right to purchase granted by the Seller to PT EKP and PT LK (which will become indirect subsidiaries of the Buyer upon Completion of the Proposed Disposal) is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders as:

- (a) while the sale is at a fixed price of IDR50/kg, the Seller is not obliged to sell to PT EKP and PT LK and may instead sell to any third party if there is a material change in the market prices for such raw materials and the parties are unable to agree on a new price; and
- (b) such first right to purchase means that the Seller does not have to incur costs for storing, transporting and disposing such raw materials, and the Seller also has certainty over the income derived from such sales. Due to the price adjustment mechanism detailed in sub-paragraph (a) above, the Seller is also able to ensure that the sale price is commensurate with current market prices.

As such, this first right to purchase binds the Company insofar as it is a “priority” given to PT EKP and PT LK to buy the raw materials, but such “priority” to buy is subject to the abovementioned protective procedures to ensure that the price will be on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. For the avoidance of doubt, this first right to purchase does not oblige the Seller to sell the raw materials to PT EKP and PT LK. The Seller may sell to any third party in the event that there is a material change in the market prices for such raw materials and the parties are unable to agree on a new price. In such event where the parties are unable to agree on a new price, the Seller is not obliged to sell the raw materials to PT EKP and PT LK and may sell to any third party. As such, in the event that the parties are unable to agree on a new price, the Seller is not bound to sell the raw materials to PT EKP and PT LK at IDR50/kg.

### 2.6.7. Exclusivity

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. This exclusive right will expire on the earlier of: (i) the Completion of the Proposed Disposal; (ii) the Long stop Date (i.e., 31 December 2021); or (iii) the termination of the CSPA.

### 2.6.8. PT PLN Penalty

PT PLN and PT LK had entered into a power purchase agreement under which PT LK is obliged to supply a minimum volume of electricity to PT PLN per year. Pursuant to the terms and conditions of the relevant power purchase agreement, in the event that PT LK fails to supply the minimum volume, it will be liable to pay a penalty to PT PLN.

---

## LETTER TO SHAREHOLDERS

---

As PT LK failed to supply the minimum volume, a penalty was imposed on it by PT PLN. With effect from 1 January 2021, the PT PLN Penalty will be borne by the Buyer, and PT LK will not be required to bear the PT PLN Penalty with effect from such date. As the relevant power purchase agreement between PT LK and PT PLN expires on 31 May 2025, the amount of the PT PLN Penalty to be borne by the Buyer from 1 January 2021 to such expiry date is approximately US\$3.2 million. This amount is calculated on the basis that PT LK will continue to be unable to supply the minimum volume of electricity to PT PLN up to the expiry of the relevant power purchase agreement.

For the avoidance of doubt, the PT PLN Penalty is imposed on PT LK. On Completion of the Proposed Disposal, PT LK will become an indirect subsidiary of the Buyer. Therefore, even in the event that the Buyer does not pay the PT PLN Penalty to PT PLN, PT PLN is not able to claim such amount from the Seller.

### 2.6.9. Completion

At Completion, the Seller's obligations include:

- (a) holding a general meeting of the shareholders of the Target and delivering the resolutions approving: (i) the Proposed Disposal; (ii) the appointment of new directors and commissioners nominated by the Buyer; and (iii) the amendment to the articles of association of the Target; and
- (b) executing the relevant deed of share sale and purchase for the transfer of the Sale Shares from the Seller to the Buyer.

### 2.6.10. Warranties and Indemnities

Subject to applicable laws and regulations, any tax-related representations and warranties made by the Company, the Seller and the Target shall remain valid up to three years after Completion (up to a maximum liability of IDR3,925,000,000 (approximately US\$270,000)) and any non-tax-related representations and warranties made by the Company, the Seller and the Target shall remain valid up to one year after Completion. For the avoidance of doubt, the tax indemnity granted is only applicable to claims incurred prior to the Completion Date. The Company and the Seller shall jointly indemnify the Buyer for losses suffered or borne arising from, *inter alia*, breach of representations and warranties, provided that any such indemnity claim by the Buyer must be made within 30 days from three years after Completion for tax-related matters and 30 days from one year after Completion for non-tax related matters, failing which the Buyer shall no longer be entitled to make any such claims.

It was agreed pursuant to commercial discussions between the Buyer and the Seller, taking into consideration the size of the operations of the Target Group, that the maximum tax liability of the Target to be subject to an indemnity is IDR5 billion. Given that the Seller holds a 78.5% stake in the Target, it shall bear 78.5% of IDR5 billion, being IDR3.925 billion.

### 2.6.11. Termination

The Buyer may terminate the CSPA upon the occurrence of any of the following events:

- (a) liquidation or bankruptcy of the Target and/or PT LK and/or PT EKP and/or the Seller;

---

## LETTER TO SHAREHOLDERS

---

- (b) PT EKP substantially ceases its business activity for more than five months consecutively or continuously; or
- (c) violation of the CSPA by the Seller and/or the Company.

On the occurrence of the above events, the Buyer is entitled to terminate the CSPA by providing notice to the Seller and the Company with respect to termination of the CSPA and the Seller is obligated to refund the Refundable Down Payment.

The Seller and/or the Company may terminate the CSPA upon the occurrence of any of the following events:

- (a) liquidation or bankruptcy of the Buyer; or
- (b) breach of the CSPA by the Buyer.

On the occurrence of the above events, the Seller and/or the Company is entitled to terminate the CSPA by providing notice to the Buyer with respect to termination of the CSPA and the Seller is not obligated to refund, and shall have the right to retain and receive, the Refundable Down Payment.

### 2.7. **Enco Power Sale**

Under the joint venture agreement between the Seller and Enco Holdings in relation to their respective interests in the Target, Enco Holdings has been granted a tag-along right. Accordingly, the Buyer also intends to acquire the remaining 21.5% interest in the issued and paid-up share capital of the Target held by Enco Power. As at the Latest Practicable Date, based on the Company's review of the sale and purchase agreement dated 1 November 2021 entered into between Enco Power and the Buyer in connection with the Enco Power Sale, the terms of such sale are not more favourable than the terms granted to the Company in relation to the Proposed Disposal.

## 3. **INTERESTED PERSON TRANSACTION**

### 3.1. **Interested Person**

As disclosed in Section 2.1 of this Circular, the Buyer is an Interested Person for the purposes of the Proposed Disposal.

### 3.2. **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 Proposed Disposal represents approximately 17.35% of the Group's latest consolidated audited NTA value for FY2020. Accordingly, the Proposed Disposal is an Interested Person Transaction in respect of which the approval of Independent Shareholders is required.

---

## LETTER TO SHAREHOLDERS

---

### 3.3. Value of Interested Person Transactions

- 3.3.1. Save for the Proposed Disposal, there are no Interested Person Transactions entered into by the Group with the Buyer for FY2021 as at the Latest Practicable Date (not including transactions below S\$100,000 and transactions previously approved by the Shareholders).
- 3.3.2. Save for the Proposed Disposal, there are no Interested Person Transactions entered into by the Group with any Interested Persons for FY2021 as at the Latest Practicable Date (not including transactions below S\$100,000 and transactions previously approved by the Shareholders).

### 3.4. Advice of the Independent Financial Adviser on the Proposed Disposal as an Interested Person Transaction

- 3.4.1. SAC Capital Private Limited has been appointed as the IFA in respect of the Proposed Disposal as an Interested Person Transaction pursuant to Rule 921(4)(a) of the Listing Manual to express an opinion on whether the Proposed Disposal is carried out on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders.
- 3.4.2. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that the Proposed Disposal as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The IFA Letter, containing the IFA's advice in full, is set out in **Appendix A** to this Circular. The Independent Shareholders are advised to read the IFA Letter carefully and in its entirety.
- 3.4.3. In arriving at its opinion set out above, the IFA has taken into account the following key factors which are described in more detail in section 5 of the IFA Letter:
- (a) the rationale for the Proposed Disposal, as set out in section 4.1 of the IFA Letter;
  - (b) the historical financial performance and condition of the Target Group, as set out in section 4.2 of the IFA Letter;
  - (c) a comparison of the Adjusted Consideration with the unaudited pro forma NAV of the Target Group as at 30 June 2021 (after adjusting for the To Be Repaid SWK Loan and the Conditional Loan Capitalisation), which represents a significant premium over the 78.5% equity interest in the NAV of the Target Group;
  - (d) a comparison of the Adjusted Consideration with the unaudited pro forma NTA of the Target Group as at 30 June 2021 (after adjusting for the To Be Repaid SWK Loan and the Conditional Loan Capitalisation), which represents a significant premium over the 78.5% equity interest in the NTA of the Target Group;
  - (e) the Adjusted Consideration representing a premium of 140.7% to the market value of the Sale Shares as at 30 June 2021;
  - (f) a comparison of the valuation statistics of companies broadly comparable to the Target Group as set out in section 4.3.3 of the IFA Letter, in particular, the historical pro forma P/NTA ratio of the Target Group of 11.47 times as implied by the Adjusted Consideration is: (1) above the range of historical P/NTA ratios of the comparable

---

## LETTER TO SHAREHOLDERS

---

companies of between 0.52 times and 1.03 times; and (2) at a significant premium over the mean and median historical P/NTA ratios of the comparable companies of 0.74 times and 0.70 times respectively;

- (g) the repayment terms of the To Be Repaid SWK Loan as set out in section 4.4 of the IFA Letter;
- (h) the financial effects of the Proposed Disposal, namely, that: (1) the Group's consolidated NTA per Share for FY2020 would decrease by 0.11 US cents from 4.77 US cents before the Proposed Disposal to 4.66 US cents upon the completion of the Proposed Disposal; (2) the Group's consolidated EPS for FY2020 would decrease by 0.11 US cents from 1.40 US cents before the Proposed Disposal to 1.29 US cents upon the completion of the Proposed Disposal; and (3) the gearing ratio of the Group would increase from 17.16 times to 17.48 times upon the completion of the Proposed Disposal, as set out in section 4.5 of the IFA Letter; and
- (i) other relevant considerations as set out in section 4.6 of the IFA Letter.

### 3.5. **Statement of the Audit and Risk Committee**

- 3.5.1. As Mr. Sim Idrus Munandar is a member of the board of commissioners and a member of the audit committee of KEL, accordingly, he is not an Independent Director for the purposes of the Proposed Disposal. Therefore, he has abstained from participating in the deliberations of the Audit and Risk Committee relating to the Proposed Disposal and from providing his views on the Proposed Disposal in his capacity as a member of the Audit and Risk Committee.
- 3.5.2. The members of the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar) do not have any interests in the Proposed Disposal and are accordingly deemed to be independent for the purposes of the Proposed Disposal. Having considered, inter alia, the terms, rationale for and benefits of the Proposed Disposal, as well as the opinion and advice of the IFA on the Proposed Disposal, the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar) concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

## 4. **VALUE OF THE SALE SHARES AND THE SWK LAND**

### 4.1. **Valuation Report for the Sale Shares**

- 4.1.1. KJPP Desmar, Ferdinand, Hentriawan dan Rekan, the Independent Valuer, was appointed by the Target to perform a valuation on the Target Shares (i.e., 100% of the issued share capital of the Target) as at 30 June 2021. It was established in Jakarta, and specializes in business and asset valuation. The Independent Valuer is registered with the Indonesia Ministry of Finance (Licence Number 2.17.0142) and is also registered with the Capital Market Supervisory Board (Bapepam-LK) as a capital market supporting profession with scope of valuation in asset and business.<sup>4</sup> It is also registered with the Indonesia Financial Services Authority (OJK) to conduct valuation exercises for listed companies. The experience of the Independent Valuer is as follows: valuation for mergers and acquisitions for closely held or publicly listed companies, issuing fairness opinions regarding material and/or conflict of

---

<sup>4</sup> Information reproduced from [www.dfhpartners.id/about-us/](http://www.dfhpartners.id/about-us/)

## LETTER TO SHAREHOLDERS

interest transactions, intangible asset valuations, valuations for financial statements reports (purchase price allocation, goodwill impairment test), derivative valuations for instruments like MESOP (Management Employee Stock Option Plan) or other financial instrument. The Independent Valuer was chosen solely by the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar).

- 4.1.2. Pursuant to the valuation, which was prepared on the basis that all outstanding shareholder loans had been repaid and/or capitalised, the Target Shares were valued at approximately US\$1.2 million as at 30 June 2021, being the date of the valuation. Accordingly, the value of the Sale Shares as at 30 June 2021 is approximately US\$0.9 million and the Sale Shares Price (plus the amount of the To Be Repaid SWK Loan) represents an excess of approximately US\$1.4 million over the independent valuation of the Sale Shares.
- 4.1.3. The Valuation Report dated 3 December 2021 in respect of the Sale Shares was prepared in accordance with the Indonesian Valuers Code of Ethics (KEPI) and Indonesian Valuation Standard (SPI) (which significantly adopts the International Valuation Standards). The Independent Valuer conducted its valuation on the basis of “market value”, which is defined as the “*estimated amount of money that can be obtained or paid for the exchange of an asset or liability on the valuation date, between willing buyer and willing seller, in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”. In respect of non-operating companies, share valuation was conducted using the adjusted book value method in asset based approach. In respect of operating companies, share valuation was conducted using capitalised excess earnings method in asset based approach and discounted cash flow method in income approach.

The valuation took into consideration, *inter alia*, the historical financial statements of the Target, the business plan of PT EKP for the period 2021 to 2042 which was prepared by PT EKP’s management, asset valuation reports prepared in respect of the assets of PT EKP and PT LK, as well as data, information and other documents provided by the Target and other relevant parties.

The relevant growth rates and discount rates referenced in the Valuation Report, as well as how these compared with previous years, are set out below:

	Projected Growth (Inflation Rates) <sup>(1)</sup>		Discount Rates	
	Original CSPA	CSPA	Original CSPA	CSPA
2020	3.21%	3.21%	9.73%	9.73%
2021	3.28%	2.78%	9.73%	9.05%
2022	3.13%	1.19%	9.73%	9.15%
2023	3.06%	4.93%	9.73%	9.15%
2024	2.99%	2.89%	9.73%	9.15%
2025 onwards	2.98%	2.90%	9.73%	9.15%

**Note:-**

- (1) Based on outlook for Indonesia extracted from the World Economic Outlook Database (as at April 2021) available at URL: <https://www.imf.org/en/Publications/WEO/weo-database/2021/April/download-entire-database>

---

## LETTER TO SHAREHOLDERS

---

The Valuation Report relating to the Sale Shares is set out in **Appendix B** to this Circular.

### 4.2. Value of the Sale Shares

4.2.1. As at 31 December 2020, based on the audited accounts of the Target Group:

	<b>Without adjusting for the amount of the shareholders loan owed by the Target to the Seller as at 31 December 2020</b>	<b>After adjusting for the amount of the shareholders loan owed by the Target to the Seller as at 31 December 2020</b>
Book value (i.e., the net assets) and net tangible assets value of the Sale Shares	US\$(2.0) million	US\$0.6 million
Excess of the Adjusted Consideration over the book value of the Sale Shares as at 31 December 2020	US\$4.2 million	US\$1.7 million
Excess of the Consideration over the book value of the Sale Shares as at 31 December 2020	US\$4.3 million	US\$1.8 million

4.2.2. The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded.

4.2.3. As at 31 December 2020, the amount of loss on the Proposed Disposal is US\$0.3 million. The loss on the 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 value is determined after the capitalisation of outstanding trade receivables due from and the shareholders' loan extended to the Target Group.

### 4.3. SWK Land Value

4.3.1. KJPP Benedictus Darmapusita & Rekan, the Land Valuer, was appointed by the Seller to perform a valuation on the SWK Land. It is an Indonesian appraisal firm that holds a Public Appraisal Service License (License Number: 2.12.0103) issued by the Indonesian Ministry of Finance.<sup>5</sup> It is also accredited by the Indonesia Financial Services Authority (OJK) to conduct valuation exercises for listed companies.

4.3.2. Pursuant to the valuation, the SWK Land was valued at IDR1,077,000,000 (approximately US\$74,296) as at 14 July 2021, being the date of the valuation.

4.3.3. The Land Valuation Report dated 8 September 2021 in respect of the SWK Land was prepared in accordance with *Kode Etik Penilai Indonesia* (Indonesian Valuer Code of Ethics) & *Standar Penilaian Indonesia* (Indonesian Valuation Standard) VII Edition 2018 and *Petunjuk*

---

<sup>5</sup> Information reproduced from <http://www.bdr.co.id/>.

---

## LETTER TO SHAREHOLDERS

---

*Teknis Khusus* SPI Penilaian dalam Kondisi Bencana COVID-19. The basis of the appraisal is market value as at 14 July 2021.

The valuation took into consideration, *inter alia*, the following:

- (a) location of the land;
- (b) neighbourhood data and other facilities;
- (c) land data and land usage; and
- (d) zoning and spatial planning.

The term market rental value is defined as an estimate of the amount of money that can be obtained from leasing an asset at the valuation date, between the owner who is interested in renting out and the lessee interested in renting according to the terms of a proper lease in a bond free transaction, the marketing of which is carried out properly, and each party knowing, acting carefully, and without coercion. Based on the Land Valuation Report, the market rental value per year of the SWK Land as at 14 July 2021 is IDR54,400,000 (approximately US\$3,753).

### 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

#### 5.1. 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 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;
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the EPS have been computed assuming that Completion took place on 1 January 2020; and
- (c) the Conditional Loan Capitalisation has been completed, taking into consideration only 78.5% of the total Remaining Shareholders Loan in accordance with the Group's shareholding interest in the Target Group.

#### 5.2. Share Capital

As no new Shares will be issued by the Company in connection with the Proposed Disposal, the Proposed Disposal will have no impact on the Company's issued share capital.

## LETTER TO SHAREHOLDERS

### 5.3. NTA per Share

	Before the Proposed Disposal	On Completion
NTA <sup>(1)</sup> attributable to the Shareholders (US\$'000)	13,691	13,374
Number of Shares (excluding treasury shares) ('000)	287,011	287,011
NTA per Share (US cents)	4.77	4.66

**Note:-**

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

### 5.4. EPS

	Before the Proposed Disposal	On Completion
Profit after taxation and non-controlling interests (US\$'000)	4,021	3,704
Weighted average number of Shares (excluding treasury shares) ('000)	287,011	287,011
EPS (US cents)	1.40	1.29

### 5.5. Gearing

	Before the Proposed Disposal	On Completion
Net borrowings / (cash) <sup>(1)</sup> as at 31 December 2020 (US\$'000)	234,942	233,744
Shareholders' equity (US\$'000)	13,691	13,374
Gearing (times)	17.16	17.48

**Note:-**

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

## LETTER TO SHAREHOLDERS

### 6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's financial statements for FY2020, being the Group's latest announced consolidated accounts after the signing of the CSPA on 10 August 2021 are set out as follows:

Rule	Bases	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% <sup>(1)</sup>
1006(b)	The net loss <sup>(2)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profit <sup>(2)</sup> .	-20.27% <sup>(3)</sup>
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% <sup>(4)</sup>
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 the Seller 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. No impairments were made to the net asset value of the Target. The reduction in the net asset value of the Target arose from equity accounting losses of the Target's operations over the years.
- (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 CSPA) and 287,011,177 Shares in issue as at 9 August 2021 (being the market day preceding the date of the CSPA).

Pursuant to Rule 1007(1) of the Listing Manual and Paragraph 4.3 of Practice Note 10.1 of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual. As the relative figure

---

## LETTER TO SHAREHOLDERS

---

computed pursuant to Rule 1006(b) of the Listing Manual is a negative figure and the absolute relative figure is 20.27%, the Proposed Disposal does not fall within the circumstances prescribed in Paragraphs 4.3 or 4.4 of Practice Note 10.1 of the Listing Manual.

Accordingly, Rule 1014 of the Listing Manual applies to the Proposed Disposal and the Proposed Disposal is a Major Transaction pursuant to Rule 1014 of the Listing Manual.

### 7. 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 CSPA.

### 8. USE OF PROCEEDS

The net proceeds from the Consideration 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.

### 9. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

9.1. As at the Latest Practicable Date, the Target Group owns two power plants:

- (a) a power plant held by PT LK, which has faced technical issues since November 2018. Although the management of the Company had attempted to resolve such technical issues during FY2019 and FY2020 pursuant to the terms and conditions of the Original CSPA, these attempts were not successful. Accordingly, this power plant has permanently ceased operations since January 2021; and
- (b) a power plant held by PT EKP which has been in operation since June 2018. It currently operates at a 4 MWh capacity (which is 80% of its maximum capacity of 5 MWh).

9.2. The Group initially embarked on the renewable biomass power generation business segment to, *inter alia*, utilise waste products from production facilities. However, this business segment has not proved commercially feasible and the 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 Group. The rationale for the Proposed Disposal is as follows:

- (a) the Group initially 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 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;

---

## LETTER TO SHAREHOLDERS

---

- (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 Proposed Disposal would improve the Group's cash flow liquidity and enable the Group to support its core operations without additional investment requirements. The downward trend in crude palm oil prices since 2012 is illustrated below<sup>6</sup>; and

Year	Average Price / MT (US\$/MT)
2012	990.42
2013	868.13
2014	811.67
2015	606.25
2016	710.63
2017	705.42
2018	593.13
2019	578.54
2020	708.96

- (c) the financial performance of the Group's biomass energy segment under the Target Group has not been satisfactory as the Target Group has been recording losses since the commencement of operations. This business segment has also 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.

9.3. The assets to be disposed of pursuant to the Proposed Disposal are not significant and only comprise 0.9% of the Group's latest consolidated unaudited NTA value as at 30 June 2021 after taking into consideration the Recalibration. Further, for FY2020, while the Target Group recorded a loss of US\$1.5 million, the Group still recorded an overall profit of US\$7.5 million. Accordingly, the Proposed Disposal is intended to dispose of a loss-making asset. The core business of the Group, i.e., the palm oil plantation business, will remain after completion of the Proposed Disposal.

## 10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders (both direct and deemed) in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings of the Company as at the Latest Practicable Date are set out below. The percentages shown are based on the issued capital of the

---

<sup>6</sup> Extracted from [CRUDE PALM OIL – CIF ROTTERDAM Spot Historical Prices - Investing.com](https://www.investing.com/commodities/cruide-palm-oil-cif-rotterdam).

## LETTER TO SHAREHOLDERS

Company of 287,011,177 Shares (excluding treasury shares) as at the Latest Practicable Date.

	Direct Interest		Deemed Interest		Total Interest
	No. of Shares	%	No. of Shares	%	%
<b>Directors</b>					
Mr. Henry Maknawi <sup>(1)</sup>	1,774,970	0.62	152,555,224 <sup>(1)</sup>	53.15 <sup>(1)</sup>	53.77
Tengku Alwin Aziz	418,970	0.15	-	-	0.15
Ms. Ratna Maknawi <sup>(2)</sup>	-	-	1,416,530 <sup>(2)</sup>	0.50 <sup>(2)</sup>	0.50
Mr. Albert Maknawi <sup>(3)</sup>	-	-	2,561,380 <sup>(3)</sup>	0.89 <sup>(3)</sup>	0.89
Mr. Soh Yew Hock	-	-	50,000	0.02	0.02
Mr. Sim Idrus Munandar	-	-	-	-	-
Mr. Darwin Indigo	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>					
Kencana Holdings Pte. Ltd.	152,555,224	53.15	-	-	53.15
Newbloom Pte. Ltd. <sup>(4)</sup>	57,402,236 <sup>(4)</sup>	20.00 <sup>(4)</sup>	-	-	20.00
Wilmar International Limited <sup>(4)</sup>	-	-	57,402,236 <sup>(4)</sup>	20.00 <sup>(4)</sup>	20.00

**Notes:-**

- (1) Mr. Henry Maknawi is deemed to be interested in the shares held by Kencana Holdings Pte. Ltd. by virtue of his 43.41% shareholding interest in Kencana Holdings Pte. Ltd.
- (2) Ms. Ratna Maknawi is deemed to be interested in the shares held for her benefit by DBS Nominees Pte Ltd and the shares held by her spouse, Mr. Ajis Chandra.
- (3) The 2,561,380 Shares of Mr. Albert Maknawi are held through DBS Nominees Pte Ltd.
- (4) Wilmar International Limited is deemed to be interested in the shares held by Newbloom Pte. Ltd. by virtue of its 100% shareholding interest in Newbloom Pte. Ltd.

Save for their respective interests in the Shares as disclosed above and as disclosed in Sections 2.1 and 3.5 of this Circular, none of the Directors or Substantial Shareholders or their respective associates, has any interest, direct or indirect, in the Proposed Disposal.

### 11. SERVICE CONTRACTS

No directors are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service contracts for such directors will be entered into with the Company.

---

## LETTER TO SHAREHOLDERS

---

### 12. ACTION TO BE TAKEN BY SHAREHOLDERS

- 12.1. In view of the safe distancing regulations to hold physical meetings and to minimize physical interactions and COVID-19 transmission risks, the Company will conduct its EGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Circular, the Notice of EGM and the proxy form will NOT be sent to Shareholders.** Instead, the documents will be made available to Shareholders via publication on the Company's corporate website (<http://www.kencanaagri.com>) and on the SGX website (<https://www.sgx.com/securities/company-announcements>).
- 12.2. Alternative arrangements relating to, among others, attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the EGM, addressing of substantial and relevant questions prior to, or at the EGM and/or voting by appointing the Chairman of the EGM as proxy at the EGM are described in the Notice of EGM set out on Pages N-1 to N-4 of this Circular.
- 12.3. **A Shareholder (including a relevant intermediary) will not be able to attend the EGM physically in person.** If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid. The instrument appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
- (a) if by post, to the Share Registrar of the Company, at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays)); or
  - (b) if sent by email to [srs.teamE@boardroomlimited.com](mailto:srs.teamE@boardroomlimited.com),

in either case, not less than 48 hours before the time for holding the EGM and at any adjournment thereof. In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to appoint the Chairman of the EGM as proxy.

### 13. ABSTENTION FROM VOTING

- 13.1. Mr. Henry Maknawi (who holds a 0.62% direct interest in the Company) and Kencana Holdings Pte. Ltd. (which holds a 53.15% direct interest in the Company) shall abstain, and shall procure that his/its associates and nominees abstain, from voting at the EGM in respect of Ordinary Resolution 1. In addition, Mr. Henry Maknawi and Kencana Holdings Pte. Ltd. shall not, and shall procure that his/its associates and nominees shall not, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the relevant Shareholders wish their votes to be cast for Ordinary Resolution 1.

---

## LETTER TO SHAREHOLDERS

---

- 13.2. In view of his connection to the KEL as described in Section 3.5 above, Mr. Sim Idrus Munandar will procure that his associates and nominees who are Shareholders abstain from voting at the EGM in respect of Ordinary Resolution 1. Mr. Sim Idrus Munandar himself does not have any direct or deemed interests in the Company. In addition, Mr. Sim Idrus Munandar shall not, and shall procure that his associates and nominees shall not, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the relevant Shareholders wish their votes to be cast for Ordinary Resolution 1.

### 14. DIRECTORS' RECOMMENDATIONS

The Independent Directors, having considered the rationale and terms of the Proposed Disposal, the advice given by the IFA and the views of the Audit and Risk Committee (excluding Mr. Sim Idrus Munandar), are of the opinion that the Proposed Disposal is in the interests of the Company, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of Ordinary Resolution 1.

### 15. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 16. CONSENTS

- 16.1. SAC Capital Private Limited, the IFA in respect of the Proposed Disposal as an Interested Person Transaction, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to its name in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 16.2. KJPP Desmar, Ferdinand, Hentriawan dan Rekan, the Independent Valuer, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Report and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.
- 16.3. KJPP Benedictus Darmapusita dan Rekan, the Land Valuer, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

---

## LETTER TO SHAREHOLDERS

---

### 17. 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 the date of this Circular up to the date of the EGM:

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2020;
- (c) the CSPA;
- (d) the Valuation Report relating to the Sale Shares;
- (e) the SWK Land Valuation Report relating to the SWK Land; and
- (f) the IFA Letter.

Yours faithfully

For and on behalf of the Board of Directors of  
**KENCANA AGRI LIMITED**

Henry Maknawi  
Executive Chairman

---

## APPENDIX A – IFA LETTER

---

### SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200401542N)

1 Robinson Road  
#21-00 AIA Tower  
Singapore 048542

23 December 2021

To: The directors of Kencana Agri Limited who are considered independent in relation to the Proposed Disposal (as defined herein)

Tengku Alwin Aziz  
Soh Yew Hock  
Darwin Indigo

Dear Sirs

#### THE PROPOSED DISPOSAL OF 78.5% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PT CAHAYA PERMATA GEMILANG TO PT BIOMASSA ENERGI JAYA AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 23 December 2021 (the “Circular”) shall have the same meanings herein.*

#### 1. INTRODUCTION

On 5 May 2020, Kencana Agri Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), PT Sawindo Kencana (the “**Seller**” or “**PT SWK**”, an indirect wholly-owned subsidiary of the Company), PT Kencana Energi Lestari, Tbk. (“**KEL**”), and PT Cahaya Permata Gemilang (the “**Target**”) entered into an amended and restated conditional shares sale and purchase agreement (the “**Original CSPA**”) relating to the disposal by the Seller, and the acquisition by KEL, of 78.5% of the issued and paid-up share capital of the Target (the “**Sale Shares**”) for an aggregate consideration of US\$4,313,746 (the “**Original Consideration**”).

On 10 August 2021, the Company announced that the Original CSPA had been terminated as the long stop date had expired and the parties had agreed to revise certain key terms of the transaction in order to take into account the cessation of PT LK’s (as defined herein) operations since January 2021 due to technical issues which arose in November 2018, and 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. PT Biomassa Energi Jaya (the “**Buyer**”) would replace KEL as the buyer under the new transaction structure. Accordingly, the Company, the Seller, the Buyer and the Target had on 10 August 2021 entered into a new conditional shares sale and purchase agreement, as amended by the side letters dated 12 November 2021 and 10 December 2021 (the “**CSPA**”), pursuant to which the Buyer (and/or its wholly-owned subsidiary) intends to acquire the Sale Shares for an aggregate consideration of US\$2,375,326 (the “**Proposed Disposal**”).

As at the Latest Practicable Date (as defined herein), the Buyer is 49% owned by KEL, and the remaining 51% is owned by PT Paramata Indah Lestari (“**PT PIL**”), an Indonesian entity which is wholly-owned by Mr. Henry Maknawi and his sons. In addition, Mr. Henry Maknawi is a director on both the boards of KEL and the Company. His son, Mr. Albert Maknawi, is the chief executive officer of the Company, and is also the president commissioner of KEL.

The Buyer is an associate of the Maknawi family and accordingly an “interested person” under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“the

---

## APPENDIX A – IFA LETTER

---

**SGX-ST**) (the “**Listing Manual**”) as, *inter alia*, the interest of the Maknawi family in the Buyer is more than 30.0%. The Proposed Disposal will therefore constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

As the Consideration represents more than 5.0% of the Group’s latest audited consolidated net tangible assets (“**NTA**”) of the Group of approximately US\$13.7 million as at 31 December 2020, the Proposed Disposal is subject to the approval of the shareholders of the Company who are considered independent for the purposes of the Proposed Disposal (the “**Independent Shareholders**”) pursuant to Rule 906 of the Listing Manual.

The Company will be seeking approval for the Proposed Disposal from the Independent Shareholders at an extraordinary general meeting of the Company to be convened (the “**EGM**”). Pursuant to Rule 921(4)(a) of the Listing Manual, the Company has appointed SAC Capital Private Limited (“**SAC Capital**”) as the independent financial adviser (“**IFA**”) to express an opinion on whether the Proposed Disposal is carried out on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders.

This letter, which sets out our evaluation and opinion in respect of the Proposed Disposal as an interested person transaction, has been prepared to comply with Rule 921(4)(a) of the Listing Manual for inclusion in the Circular and also for the use of the directors of the Company (the “**Directors**”) who are deemed independent for the purposes of making a recommendation to the Independent Shareholders in respect of the Proposed Disposal (the “**Independent Directors**”) in connection with and for the purposes of their consideration of the Proposed Disposal as an interested person transaction and their recommendation(s) to Independent Shareholders arising thereof.

## 2. TERMS OF REFERENCE

We have been appointed as the IFA in relation to the Proposed Disposal as an interested person transaction pursuant to Rule 921(4)(a) of the Listing Manual to express an opinion on whether the Proposed Disposal is carried out on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations entered into by the Group in connection with the Proposed Disposal or in the deliberations leading up to the decision of the Directors to undertake the Proposed Disposal. Accordingly, we do not, by this letter, warrant the merits of the Proposed Disposal other than to express an opinion on whether the Proposed Disposal is on normal commercial terms and prejudicial to the interests of the Company and its minority Shareholders.

We have not conducted a comprehensive independent review of the business, operations or financial condition of the Company and its subsidiaries. Our evaluation is confined to the financial terms of the Proposed Disposal and we have not evaluated the strategic, legal or commercial merits or risks of the Proposed Disposal, or the future growth prospects or earnings potential of the Group or the Target Group (as defined herein) after the completion of the Proposed Disposal. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Proposed Disposal or on the future growth prospects, financial position and earnings potential of the Group after the completion of the Proposed Disposal.

In the course of our evaluation and for the purposes of our opinion herein, we have held discussions with the Directors and the management of the Company (the “**Management**”). We have relied on the information and representations, whether written or verbal, provided to us by the Directors, the Management and the Group’s advisers, including the information provided in the Circular. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Proposed Disposal disclosed in the Circular; (b) such information is true and accurate in all material respects; and (c) there is no other information or fact, the omission of which would

---

## APPENDIX A – IFA LETTER

---

cause any information disclosed to us or the facts stated in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgement on the reasonable use of such information and representations (as deemed necessary) provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

We would like to highlight that, save as disclosed, all information relating to the Group, the Target Group and the Proposed Disposal that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or from the Management. We have not held any discussions with the directors and/or the management of the Target Group and we have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group or the Target Group at any time or as at 10 December 2021 (the “**Latest Practicable Date**”). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group and/or the Target Group and have not been furnished with any such evaluation or appraisal, save for the business valuation report dated 3 December 2021 prepared by KJPP Desmar, Ferdinand, Hentriawan dan Rekan (the “**Independent Valuer**”), being the independent valuer appointed to perform an independent valuation of the market value of 100% equity interest in the Target as at 30 June 2021 (the “**Valuation Report**”). A summary of the Valuation Report (the “**Independent Summarised Valuation Report**”) is set out in Appendix B to the Circular. As we are not experts in the evaluation or appraisal of the Target Group, we have placed sole reliance on the Valuation Report prepared by the Independent Valuer and have not made any independent verification of the contents thereof. In addition, we do not assume any responsibility to enquire about the basis of the valuation in the Valuation Report and/or the Independent Summary Valuation Report or if the contents in the Valuation Report and/or the Independent Summary Valuation Report have been prepared in accordance with all applicable regulatory requirements.

Our opinion, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as at, the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In arriving at our opinion, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

**Our opinion in relation to the Proposed Disposal as an interested person transaction should be considered in the context of the entirety of this letter and the Circular.**

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

### 3. THE PROPOSED DISPOSAL

#### 3.1 Background

The Company, the Seller, the Buyer and the Target had entered into the CSPA in relation to the Proposed Disposal of the Target Group by the Seller to the Buyer for a consideration of approximately US\$2,375,326.

#### 3.2 Information relating to the Target

The Target is a limited liability company established under the laws of the Republic of Indonesia. The Target holds a 99.9% interest in PT Listrindo Kencana (“**PT LK**”), which in turn holds a 99.0% interest in PT Energy Karya Persada (“**PT EKP**”). PT LK, a limited liability company established under the laws of the Republic of Indonesia, was engaged in the biomass power plant business and operating in Bangka, Indonesia, but has ceased operations since January 2021 due to technical issues which arose in November 2018. Prior to its cessation, the operations of PT LK were not significant to the Group given that the renewable biomass power generation business is not part of the core business of the Group. Further, the performance of PT LK was also impeded by the aforementioned technical issues. PT EKP is a limited liability company established under the laws of the Republic of Indonesia which operates a 5 MWh biomass power plant in Bangka, Indonesia since June 2018. The Target, PT LK and PT EKP are collectively referred to as the “**Target Group**”.

The Seller holds a 78.5% interest in the Target, and the remaining 21.5% interest is held by Enco Power Pte. Ltd. (“**Enco Power**”), a wholly-owned subsidiary of Enco Ventures (Singapore) Pte. Ltd. (“**Enco Singapore**”), which is in turn wholly-owned by Enco Holdings Sendirian Berhad (“**Enco Holdings**”). Aside from the shareholding interest in the Target held through Enco Power, each of Enco Power, Enco Singapore and Enco Holdings are not related to the Group and the Buyer. Enco Holdings and its subsidiaries are engaged in the business of providing thermal energy solutions by using boiler systems which specialise in biomass fuel fired systems, providing designs, engineering, procurement and commissioning services for biomass systems.

Under the joint venture agreement between the Seller and Enco Holdings in relation to their respective interests in the Target, Enco Holdings has been granted a tag-along right. Accordingly, in tandem with the Proposed Disposal, Enco Power also intends to sell its 21.5% interest in the issued and paid-up share capital of the Target to the Buyer or a party nominated by it / its wholly-owned subsidiary (“**Enco Power Sale**”).

Further information on the financial results and financial position of the Target Group is set out in Appendix E to the Circular and Shareholders are advised to read the information carefully.

#### 3.3 Information relating to the Buyer

The Buyer 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 PIL, an Indonesian entity which is wholly-owned by Mr. Henry Maknawi and his sons. KEL is 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. Through its subsidiaries, it currently operates two hydropower plants which are located in North Sumatra and Bengkulu respectively. It is in the process of constructing a micro-hydropower plant in North Toraja. The Maknawi family is a controlling shareholder of KEL and holds in aggregate a 67.85% interest in KEL. Accordingly, the Maknawi family effectively holds a 84.25% interest in the Buyer.

Mr. Henry Maknawi holds in aggregate a 53.77% interest in the Company (comprising a 0.62% direct interest, and a 53.15% deemed interest held through Kencana Holdings Pte. Ltd. in which he holds a 43.41% interest). Ms. Ratna Maknawi is deemed interested in a 0.50% interest in the Company through the Shares held for her benefit by DBS Nominees Pte Ltd and the Shares

---

## APPENDIX A – IFA LETTER

---

held by her spouse, Mr. Ajis Chandra. Mr. Albert Maknawi is deemed interested in a 0.89% interest in the Company through the Shares held for his benefit by DBS Nominees Pte Ltd. In addition, Mr. Henry Maknawi is a director on both the boards of KEL and the Company. His son, Mr. Albert Maknawi is the chief executive officer of the Company, and is also the president commissioner of KEL.

As the interest of the Maknawi family in the Buyer is more than 30.0%, the Buyer is an associate of the Maknawi family and accordingly, an interested person for the purposes of the Proposed Disposal.

### 3.4 Consideration for the Proposed Disposal

The Consideration for the Proposed Disposal is approximately US\$2,375,326 which comprises the following:

- (a) the sum constituting partial repayment of the loan amount owed by the Target to the Seller (the **“To Be Repaid SWK Loan”**), being approximately US\$1,103,287;
- (b) the cash consideration for the Sale Shares, being approximately US\$1,177,500 (the **“Sale Shares Price”**);
- (c) the cash consideration of approximately US\$72,722 (the **“SWK Land Consideration”**) for a portion of land (approximately four hectares in size) to be transferred by PT SWK to PT LK and PT EKP (the **“SWK Land”**), which was determined taking into consideration the valuation of the SWK Land as at 14 July 2021 as determined by KJPP Benedictus Darmapuspita dan Rekan (the **“Land Valuer”**); and
- (d) the cash consideration of approximately US\$21,817 for the lease fees payable by PT LK and PT EKP under the SWK Lease Agreements for a term of six years (the **“SWK Lease Fees”**) prior to the transfer of the SWK Land, which was determined taking into consideration the market rental value per year of the SWK Land as at 14 July 2021 as determined by the Land Valuer.

The Consideration was determined pursuant to commercial negotiations between the Seller and the Buyer in good faith and on arm’s length basis, and was reviewed and approved by the Independent Directors, taking into account the following factors:

- (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 the Seller as at 31 December 2020) in which the NAV and NTA of the Sale Shares (i.e. 78.5% of the issued share capital of the Target) are both recorded as US\$0.6 million;
- (b) the financial performance of the Target Group in FY2020 where the Target Group recorded a loss of approximately US\$1.5 million;
- (c) the valuation of the SWK Land as at 14 July 2021 as determined by the Land Valuer, being US\$74,296;
- (d) the market rental value for six-year lease of the SWK Land as at 14 July 2021 as determined by the Land Valuer, being US\$22,518;
- (e) the value of the To Be Repaid SWK Loan, being US\$1.1 million; and
- (f) the assumption by the Buyer of a penalty imposed on PT LK by PT Perusahaan Listrik Negara (**“PT PLN”**) of approximately US\$3.2 million due to PT LK’s inability to meet minimum production requirements (the **“PT PLN Penalty”**) with effect from 1 January 2021 until 31 May 2025.

---

## APPENDIX A – IFA LETTER

---

The aggregate consideration payable under the CSPA (i.e., US\$2,375,326) is lower than the aggregate consideration payable under the Original CSPA (i.e., US\$4,313,746). This was pursuant to commercial negotiations between the parties and, in particular, a reduction of US\$1,336,697 in the consideration attributable to the Sale Shares from US\$2,514,197 (as stated in the Original CSPA) to US\$1,177,500 (as stated in the CSPA) for reasons stated in section 2.3.2 of the Circular. This downward adjustment is also in line with the decrease in the valuation of the Target Shares from approximately US\$3.0 million as at 31 January 2020 to the revised valuation of the Target Shares of approximately US\$1.2 million as at 30 June 2021.

Pursuant to Article 5.3 of the Original CSPA, the Seller is obliged to refund the refundable down payment received on 1 November 2019 in the amount of US\$1,500,000 (the “**Refundable Down Payment**”) to KEL (i.e. the buyer under the Original CSPA). Pursuant to a collective agreement dated 10 August 2021 (the “**Collective Agreement**”), KEL has assigned to the Buyer its right to receive the Refundable Down Payment from the Seller.

It has been agreed that US\$1,177,500 of the Refundable Down Payment will be applied to the Consideration payable by the Buyer to the Seller. Accordingly, there is a difference of US\$322,500 due to the Buyer, who has directed that US\$306,375 be paid to Enco Power pursuant to the Enco Power Sale and that US\$16,125 be refunded directly to the Buyer. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller pursuant to the Recalibration as discussed in section 3.5.1 of this letter. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 in cash.

Please refer to sections 2.6.1 and 2.6.2 of the Circular for further details on the components of the Consideration and the terms of payment of the Consideration.

### 3.5 Aggregate Shareholders Loan

#### 3.5.1 Recalibration of the Aggregate Shareholders Loan Amount

As at 30 June 2021, and before the Recalibration, the amount of the shareholders loan owed by the Target to its shareholders, Enco Power and the Seller (being PT SWK), is approximately US\$286,647 (the “**Enco Power Loan**”) and US\$3,071,832 (the “**SWK Loan**”) respectively (in aggregate, the “**Aggregate Shareholders Loan Amount**”).

The terms of the aforementioned shareholders loans are as follows:

- (a) up to a maximum facility of IDR309,000,000,000, which may be re-negotiated as and when needed;
- (b) drawdown of funds in accordance with drawdown notice issued by the Target and based on the funding availability of Enco Power and the Seller;
- (c) term of five years, which may be extended by mutual agreement; and
- (d) interest payable at market rate of 10.75% per annum.

The amount of the Enco Power Loan as a proportion of the Aggregate Shareholders Loan Amount is 8.54%, which is less than its 21.5% stake in the Target, and the amount of the SWK Loan as a proportion of the Aggregate Shareholders Loan Amount is 91.46%, which exceeds its 78.5% stake in the Target. To align the amount of the Enco Power Loan and the SWK Loan with the current shareholding proportions of Enco Power and the Seller in the Target of 21.5% and 78.5% respectively (the “**Shareholding Allocation**”) for the purposes of the Conditional Loan Capitalisation (as defined herein), Enco Power has agreed to assume a shareholders loan amount of US\$435,426 by paying such sum to the Seller (the “**Recalibration**”), as illustrated in the table below:

## APPENDIX A – IFA LETTER

	Shareholding Interest in the Target	Amount owed by the Target before the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount	Amount to be (paid by) Enco Power / received by the Seller pursuant to the Recalibration (US\$)	Amount owed by the Target after the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount
Seller	78.5%	3,071,832	91.46%	435,426	2,636,406	78.5%
Enco Power	21.5%	286,647	8.54%	(435,426)	722,073	21.5%
<b>TOTAL</b>	<b>100%</b>	<b>3,358,479</b>	<b>100%</b>	<b>-</b>	<b>3,358,479</b>	<b>100%</b>

Hence, the amount of the Enco Power Loan after the Recalibration will increase from US\$286,647 to US\$722,073. Correspondingly, the amount of the SWK Loan will decrease from US\$3,071,832 to US\$2,636,406.

In section 3.4 of this letter, it was noted that there is a difference of US\$322,500 out of the total amount of the Refundable Down Payment due from the Seller to the Buyer, who has directed that the Seller pay to Enco Power a sum of US\$306,375, with the remaining US\$16,125 to be refunded directly to the Buyer. This amount of US\$306,375 due from the Seller to Enco Power will be offset from the amount of US\$435,426 to be paid by Enco Power to the Seller under the Recalibration. Accordingly, Enco Power will pay to the Seller an amount of US\$129,051 (which is derived by deducting US\$306,375 from US\$435,426) in cash in full and final settlement of the amount to be paid by Enco Power to the Seller under the Recalibration once the To Be Repaid Enco Power Loan (as defined herein) has been repaid by the Buyer (either directly or through the Target) to Enco Power, which is estimated to take place within one year from completion of the Enco Power Sale. The Company will use the proceeds of US\$129,051 received by the Seller, its indirect wholly-owned subsidiary, for its working capital requirements.

For the avoidance of doubt, the Recalibration is an arrangement between the Seller and Enco Power as shareholders of the Target, and the amount payable by Enco Power to the Seller under the Recalibration is separate from the Consideration for the Proposed Disposal to be paid by the Buyer to the Seller.

### 3.5.2 Partial Discharge of the Aggregate Shareholders Loan Amount

Pursuant to the terms and conditions of the CSPA and as mentioned in section 3.4 of this letter, as part of the Consideration for the Proposed Disposal, the parties have agreed that the Buyer will (either directly or through the Target) repay to the Seller an amount of US\$1,103,287, being the To Be Repaid SWK Loan, in partial discharge of the SWK Loan owed by the Target to the Seller. The To Be Repaid SWK Loan will be repaid by the Buyer (either directly or through the Target) to the Seller, being an indirect wholly-owned subsidiary of the Company, in cash within one year from the Completion Date. The Company will use the proceeds for its working capital requirements.

Through the Enco Power Sale, Enco Power intends to sell its 21.5% interest in the Target to the Buyer, on terms which are not more favourable than the terms granted to the Company in relation to the Proposed Disposal. As agreed amongst the parties, the Buyer will also (either directly or through the Target) repay to Enco Power an amount of US\$302,174 (the “**To Be Repaid Enco Power Loan**”) in partial discharge of the Enco Power Loan owed by the Target to Enco Power within one year from completion of the Enco Power Sale, which shall be applied towards the consideration for the Enco Power Sale.

## APPENDIX A – IFA LETTER

### 3.5.3 Conditional Loan Capitalisation

Subject to the necessary approvals being obtained from Bank OCBC NISP as the financier of the Target and the shareholders of the Target, the Aggregate Shareholders Loan Amount less the To Be Repaid SWK Loan and the To Be Repaid Enco Power Loan (the “**Remaining Shareholders Loan**”) will be converted into share capital in the Target prior to completion of the Proposed Disposal (the “**Conditional Loan Capitalisation**”), as illustrated in the table below:

	Shareholding Interest in the Target	Amount owed by the Target before the Recalibration (US\$)	Amount owed by the Target after the Recalibration (US\$)	As a % of the Aggregate Shareholders Loan Amount	Amount to be repaid by the Buyer to the Seller / Enco Power (US\$)	Remaining Shareholders Loan to the Seller / Enco Power (US\$)	As a % of the Remaining Shareholders Loan
Seller	78.5%	3,071,832	2,636,406	78.5%	To Be Repaid SWK Loan (i.e., US\$1,103,287)	1,533,119	78.5%
Enco Power	21.5%	286,647	722,073	21.5%	To Be Repaid Enco Power Loan (i.e., US\$302,174)	419,899	21.5%
<b>TOTAL</b>	<b>100%</b>	<b>3,358,479</b>	<b>3,358,479</b>	<b>100%</b>	<b>1,405,461</b>	<b>1,953,018</b>	<b>100%</b>

### 3.5.4 Fluctuation of the Remaining Shareholders Loan

The amount of the Remaining Shareholders Loan may fluctuate depending on the working capital requirements of the Target Group prior to or on the date on which the Proposed Disposal is completed (the “**Completion Date**”). Based on an internal forecast of the working capital requirements of the Target Group as at 31 December 2021 as prepared by the management of the Company, the Target Group will not require any additional shareholders loans prior to or on the Completion Date. However, the aggregate amount repayable under the Remaining Shareholders Loan is expected to increase by approximately US\$172,000 due to interest payable on the Remaining Shareholders Loan up to 31 December 2021. Such increase in the amount repayable under the Remaining Shareholders Loan will increase the NAV and NTA of the Target Group by US\$135,000 (being the amount of interest payable to the Seller only) at Completion, and will correspondingly reduce any premium implied by the Consideration from the Buyer by the same amount. We would like to highlight that our assessment has been performed on the assumption that there is no material change to the Remaining Shareholders Loan.

### 3.6 **Conditions Precedent**

The Proposed Disposal is conditional upon, *inter alia*, the Conditional Loan Capitalisation and the passing at a general meeting of the Company of the requisite resolution to approve the Proposed Disposal in accordance with the terms and conditions of the CSPA by Independent Shareholders. Further information on the conditions precedent is set out in section 2.6.3 of the Circular and Shareholders are advised to read the information carefully.

### 3.7 **Independent Valuation of the 100% Equity Interest in the Target**

In connection with the Proposed Disposal, the Independent Valuer was commissioned by the Target to conduct an independent valuation (the “**Valuation**”) of the market value of the 100% equity interest in the Target as at 30 June 2021 (“**Valuation Date**”). Based on the Valuation Report, the 100% equity interest in the Target as at the Valuation Date is valued at IDR17,496,787,000 or approximately US\$1.2 million, and the value attributable to the 78.5% equity interest held by the Seller is IDR13,734,977,795 or approximately US\$0.9 million. A copy of the Independent Summarised Valuation Report is set out in Appendix B to the Circular.

#### 4. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal as an interested person transaction, we have reviewed and examined the following factors which have a significant bearing on our assessment:

- (a) the rationale for the Proposed Disposal;
- (b) the historical financial performance and condition of the Target Group;
- (c) the reasonableness of the Consideration *vis-à-vis* a comparison with:
  - (i) the adjusted NAV and adjusted NTA of the Target Group as at 30 June 2021;
  - (ii) the market valuation of 100% equity interest in the Target;
  - (iii) the valuation statistics of companies broadly comparable to the Target Group;
- (d) the reasonableness of the repayment terms of the To Be Repaid SWK Loan;
- (e) the financial effects of the Proposed Disposal on the Group; and
- (f) other relevant considerations.

##### 4.1 Rationale for the Proposed Disposal

The rationale for the Proposed Disposal is set out in section 9 of the Circular and has been reproduced in italics below:

*As at the Latest Practicable Date, the Target Group owns two power plants:*

- (a) *a power plant held by PT LK, which has faced technical issues since November 2018. Although the management of the Company had attempted to resolve such technical issues during FY2019 and FY2020 pursuant to the terms and conditions of the Original CSPA, these attempts were not successful. Accordingly, this power plant has permanently ceased operations since January 2021; and*
- (b) *a power plant held by PT EKP which has been in operation since June 2018. It currently operates at a 4 MWh capacity (which is 80% of its maximum capacity of 5 MWh).*

*The Group initially embarked on the renewable biomass power generation business segment to, inter alia, utilise waste products from production facilities. However, this business segment has not proved commercially feasible and the 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 Group. The rationale for the Proposed Disposal is as follows:*

- (a) *the Group initially 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.*

## APPENDIX A – IFA LETTER

Therefore, the 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 Proposed Disposal would improve the Group's cash flow liquidity and enable the Group to support its core operations without additional investment requirements. The downward trend in crude palm oil prices since 2012 is illustrated below<sup>1</sup>; and

Year	Average Price / MT (US\$/MT)
2012	990.42
2013	868.13
2014	811.67
2015	606.25
2016	710.63
2017	705.42
2018	593.13
2019	578.54
2020	708.96

- (c) the financial performance of the Group's biomass energy segment under the Target Group has not been satisfactory as the Target Group has been recording losses since the commencement of operations. This business segment has also 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.

The assets to be disposed of pursuant to the Proposed Disposal are not significant and only comprise 0.9% of the Group's latest consolidated unaudited NTA value as at 30 June 2021 after taking into consideration the Recalibration. Further, for FY2020, while the Target Group recorded a loss of US\$1.5 million, the Group still recorded an overall profit of US\$7.5 million. Accordingly, the Proposed Disposal is intended to dispose of a loss-making asset. The core business of the Group, i.e., the palm oil plantation business, will remain after completion of the Proposed Disposal.

### 4.2 Historical Financial Performance and Condition of the Target Group

As extracted from Appendix E to the Circular, the salient historical pro forma financial information of the Target Group for the last 3 financial years ended 31 December 2018, 2019 and 2020 ("FY2018", "FY2019" and "FY2020" respectively) and the half year ended 30 June 2020 and 2021 ("1H2020" and "1H2021" respectively) are set out below:

#### Pro Forma Consolidated Profit or Loss Statements

IDR 'million	← Unaudited →				
	FY2018	FY2019	FY2020	1H2020	1H2021
Revenue	28,489	33,583	35,607	16,187	23,876
Gross profit/(loss)	1,568	(2,233)	(8,261)	(2,473)	2,831
Loss before tax	(43,681)	(50,887)	(49,105)	(24,643)	(14,020)
Loss attributable to owners of the Target	(56,574)	(50,720)	(50,648)	(23,329)	(9,625)

<sup>1</sup> Extracted from [CRUDE PALM OIL – CIF ROTTERDAM Spot Historical Prices - Investing.com](https://www.investing.com/commodities/cif-rotterdam-spot-historical-prices).

## APPENDIX A – IFA LETTER

### Pro Forma Consolidated Statements of Financial Position

IDR 'million	← Unaudited →			
	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2020	As at 30 June 2021
Current assets	21,033	22,682	29,571	27,421
Current liabilities	32,238	57,510	67,631	74,050
Working capital	(11,205)	(34,828)	(38,060)	(46,629)
Non-current assets	153,261	151,300	114,486	114,439
Non-current liabilities	300,496	325,575	111,713	112,797
Equity attributable to owners of the Target	(158,427)	(209,086)	(35,030)	(44,805)

### Pro Forma Consolidated Statements of Cash Flows

IDR 'million	← Unaudited →				
	FY2018	FY2019	FY2020	1H2020	1H2021
Net cash flows from / (used in) operating activities	14,178	(14,481)	(15,832)	(3,286)	5,879
Net cash flows (used in) / from investing activities	(12,728)	919	(1,165)	35	(821)
Net cash flows (used in) / from financing activities	(3,334)	9,830	15,612	1,991	(3,220)
Net (decrease) / increase in cash and cash equivalents	(1,884)	(3,732)	(1,386)	(1,260)	1,838
Cash and cash equivalents at the end of the financial year / period	5,920	2,188	952	928	2,790

We note the following from the Management:

(a) Revenue

The Target Group's revenue increased from IDR 28.5 billion in FY2018 to IDR 33.6 billion in FY2019, mainly due to higher revenue recorded by PT EKP in FY2019 from sale of electricity to PT PLN that commenced in June 2018.

The Target Group's revenue increased from IDR 33.6 billion in FY2019 to IDR 35.6 billion in FY2020 mainly due to increase in total sales of electricity to PT PLN by both PT EKP and PT LK.

The Target Group's revenue increased from IDR 16.2 billion in 1H2020 to IDR 23.9 billion in 1H2021. The higher revenue recorded was due to increase in total sales of electricity to PT PLN as PT EKP was able to ramp up its electricity production.

(b) Gross profit/(loss)

Despite higher revenue, the Target Group recorded a gross loss of IDR 2.2 billion in FY2019 as compared to a gross profit of IDR 1.6 billion in FY2018 mainly due to (i) a disruption in the operations of PT EKP for a period of four months from August to November 2019 for maintenance work on the power plant and (ii) higher depreciation charges in FY2019 arising from the recognition of a full year depreciation charge after the completion of construction of PT EKP's assets in June 2018.

---

## APPENDIX A – IFA LETTER

---

Gross loss increased from IDR 2.2 billion in FY2019 to IDR 8.3 billion in FY2020. Gross loss increased despite higher revenue mainly due to an increase in fuel used in the boilers within the power plants. The fuel cost incurred by the Target Group when compared against revenue has increased from 27% in FY2019 to 39% in FY2020, mainly due to (i) a wet season that impacted the moisture content of the raw materials that were used in combustion for the boilers, resulting in more raw materials required to produce the same amount of heat and (ii) deterioration in the efficiency of the steam producing boiler.

Gross profit of IDR 2.8 billion was recorded in 1H2021 compared to a gross loss of IDR 2.5 billion in 1H2020, mainly due to (i) improvement in the power plant operations that resulted in higher total sale of electricity to PT PLN and (ii) decrease in direct labour cost due to a headcount reduction in 1H2021.

(c) Net loss attributable to owners of the Target

The net loss attributable to owners of the Target Group decreased from IDR 56.6 billion in FY2018 to IDR 50.7 billion in FY2019. The decrease is mainly due to (i) lower net finance expenses, (ii) gain on foreign exchange in FY2019 compared to a loss in FY2018, and (iii) income tax credit in FY2019 arising from losses incurred in FY2019, compared to income tax expense recorded in FY2018 that arose from the impairment of deferred tax assets. The decrease in net loss is partially offset by (i) gross loss recorded in FY2019 compared to a gross profit in FY2018, and (ii) an increase in other expenses mainly due to a penalty imposed by PT PLN on PT LK in FY2019 for its inability to fulfil the minimum production requirement as a result of the ceasing of power plant operations since late FY2018 for maintenance.

The net loss attributable to owners of the Target Group decreased marginally from IDR 50.7 billion in FY2019 to IDR 50.6 billion in FY2020.

The net loss attributable to owners of the Target Group decreased from IDR 23.3 billion in 1H2020 to IDR 9.6 billion in 1H2021. The decrease is mainly due to (i) a loss on disposal of investment in PT Belitung Energy (“PT BE”) due to an internal reorganisation and restructuring exercise that was completed in January 2020, (ii) gross profit recorded in 1H2021 compared to gross loss recorded in 1H2020, and (iii) decrease in loss on foreign exchange in 1H2021 compared to 1H2020, partially offset by higher administrative expenses, net interest expense and income tax expense.

(d) Working capital

The Target Group recorded a negative net working capital of IDR 34.8 billion as at 31 December 2019, deteriorated from the negative net working capital of IDR 11.2 billion as at 31 December 2018. The deterioration in working capital was mainly due to an increase of IDR 25.3 billion in current liabilities, partially offset by an increase in current asset of IDR 1.8 billion. The increase in current assets was mainly attributed to (i) an increase in other receivables from related parties, (ii) an increase in inventories due to ramping up of operations by PT EKP and (iii) an increase in prepaid expenses and advances. The increase in current liabilities was mainly due to (i) a new bank loan, (ii) an increase in trade and other payable to third parties arising from the provision for a penalty fee payable to PT PLN for the inability to meet minimum production requirement by PT LK in FY2019 and (iii) an increase in trade and other payables to related parties.

The Target Group recorded a negative net working capital of IDR 38.1 billion as at 31 December 2020, further deteriorated from the negative net working capital of IDR 34.8 billion as at 31 December 2019. The slight deterioration in working capital was mainly due to an increase of IDR 10.1 billion in current liabilities, partially offset by an increase in current assets of IDR 6.9 billion. The increase in current assets was mainly due to (i) increase in prepaid expenses and advances relating to purchase of spare part items from third parties and (ii) increase in trade receivables from third parties due to a delay in the payment by PT PLN for supply of electricity. The increase in current liabilities was

---

## APPENDIX A – IFA LETTER

---

mainly attributed to higher short-term bank loans and an increase in payables to third parties, offset by lower tax payables and decrease in trade and other payables to related parties.

Net working capital deficit increased from IDR 38.1 billion as at 31 December 2020 to a deficit of IDR 46.6 billion as at 30 June 2021. The deterioration in working capital was mainly due to a decrease in current asset of IDR 2.2 billion and increase in current liabilities of IDR 6.4 billion. The decrease in current assets was mainly due to lower trade receivables from third parties and inventories, partially offset by an increase in prepaid expenses and advances. The increase in current liabilities was mainly due to increase in trade and other payables, partially offset by a decrease in short term bank loans and lower tax payables.

(e) Equity attributable to owners of the Target

Equity attributable to owners of the Target has been deteriorating from a deficit of IDR 158.4 billion as at 31 December 2018 to a deficit of IDR 209.1 billion as at 31 December 2019. This is mainly due to increasing accumulated losses from the Target Group's losses for the financial years.

In January 2020, the Group and the Target Group had completed an internal reorganisation and restructuring exercise that involved the capitalisation of certain loans and trade payables owing by the Target Group through issuance of new shares of the Target. This is resulted in the equity attributable to owners of the Target to improve from a deficit of IDR 209.1 billion as at 31 December 2019 to a deficit of IDR 35.0 billion as at 31 December 2020. Equity attributable to owners of the Target deteriorated to IDR 44.8 billion as at 30 June 2021 due to accumulated losses from the Target Group's losses for the financial period.

(f) Cash and cash equivalents

The Target Group generated cash from its operating activities in FY2018. In FY2019, the Target Group recorded a net cash used in operating activities of IDR 14.5 billion mainly due to net operating cash outflows before changes in working capital of IDR 14.9 billion, partially offset by the positive changes in working capital of IDR 0.4 billion. This trend continued into FY2020 where the Target Group continued to record net cash used in operating activities of IDR 15.8 billion. The operating cash outflows in FY2019 and FY2020 is mainly due to increased fuel cost and repair and maintenance cost for a major overhaul of a boiler and turbine. The Target Group generated cash flows from operating activities of IDR 5.9 billion in 1H2021 as the efficiency of the Target Group's power plant operations has improved during the period.

The Target Group used its cash in investing activities in FY2018, mainly for the purposes of construction of a power plant. In FY2019, the Target Group received its cash from investing activities mostly due to interest income from related parties. Cash used in investing activities in FY2020 and 1H2021 is mainly due to acquisition of machinery and equipment.

The Target Group recorded cash used in financing activities of IDR 3.3 billion in FY2018, as related party loans were gradually repaid, offset by a drawdown of bank loans. The Target Group recorded cash from financing activities in FY2019 and FY2020 mainly due to additional loans extended from related parties to the Target Group. The Target Group recorded net cash outflow from financing activities in 1H2021 due to repayment of bank loans and interest accrued, partially offset by additional shareholders loan extended by PT SWK.

As at 30 June 2021, the cash and cash equivalents of the Target Group amounted to IDR 2.8 billion.

---

## APPENDIX A – IFA LETTER

---

### 4.3 Reasonableness of the Consideration

Pursuant to section 2.6.1 of the Circular, we note that the Consideration took into account the SWK Land Consideration and the SWK Lease Fees, which are not recorded in the books of the Target Group. For the purpose of our analysis in section 4.3 of this letter, we have excluded the SWK Land Consideration and the SWK Lease Fees from the Consideration, after having considered the following:

- (i) the SWK Land Consideration and the SWK Lease Fees only amounted to US\$94,539, representing 4.0% of the Consideration. Hence, they are not material against the Consideration as well as the Group's latest audited consolidated NTA of approximately US\$13.7 million as at 31 December 2020; and
- (ii) independent valuations have been performed by the Land Valuer, a public appraisal firm established in Jakarta, Indonesia on the SWK Land and the market rental value of the SWK Land as at 14 July 2021. The SWK Land Consideration and the SWK Lease Fees are at a marginal discount of 2.1% and 3.1% to the market values of the SWK Land and the rental value of the SWK Land, respectively, provided by the Land Valuer.

The Consideration after excluding the SWK Land Consideration and the SWK Lease Fees for the purpose of our analysis is US\$2,280,787 (the "**Adjusted Consideration**").

#### 4.3.1 Comparison with the adjusted NAV and NTA of the Target Group

In assessing the reasonableness of the Adjusted Consideration against the NAV and NTA of the Target Group, we have assumed that:

- (i) the To Be Repaid SWK Loan owing by the Target Group to PT SWK has been repaid as at 30 June 2021, in view that the Adjusted Consideration has priced in the repayment of the To Be Repaid SWK Loan; and
- (ii) the Conditional Loan Capitalisation has taken place as at 30 June 2021, in view that the Conditional Loan Capitalisation is a condition precedent to the Proposed Disposal.

Accordingly, we have adjusted the To Be Repaid SWK Loan and the Remaining Shareholders Loan to the unaudited pro forma NAV and NTA as at 30 June 2021 of the Target Group as follows:

NAV of the Target Group	IDR' million (44,987)
Proportion of the Group's ownership	78.5%
Group's share of NAV of the Target Group	<hr/> (35,315)
<i>Adjustment for:</i>	
- To Be Repaid SWK Loan	15,993
- Conditional Loan Capitalisation	22,223 <sup>(2)</sup>
Group's share of adjusted NAV of Target Group	<hr/> 2,901
Group's share of adjusted NAV of Target Group (US\$ 'million)	<hr/> <hr/> 0.2

---

<sup>2</sup> The adjustment for the Conditional Loan Capitalisation has been computed based on 78.5% of the total Remaining Shareholders Loan, in accordance with the Group's shareholding interest in the Target Group.

---

**APPENDIX A – IFA LETTER**

---

	<b>IDR' million</b>
NTA of the Target Group	(45,010)
Proportion of the Group's ownership	78.5%
Group's share of NTA of the Target Group	(35,333)
<i>Adjustment for:</i>	
- To Be Repaid SWK Loan	15,993
- Conditional Loan Capitalisation	22,223 <sup>(2)</sup>
Group's share of adjusted NTA of Target Group	2,883
Group's share of adjusted NTA of Target Group (US\$ 'million)	0.2

The Adjusted Consideration represents a significant premium over the 78.5% equity interest in the adjusted NAV and NTA of the Target Group respectively.

Assuming that the Remaining Shareholders Loan increases by US\$172,000 as describe in section 3.5.4 of this letter, the Adjusted Consideration remains at a significant premium over the 78.5% equity interest in the adjusted NAV and NTA of the Target Group of US\$0.3 million respectively.

The Directors have confirmed that as the Latest Practicable Date, to the best of their knowledge and belief, save as disclosed in sections 3 and 4 of this letter:

- (a) there are no material differences between the realisable values of the Target Group's assets and their respective book values as at 30 June 2021 which would have a material impact on the unaudited pro forma NAV and/or NTA of the Target Group;
- (b) save for the PT PLN Penalty which will reduce the unaudited pro forma NAV and/or NTA of the Target Group, there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the unaudited pro forma NAV and/or NTA of the Target Group as at the Latest Practicable Date;
- (c) there are no litigations, claims or proceedings pending or threatened against the Target Group or of any fact which would give rise to any proceedings which might materially and adversely affect the financial position of the Target Group;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Target Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Target Group; and
- (e) save for the Proposed Disposal and related matters as disclosed above and in the Circular, there are no material acquisitions or disposal of assets by the Target Group between 30 June 2021 and the Latest Practicable Date, and the Target Group does not have any plan for any such impending material acquisition or disposal of assets, conversion of the use of the Target Group's material assets or material change in the nature of the Target Group's business.

#### 4.3.2 Comparison with the independent market valuation of 100% equity interest in the Target

In connection to the Proposed Disposal, the Independent Valuer was commissioned by the Target to conduct an independent valuation on the market value of 100% equity interest in the Target as at 30 June 2021. For avoidance of doubt, the Valuation performed by the Independent Valuer does not include the valuations of the SWK Land and the SWK Lease Fees as they are not recorded in the books of the Target Group and such valuations have been performed separately by the Land Valuer.

---

## APPENDIX A – IFA LETTER

---

### Valuation basis

As set out in the Valuation Report, the Independent Valuer has conducted its valuation on the basis of “Market Value” which is defined as:

*“estimated amount of money that can be obtained or paid for the exchange of an asset or liability on the valuation date, between a willing buyer and a willing seller, in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.* (Based on Indonesian Valuation Standard Edition VII 2018 (SPI) 101.3.1).

The Independent Valuer had conducted the Valuation in accordance with the Indonesian Valuers Code of Ethics (KEPI) and Indonesian Valuation Standard (SPI) (which significantly adopts the International Valuation Standards) issued by the Indonesian Society of Appraisers (MAPPI). The valuation took into consideration, *inter alia*, the historical financial statements of the Target, the business plan of PT EKP for the period 2021 to 2042 which was prepared by PT EKP’s management, asset valuation reports prepared in respect of the assets of PT EKP and PT LK, as well as data, information and other documents provided by the Target and other relevant parties. The Valuation is prepared on the basis that all outstanding shareholders loan has been repaid and/or capitalised.

### Valuation approach

Based on the Valuation Report, the methods commonly used to value an enterprise or equity are the asset-based approach, the income approach and the market approach.

The asset-based approach is based on the market value of individual business assets less liabilities. The income approach estimates a value of a business, ownership interest or security using one or more methods wherein a value is derived by converting anticipated economic income into value. The market approach is used to estimate a value of a business, ownership interest, or security based on comparable or similar transactions that have a sale price.

We note from the Valuation Report that the Independent Valuer has considered the adjusted book value (“**ABV**”) method from the asset-based approach in the valuation of the non-operating companies, being the Target and PT LK. The ABV method was also adopted for the valuation of the Target as the Target does not have earnings in its financial projections and the NAV will be more reflective of its indicative valuation. The Independent Valuer had adopted the ABV method for the valuation of PT LK as the power plant under PT LK is no longer in operation. The valuation of the Target also included the valuation of the Target’s investment in 99.9% of the issued share capital of PT LK, as well as PT LK’s investment in 99.0% of the issued share capital of PT EKP. Accordingly, the carrying value of the Target’s investment in 99.9% of PT LK is adjusted for the indicative market value of the 99.9% equity interest in PT LK, which in turn includes the indicative market value of PT LK’s 99.0% equity interest in PT EKP. Please refer to Appendix C to the Circular for the shareholding structure of the Target Group.

We note that the Independent Valuer has considered the discounted cash flow (“**DCF**”) method in the income approach, and the capitalised excess earnings method (“**CEEM**”) in the asset-based approach for the valuation of the operating subsidiary of the Target, being PT EKP. The Independent Valuer had primarily adopted the DCF method for PT EKP because PT EKP has the capability to generate earnings in the future that can be estimated and projected from its business plan. CEEM was used as a comparison valuation method for PT EKP.

The Independent Valuer did not use the market approach as it is of the view that there are no publicly listed companies that run similar businesses to the Target Group that can be considered comparable to the Target Group.

### Market valuation of 99.0% equity interest in PT EKP

Based on the DCF method under the income approach, the Independent Valuer had estimated the market value of 99.0% equity interest in PT EKP before the discount for lack of marketability (“**DLOM**”) to be approximately IDR 23,900,336,000.

---

## APPENDIX A – IFA LETTER

---

Based on CEEM under the asset-based approach, adjustments to (i) the market value of the fixed assets of PT EKP and (ii) intercompany payables were made against the NTA of PT EKP to arrive at an indicative 99.0% equity value of approximately IDR 33,538,154,000.

Taking into consideration the above, the Independent Valuer had estimated the market value of 99.0% equity interest in PT EKP to be approximately IDR 25,827,899,000 as at 30 June 2021, derived from a weighted average combination of the DCF method and CEEM. The Independent Valuer had assigned a greater weightage of 80.0% for the DCF method than the 20.0% for CEEM with the consideration that DCF method will be more reflective of the indicative value of PT EKP.

### Market valuation of 99.9% equity interest in PT LK

Based on ABV method under the asset-based approach, adjustments to the (i) market value of the fixed assets of PT LK, (ii) the investments in PT EKP, (iii) intercompany receivables, and (iv) capitalisation of outstanding shareholders loan were made against the NTA of PT LK to arrive at an indicative equity value of approximately IDR 25,311,024,000. Taking into consideration the above, the Independent Valuer had estimated the market value of 99.9% equity interest in PT LK to be approximately IDR 25,308,493,000 as at 30 June 2021.

### Market valuation of 100.0% equity interest in the Target

Based on the information provided, the Independent Valuer's analyses and conclusions of the various proposed scenarios, and subject to the statement of general assumptions and limiting conditions attached to the Valuation Report, the Independent Valuer had assessed the market value of the 100% equity interest in the Target as of 30 June 2021 to be IDR 17,496,787,000 after applying a DLOM of 30%.

Based on the above, the market value of the Sale Shares, being 78.5% of the interest in the Target, will approximate to IDR 13,734,977,795 or US\$0.9 million. The Adjusted Consideration represents a premium of 140.7% to the market value of the Sale Shares.

The Directors and the Management have confirmed that they have made due and careful enquiries with respect to the assumptions and projections underlying the financial forecasts of the Target Group prepared by the Independent Valuer to value the Target Group.

The Valuation of the Target Group also involves other assumptions and limiting conditions, and hence, we recommend the Independent Directors to advise the Independent Shareholders to read the above in conjunction with the Independent Summarised Valuation Report in its entirety as set out in Appendix B to the Circular.

#### 4.3.3 Comparison with the valuation statistics of companies broadly comparable to the Target Group

In assessing what may be regarded as a reasonable range of valuation for the Adjusted Consideration of the Proposed Disposal, we have referred to selected companies with business operations that are broadly comparable with those of the Target Group and listed and traded on the SGX-ST or the Indonesian Stock Exchange ("**IDX**") to give an indication of the current market expectations with regard to the perceived valuation of these businesses. We have, in consultation with the Management, selected the following companies which are principally engaged in the business of power generation with power plant assets (collectively, the "**Comparable Companies**").

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Target Group in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Target Group. Shareholders should also note that private companies, such as the Target Group, are

---

## APPENDIX A – IFA LETTER

---

generally valued at a discount to listed companies due to marketability. Furthermore, as there are very few direct comparable companies which are listed and in renewable energy power generation business in the region, we have decided to select the Comparable Companies which are in non-renewable energy power generation business. As such, any comparison merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and the selected key financial and valuation statistics, are set out below and in Annex I to this letter:

- (a) Asiatic Group (Holdings) Limited (“**Asiatic**”);
- (b) PT Cikarang Listrindo Tbk (“**PT Cikarang**”);
- (c) PT Leyand International Tbk (“**PT Leyand**”);
- (d) PT Megapower Makmur Tbk (“**PT Megapower**”); and
- (e) KEL.

In assessing the financial terms of the Proposed Disposal, we have used the following valuation parameters in our analysis:

<b>Valuation parameter</b>	<b>Description</b>
Price-earnings ratio (“ <b>PER</b> ”)	<p>The historical PER, which illustrates the ratio of the market price of a company’s shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company.</p> <p>We have considered the historical PERs of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest trailing 12-month net earnings per share, adjusted for any relevant corporate actions which were undertaken after the latest financial year that may affect the PER, where relevant, <i>vis-à-vis</i> the corresponding historical PER of the Target Group based on the Adjusted Consideration and the latest unaudited trailing 12-month unaudited pro forma financial information of the Target Group for the period ended 30 June 2021.</p>

---

## APPENDIX A – IFA LETTER

---

Valuation parameter	Description
Price-to-net tangible asset value (“P/NTA”) ratio	<p>An NTA-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NTA-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.</p> <p>We have considered the historical P/NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest announced NTA per share as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet that may affect the NTA per share, where relevant), <i>vis-à-vis</i> the corresponding historical P/NTA ratio of the Target Group based on the Adjusted Consideration and the unaudited pro forma NTA per Share of the Target Group as at 30 June 2021 (adjusted for the To Be Repaid SWK Loan and the Remaining Shareholders Loan).</p>
Enterprise value to EBITDA (“EV/EBITDA”) ratio	<p>The historical EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. “EV” is the sum of a company’s market capitalisation, preferred equity, minority interests, short- and long-term debts less cash and cash equivalents, and represents the actual cost to acquire the entire company. “EBITDA” refers to historical consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions.</p> <p>We have considered the historical EV/EBITDA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date, latest available balance sheet values (as adjusted for any corporate activities which were undertaken after the latest available balance sheet that may affect the EV, where relevant) and latest trailing 12-month EBITDA, <i>vis-à-vis</i> the corresponding EV/EBITDA ratio of the Target Group based on the Adjusted Consideration and the latest unaudited trailing 12-month unaudited pro forma financial information of the Target Group for the period ended 30 June 2021.</p>

## APPENDIX A – IFA LETTER

### Comparative valuation statistics of the Comparable Companies vis-à-vis the Target Group

The following table sets out the comparative valuation statistics of the Comparable Companies vis-à-vis the Target Group as implied by the Adjusted Consideration:

Company	Historical PER (times)	Historical P/NTA ratio (times)	Historical EV/EBITDA ratio (times)
Asiatic	n.m.	0.52	55.23
PT Cikarang	7.49	1.03	4.52
PT Leyand <sup>(1)</sup>	n.m.	n.m.	n.m.
PT Megapower	13.99	0.60	7.04
KEL	15.75	0.80	15.58
<b>High</b>	15.75	1.03	55.23
<b>Mean</b>	12.41	0.74	20.59
<b>Median</b>	13.99	0.70	11.31
<b>Low</b>	7.49	0.52	4.52
<b>Target Group (Implied by the Adjusted Consideration)</b>	<b>n.m.</b>	<b>11.47</b>	<b>n.m.</b>

Source: Bloomberg L.P., prospectus, annual reports and/or announcements of the respective Comparable Companies and SAC Capital's computations

**Notes:**

- (1) Shares of PT Leyand has been suspended since 26 June 2020. Valuation statistics have been computed based on the last traded price as at 26 June 2020.
- (2) "n.m." – Denotes not meaningful as these Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective latest trailing 12-month financials, or in a deficit position based on the latest announced NTA, as the case may be.

#### Historical PER comparison

We note that the Target Group was loss making based on their trailing 12-month pro forma financial information. Accordingly, historical PER as a measure for assessment of the Adjusted Consideration will not be a meaningful comparison.

#### Historical P/NTA ratio comparison

We note that the historical pro forma P/NTA ratio of the Target Group of 11.47 times as implied by the Adjusted Consideration is:

- (a) above the range of historical P/NTA ratios of the Comparable Companies of between 0.52 times and 1.03 times; and
- (b) at a significant premium over the mean and median historical P/NTA ratios of the Comparable Companies of 0.74 times and 0.70 times respectively.

#### Historical EV/EBITDA ratio comparison

We note that the Target Group recorded negative EBITDA based on their trailing 12-month pro forma financial information. Accordingly, historical EV/EBITDA ratio as a measure for assessment of the Adjusted Consideration will not be a meaningful comparison.

#### **4.4 Reasonableness of the repayment terms of the To Be Repaid SWK Loan**

As disclosed in section 3.5 of this letter, the To Be Repaid SWK Loan will be repaid by the Buyer (either directly or through the Target) to the Seller as part of the Consideration for the Proposed Disposal, but is interest-free and repayable within one year from the completion of the Proposed Disposal. Pursuant to the Proposed Disposal, the To Be Repaid SWK Loan will be a loan owing from the Buyer, being an Interested Person of the Group, to the Seller until it is repaid.

We understand that as part of the negotiation on the terms of the Proposed Disposal, the Buyer had requested and the Seller had acceded to the above repayment terms taking into consideration:

- (i) the Refundable Down Payment of US\$1.5 million in cash that was made by KEL to the Seller on 1 November 2019 for the Original CSPA was held by the Group for a period longer than a year. We note that the To Be Repaid SWK Loan of US\$1.1 million is lower than the Refundable Down Payment;
- (ii) the PT PLN Penalty that will be borne by the Buyer with effect from 1 January 2021 until 31 May 2025 for PT LK's inability to meet minimum production requirements prior to the completion of the Proposed Disposal; and
- (iii) the premium ascribed by the Adjusted Consideration compared to the market valuation and book value of the Target Group.

In assessing the reasonableness of the repayment terms of the To Be Repaid SWK Loan, we have considered:

- (a) the Refundable Down Payment from KEL that was held by the Group since 1 November 2019;
- (b) the risk of the PT PLN Penalty which will be borne by the Buyer with effect from 1 January 2021 until 31 May 2025;
- (c) the To Be Repaid SWK Loan is a short-term loan repayable within one year, guaranteed jointly and severally by KEL and PT PIL; and
- (d) the significant excess of the Adjusted Consideration over (i) the market valuation of the Group's equity interest in the Target Group and (ii) the adjusted NAV and adjusted NTA of the Target Group.

#### **4.5 Financial effects of the Proposed Disposal**

The financial effects of the Proposed Disposal on the Group have been set out in section 5 of the Circular for illustrative purposes only and are not intended to reflect the actual future financial situation of the Company or the Group after the completion of the Proposed Disposal. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

We note the following:

- (a) the Group's consolidated NTA per Share for FY2020 would decrease by 0.11 US cents from 4.77 US cents before the Proposed Disposal to 4.66 US cents upon the completion of the Proposed Disposal;
- (b) the Group's consolidated earnings per Share ("**EPS**") for FY2020 would decrease by 0.11 US cents from 1.40 US cents before the Proposed Disposal to 1.29 US cents upon the completion of the Proposed Disposal;

---

## APPENDIX A – IFA LETTER

---

- (c) the gearing ratio of the Group would increase from 17.16 times to 17.48 times upon the completion of the Proposed Disposal; and
- (d) there will be no impact on the share capital of the Company.

### 4.6 Other Relevant Considerations

#### 4.6.1 Contribution of the Target Group to the Group

Based on the unaudited pro forma accounts of the Target Group for FY2020 and 1H2021, the latest audited financial statements for the Group for FY2020, the latest unaudited financial statements for the Group for 1H2021 and the proportionate equity interest of the Group in the Target, we note that:

- (i) the proportionate share of revenue from the Target Group represented approximately 1.9% and 2.0% of the revenue of the Group for FY2020 and 1H2021 respectively;
- (ii) the Target Group recorded loss before tax compared to profit before tax of the Group in FY2020 and 1H2021; and
- (iii) assuming that the repayment of the To Be Repaid SWK Loan and the Conditional Loan Capitalisation, the adjusted NAV of the Target Group represents 0.9% of the NAV of the Group as at 30 June 2021.

We note the investment in the Target Group, which primarily is in the business of power generation, is just a supporting business to the Group. The Group's core expertise is predominantly in the business of palm oil production and processing.

#### 4.6.2 No material impact to the Group after the Proposed Disposal

We note from section 2.6.6 of the Circular that PT EKP and PT LK are granted the first right to purchase empty fruit bunches and mesocarp fiber by the Seller, which will be priced at IDR 50 per kilogram. For the avoidance of doubt, this first right to purchase does not oblige PT EKP and/or PT LK to purchase these raw materials; it only obliges the Seller to first offer these raw materials to PT EKP and/or PT LK.

However, in the event that there is a material change in the market prices for such raw materials, the Seller, PT EKP and PT LK will re-negotiate the price in good faith. In the event that the parties are unable to agree on a new price, the Seller is not obliged to sell the raw materials to PT EKP and PT LK and may sell to any third party.

This first right to purchase will take effect on Completion of the Proposed Disposal. There is no fixed term in respect of this right to purchase, and such right will continue to subsist until the parties agree to terminate such right.

This first right to purchase is granted under the CSPA which is signed by, *inter alia*, the Seller and the Buyer. Accordingly, the Buyer will be able to enforce its rights under the CSPA.

While the sale of these raw materials by the Seller to PT EKP and PT LK will, upon Completion, constitute an interested person transaction within the meaning stated in Chapter 9 of the Listing Manual, as at the Latest Practicable Date, the Company does not expect the aggregate value of the sale transactions to exceed S\$100,000 within a financial year. These recurring transactions will be subjected to the Company's internal review procedures for interested person transactions.

Pursuant to section 2.6.3(m) of the Circular, we note that the Company will be releasing and discharging the Seller as a guarantor of the loan given by OCBC NISP to PT LK, prior to completion of the Proposed Disposal. The Management has confirmed that the aforementioned corporate guarantee is the only outstanding guarantee given by the Group to the Target Group as at the Latest Practicable Date.

---

## APPENDIX A – IFA LETTER

---

### 4.6.3 Terms of Enco Power Sale will not be more favourable than the terms in the CSPA

Under the joint venture agreement between the Seller and Enco Holdings in relation to their respective interests in the Target, Enco Holdings has been granted a tag-along right. As set out in section 2.7 of the Circular, the Buyer also intends to acquire the remaining 21.5% interest in the issued and paid-up share capital of the Target held by Enco Power in accordance with the tag-along right granted to Enco Holdings under the joint venture agreement. As at the Latest Practicable Date, based on the Company's review of the sale and purchase agreement dated 1 November 2021 entered into between Enco Power and the Buyer in connection with the Enco Power Sale, the terms of such sale are not more favourable than the terms granted to the Company in relation to the Proposed Disposal.

### 4.6.4 Voting abstentions

We note that, as set out in section 13 of the Circular, Mr. Henry Maknawi and Kencana Holdings Pte. Ltd. will abstain, and shall procure that his/its associates and nominees to abstain, from voting at the EGM or (unless specific instructions have been given in the Proxy Forms on how the relevant Shareholders wish their votes to be cast) accept appointments as proxies for voting at the EGM in respect of the resolution in connection with the Proposed Disposal.

Mr. Sim Idrus Munandar is a member of the board of commissioners and a member of the audit committee of KEL, accordingly, he is not an Independent Director for the purposes of the Proposed Disposal. In view of his connection to KEL, Mr. Sim Idrus Munandar will procure that his associates and nominees who are Shareholders abstain from voting at the EGM or (unless specific instructions have been given in the Proxy Forms on how the relevant Shareholders wish their votes to be cast) accept appointments as proxies for voting at the EGM in respect of the resolution in connection with the Proposed Disposal. Mr. Sim Idrus Munandar himself does not have any direct or deemed interests in the Company.

Accordingly, the Proposed Disposal would proceed only if a majority of the Independent Shareholders were to vote in favour of the Proposed Disposal.

### 4.6.5. No alternative offer

We understand from the Directors that, as at the Latest Practicable Date, aside from the tag-along by Enco Holdings of which the sale terms will not be more favourable than the terms granted to the Company in relation to the Proposed Disposal, there is no other alternative or proposal available to the Company which is comparable to the Proposed Disposal. We also note that there is no publicly available evidence of an alternative offer for the Target Group from any third party.

## 5. **OUR OPINION**

In arriving at our opinion in respect of the Proposed Disposal as an interested person transaction, we have taken into account the following key considerations:

- (a) the rationale for the Proposed Disposal, as set out in section 4.1 of this letter;
- (b) the historical financial performance and condition of the Target Group, as set out in section 4.2 of this letter;
- (c) a comparison of the Adjusted Consideration with the unaudited pro forma NAV of the Target Group as at 30 June 2021 (after adjusting for the To Be Repaid SWK Loan and the Conditional Loan Capitalisation), which represents a significant premium over the 78.5% equity interest in the NAV of the Target Group;
- (d) a comparison of the Adjusted Consideration with the unaudited pro forma NTA of the Target Group as at 30 June 2021 (after adjusting for the To Be Repaid SWK Loan and

---

## APPENDIX A – IFA LETTER

---

- the Conditional Loan Capitalisation), which represents a significant premium over the 78.5% equity interest in the NTA of the Target Group;
- (e) the Adjusted Consideration represents a premium of 140.7% to the market value of the Sale Shares as at 30 June 2021;
  - (f) a comparison of the valuation statistics of companies broadly comparable to the Target Group set out in section 4.3.3 of this letter, in particular, the historical pro forma P/NTA ratio of the Target Group of 11.47 times as implied by the Adjusted Consideration is (AA) above the range of historical P/NTA ratios of the Comparable Companies of between 0.52 times and 1.03 times; and (BB) at a significant premium over the mean and median historical P/NTA ratios of the Comparable Companies of 0.74 times and 0.70 times respectively;
  - (g) the repayment terms of the To Be Repaid SWK Loan as set out in section 4.4 of this letter;
  - (h) the financial effects of the Proposed Disposal, namely, that (i) the Group's consolidated NTA per Share for FY2020 would decrease by 0.11 US cents from 4.77 US cents before the Proposed Disposal to 4.66 US cents upon the completion of the Proposed Disposal; (ii) the Group's consolidated EPS for FY2020 would decrease by 0.11 US cents from 1.40 US cents before the Proposed Disposal to 1.29 US cents upon the completion of the Proposed Disposal; and (iii) the gearing ratio of the Group would increase from 17.16 times to 17.48 times upon the completion of the Proposed Disposal, as set out in section 4.5 of this letter; and
  - (i) other relevant considerations as set out in section 4.6 of this letter.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that, the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

This letter has been prepared pursuant to Rule 921(4)(a) of the Listing Rules for inclusion in the Circular as well as for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Disposal. The recommendation to be made by the Independent Directors to the Independent Shareholders shall remain the responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this letter (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Proposed Disposal.

Our opinion is governed by, and construed in accordance with, the laws of Singapore. Our opinion is strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**SAC CAPITAL PRIVATE LIMITED**

Bernard Lim Aik Kwang  
Executive Director

Lee Khai Yinn  
Partner

Company	Stock exchange(s)	Business description	Share price as at the Latest Practicable Date	Market capitalisation as at the Latest Practicable Date (million)	Financial year-end	Trailing 12-month net profit/(loss) after tax attributable to shareholders based on the latest financial results announcement as at the Latest Practicable Date (million)
Asiatic	SGX	Asiatic operates as a holding company. The company, through its subsidiaries, provides engineering, procurement, construction, operation, and maintenance services for power generation projects, as well as focuses on power generation. Asiatic serves customers in Asia.	S\$0.008	S\$12.5	31 March	S\$(3.8)
PT Cikarang	IDX	PT Cikarang is a power company that provides energy to industrial and residential customers in Indonesia. The company's plants use gas turbines that run on gas or liquid fuel. PT Cikarang is based in Jakarta, Indonesia.	IDR 630	US\$690.8 <sup>(1)</sup>	31 December	US\$92.2
PT Leyand	IDX	PT Leyand, through a subsidiary, operates electricity generating plants. The plants are located in Medan, Palembang and Pontianak.	IDR 50	IDR 198,317.5	31 December	IDR (41,894.6)
PT Megapower	IDX	PT Megapower provides electricity generation services. The company offers hydro, diesel, and solar power, as well as operation, maintenance, installation, and commissioning services. PT Megapower serves customers in Indonesia.	IDR 106	IDR 86,601.7	31 December	IDR 6,189.3
KEL	IDX	KEL is a renewable energy provider company in Indonesia, generating renewable energy to industries and homes in Indonesia.	IDR 440	US\$112.3 <sup>(1)</sup>	31 December	US\$7.1

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies

**Note:**

(1) The market capitalisation is computed based on exchange rate of US\$1.00 : IDR14,371 as at the Latest Practicable Date.

---

## APPENDIX B – VALUATION REPORT

---

Jakarta, 3 Desember 2021

To:  
**Board of Director**

**PT CAHAYA PERMATA GEMILANG**

Kencana Tower  
Business Park Kebon Jeruk  
Jl, Raya Meruya Ilir No.88  
Jakarta Barat 11620

**No. Laporan / Report : 00089/2.0142-00/BS/10/0453/I/XII/2021**  
**Hal / Subject : Share Valuation Report**

With Regards,

**SHARE VALUATION REPORT**  
**PT CAHAYA PERMATA GEMILANG**

---

### **PENDAHULUAN**

Berdasarkan persetujuan atas surat penawaran 009/DFH-MHT/PB-SV/V/2021 tanggal 20 Mei 2021 KJPP Desmar, Ferdinand, Hentriawan dan Rekan (selanjutnya disebut "KJPP DFH" atau "kami") mendapat penugasan dari PT Cahaya Permata Gemilang (selanjutnya disebut "Perusahaan" atau "CPG") untuk melakukan penilaian dan memberikan pendapat atas nilai pasar saham PT Cahaya Permata Gemilang (Selanjutnya disebut "CPG") per tanggal 30 Juni 2021.

### **MAKSUD DAN TUJUAN PENILAIAN**

Maksud dan tujuan penilaian adalah untuk memberikan pendapat atas nilai pasar 100% saham CPG per tanggal 30 Juni 2021 penunjang kepentingan internal manajemen Perusahaan terkait dengan adanya rencana transaksi jual beli.

### **INTRODUCTION**

*Referring to the approval of our proposal letter 009/DFH-MHT/PB-SV/V/2021 dated May 20<sup>th</sup> 2021, we, KJPP Desmar, Ferdinand, Hentriawan dan Rekan (hereinafter referred to as "KJPP DFH" or "We") was assigned by PT Cahaya Permata Gemilang (hereinafter referred to as "The Company" or "CPG") to conduct a valuation and provide an opinion on the market value of 100% share capital of PT Cahaya Permata Gemilang as of June 30<sup>th</sup> 2021.*

### **VALUATION PURPOSE AND OBJECTIVE**

*The purpose and the objective of the valuation is to provide an opinion of market value of 100% share capital of The Company as of June 30<sup>th</sup> 2021 for The Company's internal management interests in accordance with sale and purchase transaction plan of The Company's shares.*

**OBJEK PENILAIAN**

Objek yang dinilai dalam penilaian ini adalah 100% saham Perusahaan.

Pada tanggal penilaian, Perusahaan memiliki penyertaan langsung pada 99,99% saham PT. Listrindo Kencana (“LK”) dan penyertaan tidak langsung melalui LK pada 99% saham PT. Energi Karya Persada (“EKP”). Oleh karena itu, penilaian saham Perusahaan juga mencakup penilaian 99,99% saham LK, and 99% saham EKP.

**PREMIS PENILAIAN**

Kami telah melakukan penilaian atas nilai pasar 100% saham Perusahaan dengan premis penilaian “value in used, as part of going concern” (nilai dalam penggunaan, sebagai bagian dari usaha yang berjalan). Pada premis ini diasumsikan bahwa aset yang akan di nilai dan dijual adalah aset yang terkait sebagai bagian dari perusahaan yang beroperasi dalam menghasilkan pendapatan (income producing business enterprise). Premis ini mempertimbangkan atau merefleksikan adanya hubungan yang bersifat sinergi dalam peningkatan nilai aset secara keseluruhan antara aset berwujud dan semua aset tak berwujud.

**TANGGAL PENILAIAN**

Nilai pasar saham Perusahaan dalam penilaian ini diperhitungkan pada tanggal 30 Juni 2021.

Tanggal ini dipilih atas dasar pertimbangan kepentingan dan tujuan penilaian serta dari data laporan keuangan terakhir Perusahaan yang kami terima. Data laporan keuangan terakhir tersebut berupa laporan keuangan untuk periode yang berakhir pada tanggal 30 Juni 2021 yang menjadi dasar dalam penilaian ini.

**VALUATION OBJECT**

*The object of this valuation is 100% share capital of The Company.*

*On the valuation date, The Company had direct investment in 99.99% share capital of PT. Listrindo Kencana (“LK”) and indirect investment through LK in 99% share capital of PT. Energi Karya Persada (“EKP”). Therefore, The Company’s share valuation also includes share valuation of 99.99% share capital of LK, and 99% share capital of EKP.*

**THE VALUATION PREMISE**

*We have been valued the market value of 100% shares of CPG with valuation premise of “value in used, as part of a going concern”. On this premise is assumed assets that will be sold and valued are assets that are already linked and installed as part of the company that operates in generating revenue. This premise consider or reflects a relationships that are synergistic in improving the overall asset value among tangible assets and intangible assets.*

**VALUATION DATE (CUT OFF DATE)**

*The market value of The Company’s share in this valuation is calculated as of June 30<sup>th</sup> 2021.*

*This date was determined by considering the purpose and objectives of the valuation and the last financial statement that we received. The Company’s last financial statement data is for the period ended on June 30<sup>th</sup> 2021, which was used as the basis for this valuation.*

**DASAR NILAI**

Mengacu pada maksud dan tujuan dari penilaian, dasar nilai yang digunakan dalam penilaian ini, berdasarkan Standar Penilaian Indonesia (SPI) adalah Nilai Pasar yang definisinya adalah Estimasi sejumlah uang yang dapat diperoleh atau dibayar untuk penukaran suatu aset atau liabilitas pada tanggal penilaian, antara pembeli yang berniat membeli dengan penjual yang berminat menjual, dalam suatu transaksi bebas ikatan, pemasarannya dilakukan secara layak, dimana kedua pihak masing-masing bertindak atas dasar pemahaman yang dimilikinya, kehati-hatian dan tanpa paksaan. (SPI 101.3.1) Edisi VII 2018.

**PERNYATAAN INDEPENDENSI PENILAI**

Dalam mempersiapkan laporan penilaian saham, KJPP DFH bertindak secara independen tanpa adanya benturan kepentingan dan tidak terafiliasi dengan Perusahaan maupun pihak - pihak lain yang terafiliasi dengan Perusahaan. KJPP DFH juga tidak memiliki kepentingan ataupun keuntungan pribadi terkait dengan penugasan ini. Laporan penilaian ini tidak dilakukan untuk memberikan keuntungan atau merugikan pihak manapun. Imbalan yang kami terima sama sekali tidak dipengaruhi oleh nilai yang dihasilkan dari proses analisis penilaian ini.

**KEJADIAN PENTING SETELAH TANGGAL PENILAIAN**

Tidak terdapat kejadian penting setelah tanggal penilaian (*subsequent event*).

**VALUE BASIS**

*Referring to the purpose and objective of the valuation, hence the value basis that is used in this valuation, as a basis for determining the value of an interest, in accordance with the Indonesian Valuers Code of Ethics (KEPI) and Indonesian Valuation Standard (SPI) is Market Value, which is defined as “Estimated amount of money that can be obtained or paid for the exchange of an asset or liability on the valuation date, between willing buyer and willing seller, in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” (SPI 101.3.1) Edition VII 2018.*

**VALUER INDEPENDENCE STATEMENT**

*In preparing the share valuation report, KJPP DFH act as an independent party without any conflict of interest and we are not affiliated either with The Company or other affiliated parties of The Company. KJPP DFH have neither current nor prospective interest of this assignment. The report issued with no intention to benefit or harm any party. The service fee that we receive is not severely affected by the value derived from this valuation.*

**SUBSEQUENT EVENT**

*There was no subsequent event after the date of valuation.*

**PENDEKATAN DAN METODE PENILAIAN**

Dengan mempertimbangkan data, informasi, maksud dan tujuan penilaian, serta kondisi Perusahaan, penilaian saham Perusahaan dilakukan dengan menggunakan metode penyesuaian nilai buku (ABV) dalam Pendekatan Asset.

Penilaian usaha dalam proses penilaian saham Perusahaan ini turut mencakup penilaian penyertaan Perusahaan, baik secara langsung maupun tidak langsung, pada saham di beberapa perusahaan. Dalam hal penilaian penyertaan tersebut, penilaian saham pada perusahaan non operasional dilakukan dengan menggunakan metode ABV dalam Pendekatan Asset.

Penilaian saham pada perusahaan operasional dilakukan dengan menggunakan metode kapitalisasi kelebihan pendapatan (CEEM) dalam Pendekatan Asset dan metode diskonto arus kas (DCF) dalam Pendekatan Pendapatan.

**DATA DAN INFORMASI**

Data dan Informasi yang kami gunakan dalam proses penilaian saham Perusahaan adalah sebagai berikut:

- Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 30 Juni 2021 yang telah dibuat oleh manajemen Perusahaan.
- Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 31 Desember 2020 dengan angka perbandingan untuk periode yang berakhir pada 31 Desember 2019 yang telah diaudit oleh KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan dengan pendapat bahwa laporan keuangan tersebut menyajikan secara wajar dalam semua hal yang material.
- Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 31 Desember 2019 dengan angka perbandingan untuk periode yang berakhir pada 31 Desember 2018 yang telah diaudit oleh KAP Amir Abadi Jusuf, Aryanto, Mawar

**VALUATION APPROACHES AND METHODS**

*By considering all of the data, the information, the purpose and objective of this valuation, and the condition of The Company, thus share valuation of The Company is conducted by using adjusted book value (ABV) method in Asset Based Approach.*

*Business valuation in this share valuation process also includes valuation of The Company's investment, both direct and indirect, in shares of several companies. Share valuation of non-operating company is conducted by using ABV method in Asset Based Approach.*

*Share valuation of operating company is conducted by using capitalized excess earnings method (CEEM) method in Asset Based Approach and discounted cash flow (DCF) method in Income Approach.*

**DATA AND INFORMATION**

*Data and information we used in share valuation of The Company is as follow:*

- *The Company's Financial Statements for the period ended June 30<sup>th</sup> 2021 which have been prepared by the Company's management.*
- *The Company's Financial Statements for the year ended December 31, 2020 with comparative figures for the year ended December 31, 2019 which have been audited by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners with the opinion that the financial statements present fairly in all matters that are material.*
- *The Company's Financial Statements for the year ended December 31, 2019 with comparative figures for the year ended December 31, 2018 which have been audited by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners with the opinion that*

---

## APPENDIX B – VALUATION REPORT

---

& Rekan dengan pendapat bahwa laporan keuangan tersebut menyajikan secara wajar dalam semua hal yang material.

- Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 31 Desember 2017 dengan angka perbandingan untuk periode yang berakhir pada 31 Desember 2016 yang telah diaudit oleh KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan dengan pendapat bahwa laporan keuangan tersebut menyajikan secara wajar dalam semua hal yang material.
  - Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 31 Desember 2016 dengan angka perbandingan untuk periode yang berakhir pada 31 Desember 2015 yang telah diaudit oleh KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan dengan pendapat bahwa laporan keuangan tersebut menyajikan secara wajar dalam semua hal yang material.
  - Laporan Keuangan Perusahaan untuk periode yang berakhir pada tanggal 31 Desember 2015 dengan angka perbandingan untuk periode yang berakhir pada 31 Desember 2014 yang telah diaudit oleh KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan dengan pendapat bahwa laporan keuangan tersebut menyajikan secara wajar dalam semua hal yang material.
  - Rencana usaha EKP untuk periode tahun 2021 sampai dengan 2042 yang disusun oleh manajemen EKP.
  - Laporan Penilaian Aset PT. Listrindo Kencana No. 00125/2.0142-01/PP/02/0333/1/XII/2021 tanggal 2 Desember 2021 yang diterbitkan oleh KJPP DFH (selanjutnya disebut sebagai "Laporan Penilaian Aset LK").
  - Laporan Penilaian Aset PT. Energi Karya Persada No. 00126/2.0142-01/PP/02/0333/1/XII/2021 tanggal 2 Desember 2021 yang diterbitkan oleh KJPP DFH (selanjutnya disebut sebagai "Laporan Penilaian Aset EKP").
- the financial statements present fairly in all matters that are material.*
- *The Company's Financial Statements for the year ended December 31, 2017 with comparative figures for the year ended December 31, 2016 that have been audited by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners with the opinion that the financial statements present fairly in all matters material.*
  - *The Company's Financial Statements for the year ended December 31, 2016 with comparative figures for the year ended December 31, 2015 that have been audited by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners with the opinion that the financial statements present fairly in all matters material.*
  - *The Company's Financial Statements for the year ended December 31, 2015 with comparative figures for the year ended December 31, 2014 which have been audited by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners with the opinion that the financial statements present fairly in all matters that are material.*
  - *Business plan of EKP for period of 2021 until 2042 that was prepared by EKP's management.*
  - *Asset Valuation Report of PT. Listrindo Kencana No. 00125/2.0142-01/PP/02/0333/1/XII/2021 dated December 2<sup>nd</sup> 2021 that was published by KJPP DFH (hereinafter referred to as "Asset Valuation Report of LK").*
  - *Asset Valuation Report of PT. Energi Karya Persada No. 00126/2.0142-01/PP/02/0333/1/XII/2021 dated December 2<sup>nd</sup> 2021 that was published by KJPP DFH (hereinafter referred to as "Asset Valuation Report of EKP").*

**APPENDIX B – VALUATION REPORT**

- Data, informasi, dan dokumen lainnya dari pihak internal Perusahaan, serta pihak-pihak lain yang relevan untuk penugasan.
- Data dan Informasi pendukung lainnya dari pihak eksternal Perusahaan baik dari media cetak maupun media elektronik mengenai kondisi pasar dan industry.
- *Data, information, and other documents from the internal of The Company and other relevant parties in this assignment.*
- *Other supporting data and information from external sources such as newspaper, magazines, websites and other digital information related to market and industry condition.*

**Perhitungan Indikasi Nilai Pasar Saham EKP**

***Indicative Market Value Calculation of Share Capital of EKP***

**Perhitungan Berdasarkan Metode Diskonto Arus Kas**

***Calculation Based On Discounted Cash Flow Method***

Proyeksi keuangan yang digunakan dalam penilaian ini mengacu pada rencana usaha yang disusun oleh manajemen EKP, yang telah direview dan disesuaikan oleh KJPP DFH terkait kewajaran dan konsistensinya dengan mempertimbangkan kondisi dan kinerja keuangan historis EKP serta kondisi makro dan industry. Berdasarkan informasi dari manajemen EKP dan Perusahaan, rencana usaha EKP tersebut telah turut mempertimbangkan potensi dampak dari penyebaran virus Covid-19, mengingat isu/berita potensi penyebaran virus tersebut telah beredar di Indonesia sejak awal tahun 2020.

*Financial projection that is used in this valuation referred to business plan that was prepared by EKP's management, and have been reviewed and adjusted by KJPP DFH for its fairness and consistency by considering historical condition and performance of EKP and also macro and industry condition as well. Based on information from both The Company and EKP's management, business plan of EKP to some extent had considered some potential impact of Covid-19, considering the issues/news of its potential spread had been circulating in Indonesia since the beginning of 2020.*

<b>PARAMETERS</b>	<b>ASUMSI-ASUMSI / ASSUMPTIONS</b>
Dasar Arus Kas <i>Cash Flow Basis</i>	Arus Kas untuk Perusahaan <i>Free Cash Flow to Firm (FCFF)</i>
Periode Proyeksi <i>Projection Period</i>	Periode proyeksi dimulai sejak tanggal penilaian sampai dengan tahun 2042, sesuai dengan masa berlaku PPA EKP, tanpa ada periode terminal. <i>Projection period starts from cut of date until year of 2042, in accordance with the validity period of EKP's PPA, without terminal period.</i>
Kondisi Makro Ekonomi <i>Macro Economy Condition</i>	Laju Inflasi / : Sebesar 2,78% pada tahun 2021, 1,19% untuk tahun 2022, 4,93% untuk tahun 2023, 2,89% untuk tahun 2024 dan 2,90% untuk tahun 2025 yang kemudian konstan di tahun-tahun berikutnya. <i>Inflation Rate</i> <i>As equal to 2.78% in 2021, 1.19% in 2022, 4.93% in</i>

**APPENDIX B – VALUATION REPORT**

PARAMETERS	ASUMSI-ASUMSI / ASSUMPTIONS
	<p align="center"><i>2023, 2.89% in 2024 and 2.90% in 2025 as it remains constant in the following years.</i></p> <p>Nilai Tukar / : Mengalami apresiasi berkisar 2,19% - 3,88% per tahun sampai dengan tahun 2026 dan konstan pada tahun-tahun berikutnya.</p> <p align="center"><i>Increase around 2.19% - 3.88% up to 2026 and remain constant in the following years.</i></p> <p>Suku Bunga / : Hutang jangka pendek sebesar 4,27%/tahun (USD Rate) dan hutang jangka panjang sebesar 8,67% (IDR Rate) per tahun.</p> <p align="center"><i>Short-term loan at 4.27% (USD Rate) p.a and long-term loan at 8.67% (IDR Rate) p.a.</i></p>
Volume Penjualan <i>Sales Volume</i>	<p>Penjualan EKP terdiri dari penjualan listrik ke PLN. Volume penjualan listrik diasumsikan sebesar 83,00% dari produksi listrik, yang diasumsikan sebesar 80,20% dari kapasitas terpasang.</p> <p align="center"><i>EKP sales consists of electricity sales to PLN. Electricity sales volume is assumed at 83.00% of its electricity production, which is assumed at 80.20% from its installed capacity.</i></p>
Harga Jual <i>Selling Price</i>	<p>Harga jual listrik diasumsikan sebesar USD0,1161/kWh sesuai yang ditetapkan dalam PPA EKP.</p> <p align="center"><i>Electricity selling price is assumed at USD0.1161/kWh as stated in EKP's PPA.</i></p>
Harga Pokok Penjualan <i>Cost of Goods Sold</i>	<p>Harga pokok penjualan mencakup biaya bahan baku, biaya tenaga kerja dan biaya lainnya. Kenaikan harga bahan baku, biaya tenaga kerja dan biaya lainnya mengacu pada proyeksi laju inflasi.</p> <p align="center"><i>Cost of goods sold includes material cost, labor cost and other cost. Increase in raw material prices, labor cost and other cost referred to inflation rate projection.</i></p>
Tarif Pajak Penghasilan Badan <i>Income Tax Rate</i>	<p>Tarif pajak penghasilan adalah sebesar 22% untuk 2021 dan 20% untuk periode 2022 dan seterusnya.</p> <p align="center"><i>Income tax rate is at 22% for the year of 2021 and 20% for the year of 2022 onwards.</i></p>
Belanja Modal <i>Capital Expenditure (Capex)</i>	<p>Belanja modal sebesar Rp 93.467.001.000,- pada tahun 2021 untuk pembelian PLTBm Tempilang 2 milik LK. Selain itu, belanja modal rutin sebesar 1% dari nilai asset sebagai cadangan atas perbaikan / penggantian asset untuk</p>

**APPENDIX B – VALUATION REPORT**

<b>PARAMETERS</b>	<b>ASUMSI-ASUMSI / ASSUMPTIONS</b>
	<p>mempertahankan keberlangsungan usahanya.  <i>Capex of Rp 93,467,001,000,- in 2021 for purchase of PLTBm Tempilang 2 owned by LK. In addition to that, routine capex as much as 1% of assets value as reserves for its assets repair/replacement to keep its business sustainability.</i></p>
<p>Perputaran Modal Kerja  <i>Working Capital Turnover</i></p>	<p>Dengan merujuk tren historis EKP, periode perputaran modal kerja adalah sebagai berikut :  <i>By referring to historical trend of EKP, working capital turnover period is as follows :</i></p> <ul style="list-style-type: none"> <li>○ Piutang usaha / <i>Account receivables</i> : 40 hari/days</li> <li>○ Persediaan / <i>Inventory</i> : 30 hari/days</li> <li>○ Hutang usaha / <i>Account payables</i> : 80 hari/days</li> </ul>
<p>Tingkat Diskonto  <i>Discount Rate</i></p>	<p>Tingkat diskonto yang digunakan adalah rata-rata tertimbang biaya modal (WACC), yaitu sebesar 9,05% untuk 2021 dan 9,15% untuk tahun 2022 dan seterusnya.  <i>Discount rate that is used is weighted average cost of capital, which is at 9.05% for the year of 2021 and 9.15% for the year of 2022 onwards.</i></p>
<p>Nilai Terminal / Residual  <i>Terminal / Residual Value</i></p>	<p>Nilai Residual di perhitungkan pada EKP dengan memperhitungkan modal kerja bersih di akhir periode proyeksi.  <i>Residual value has been applied in EKP by calculating the net working capital by the end of projection period.</i></p>
<p>Discount for Lack of Control (DLOC)</p>	<p>Aplikasi DLOC ditentukan dengan beberapa pertimbangan sebagai berikut :</p> <ul style="list-style-type: none"> <li>○ Lampiran Keputusan Ketua Bapepam dan LK Nomor Kep-196/BL/2012 tanggal 19 April 2012 - DLOC untuk perusahaan tertutup : 30% - 70% dari indikasi Nilai.</li> <li>○ Pendekatan dan metode penilaian yang digunakan.</li> </ul> <p>DLOC tidak diaplikasikan karena penilaian dilakukan terhadap kepemilikan mayoritas dan indikasi nilai yang dihasilkan dari metode DCF adalah nilai mayoritas.  <i>DLOC application is determined with these following considerations :</i></p> <ul style="list-style-type: none"> <li>○ <i>Attachment of the Decision of Chairman Bapepam-LK No. Kep-196/BL/2012 dated 19 April 2012 - states that if the object matter of valuation is not public listed company, then the Discount for Lack of Control DLOC for closely-held company : 30% - 70% of the indicated value.</i></li> <li>○ <i>Valuation approach and method that is used.</i></li> </ul> <p><i>DLOC is not applied because the valuation is conducted on majority ownership and indicative value resulted from DCF method is majority value.</i></p>
<p>Discount for Lack of Marketability (DLOM)</p>	<p>DLOM diaplikasikan sebesar 30 % dengan beberapa pertimbangan sebagai berikut :</p> <ul style="list-style-type: none"> <li>○ Lampiran Keputusan Ketua Bapepam dan LK Nomor Kep-196/BL/2012 tanggal 19 April 2012 - besaran DLOM</li> </ul>

**APPENDIX B – VALUATION REPORT**

PARAMETERS	ASUMSI-ASUMSI / ASSUMPTIONS
	<p>bagi pemegang saham mayoritas : 20% - 40% dari indikasi Nilai sebagai faktor penyesuaian atas kurang likuidnya objek penilaian.</p> <ul style="list-style-type: none"> <li>○ Perkembangan kondisi pasar modal dan industry terkait usaha EKP.</li> </ul> <p>DLOM diperhitungkan kemudian pada penilaian saham Perusahaan secara konsolidasi.</p> <p><i>DLOM is applied at 30% with these following considerations :</i></p> <ul style="list-style-type: none"> <li>○ <i>Attachment of the Decision of Chairman Bapepam-LK No. Kep-196/BL/2012 dated 19 April 2012 – DLOM for majority shareholders : 20% - 40% of the indicated value as the adjustment factor due to lack liquidity of the valuation object.</i></li> <li>○ <i>The Indonesian capital market conditions and the industry conditions in which EKP operate as at the valuation date.</i></li> </ul> <p><i>DLOM is applied on a consolidated basis in the share valuation of The Company.</i></p>

Indikasi Nilai Pasar 99% Saham EKP Sebelum DLOM dengan Metode Diskonto Arus Kas

*Indicative Market Value of 99% Shares of EKP Before DLOM by DCF method*

Berdasarkan analisis yang dilakukan, berikut adalah indikasi nilai pasar 99% saham EKP sebelum DLOM dengan menggunakan metode diskonto arus kas:

*Based on the analysis conducted, the following is the indicative market value of 99% share capital of EKP before DLOM by using DCF method:*

**Indikasi Nilai Pasar 99% Saham EKP sebelum DLOM dengan Metode DCF / *Indicative Market Value of 99% Share Capital of EKP Before DLOM by DCF Method***

DESCRIPTIONS	UNIT	VALUE
Indicative Enterprise Value	Rp Th	23.088.187
Cash and Equivalent	Rp Th	2.385.931
Debt	Rp Th	(1.332.365)
Indicative 100% Equity Value before DLOM	<b>Rp Th</b>	24.141.753
<b>Indicative 99% Equity Value Before DLOM</b>	<b>Rp Th</b>	<b>23.900.336</b>

Notes : Debt refers to loan from related parties, which amounted to Rp 1.332.365.000,- (rounded)

Berdasarkan perhitungan tersebut diatas, maka kami berpendapat bahwa indikasi nilai pasar 99% saham EKP sebelum DLOM pada tanggal 30 Juni 2021 dengan menggunakan pendekatan pendapatan melalui metode diskonto arus kas setelah dibulatkan adalah sebesar **Rp.23.900.336.000,- (Dua Puluh Tiga Miliar Sembilan Ratus Juta Tiga Ratus Tiga Puluh Enam Ribu Rupiah).**

**Perhitungan Berdasarkan Metode Kapitalisasi Kelebihan Pendapatan**

Penilaian 99% saham EKP dengan menggunakan metode kapitalisasi kelebihan pendapatan didasarkan pada hasil penyesuaian neraca EKP per 30 Juni 2021 dan asset tak berwujud dinilai secara kolektif.

Penyesuaian dilakukan terhadap akun aset tetap. Berdasarkan Laporan Penilaian Aset EKP, yang telah dilakukan penilaiannya oleh KJPP Desmar, Ferdinand, Hentriawan, dan Rekan dengan Nomor Laporan 00126/2.0142-01/PP/02/0333/1/XII/2021, nilai pasar aset tetap EKP per tanggal penilaian adalah sebesar Rp 1.974.700.000,- sehingga penyesuaian atas asset tetap yang disesuaikan adalah sebesar Rp 1.374.157.000,-.

Sementara untuk akun liabilitas Lainnya dilakukan penyesuaian sebesar Rp30.404.074.000,- disebabkan adanya penyesuaian atas hutang pihak berelasi pada LK.

Berikut adalah nilai buku dari EKP yang telah disesuaikan:

*Based on the above calculation, we are of the opinion that the indicative market value of 99% share capital of EKP before DLOM on June 30<sup>th</sup> 2021 by using income approach through DCF method after being rounded is **Rp.23,900,336,000,- (Twenty Three Billion Nine Hundred Million Three Hundred and Thirty Six Thousand Rupiah).***

**Calculation Based On Capitalized Excess Earnings Method**

*Valuation of 99% share capital of EKP by using CEEM is conducted based on the adjustment that have been made on the balance sheet of EKP as of June 30<sup>th</sup> 2021 and the intangible asset is valued collectively.*

*Adjustments are made on the balance sheet on fixed assets. Based on Assets Valuation Report of EKP, that has been conducted by KJPP Desmar, Ferdinand, Hentriawan, dan Rekan with the report Number 00126/2.0142-01/PP/02/0333/1/XII/2021, the market value of the EKP's fixed assets on the cut off date was amounted to Rp 1,974,700,000,-, that adjustment for the total fixed assets is Rp 1,374,157,000,-.*

*Meanwhile, for other liability accounts, an adjustment was made of Rp30,404,074,000,- due to the adjustment of intercompany loan to LK.*

*Here is the book value of EKP which has been adjusted:*

**APPENDIX B – VALUATION REPORT**

**Penyesuaian Neraca EKP  
/ Balance Sheet Adjustment of EKP**

DESCRIPTIONS	UNIT	BALANCE SHEET AS OF JUNE 30 <sup>th</sup> 2021		
		Book Value	Adjustment	Market Value
<b>Current Assets</b>				
Cash and Equivalent	Rp Th	2.385.931	-	2.385.931
Account Receivables	Rp Th	6.141.037	-	6.141.037
Other Receivables	Rp Th	-	-	-
Inventory	Rp Th	5.271.843	-	5.271.843
Advance Payment	Rp Th	6.640.518	-	6.640.518
Prepaid Taxes	Rp Th	2.224.864	-	2.224.864
<b>Total Current Assets</b>	<b>Rp Th</b>	<b>22.664.194</b>	<b>-</b>	<b>22.664.194</b>
<b>Non Current Assets</b>				
Other Receivables	Rp Th	625.608	-	625.608
Fixed Assets	Rp Th	3.321.857	(1.347.157)	1.974.700
Intangible Assets	Rp Th	46.580.935	-	46.580.935
Deffered Tax Asset	Rp Th	2.294.378	-	2.294.378
<b>Total Non Current Assets</b>	<b>Rp Th</b>	<b>52.822.777</b>	<b>(1.347.157)</b>	<b>51.475.620</b>
<b>TOTAL ASSETS</b>	<b>Rp Th</b>	<b>75.486.971</b>	<b>(1.347.157)</b>	<b>74.139.814</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Loan	Rp Th	-	-	-
Account Payables	Rp Th	6.776.496	-	6.776.496
Other Payables	Rp Th	31.651.365	(30.404.074)	1.247.291
Tax Payables	Rp Th	263.016	-	263.016
Accrued Expenses	Rp Th	1.637.342	-	1.637.342
Leasing Payables	Rp Th	46.318	-	46.318
<b>Total Current Liabilities</b>	<b>Rp Th</b>	<b>40.374.537</b>	<b>(30.404.074)</b>	<b>9.970.464</b>
<b>Non Current Liabilities</b>				
Lease Liabilities	Rp Th	48.958.612	-	48.958.612
Loan from Related Parties	Rp Th	85.074	-	85.074
Employee Benefit Liabilities	Rp Th	787.079	-	787.079
<b>Total Non Current Liabilities</b>	<b>Rp Th</b>	<b>49.830.764</b>	<b>-</b>	<b>49.830.764</b>
<b>TOTAL LIABILITIES</b>	<b>Rp Th</b>	<b>90.205.302</b>	<b>(30.404.074)</b>	<b>59.801.228</b>
<b>EQUITY</b>				
Paid in Capital	Rp Th	100.000	-	100.000
Additional Paid In Capital	Rp Th	-	-	-
Retained Earnings	Rp Th	(14.818.331)	-	(14.818.331)
Current Year Profit (Loss)	Rp Th	-	-	-
Adjustment	Rp Th	-	29.056.917	29.056.917
<b>Total Equity</b>	<b>Rp Th</b>	<b>(14.718.331)</b>	<b>29.056.917</b>	<b>14.338.586</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>Rp Th</b>	<b>75.486.971</b>	<b>(1.347.157)</b>	<b>74.139.814</b>

Penyesuaian atas akun asset dan liabilitas yang telah dilakukan menghasilkan Nilai Aset Berwujud Bersih (NABB) sebesar Rp16.801.337.000,- Tingkat imbal balik NABB ditentukan sebesar 7,99%, berdasarkan rata-rata tertimbang biaya modal untuk ekuitas (10,84%) dan biaya modal untuk hutang (6,67%) EKP dengan komposisi struktur modal yang sesuai dengan kapasitas NABB dalam memperoleh pinjaman (*borrowing capacity*), yaitu hutang (70%) : ekuitas (30%).

Kelebihan pendapatan, yang merupakan selisih antara laba ekonomi normal dan jumlah imbal balik NABB, mencerminkan jumlah imbal balik aset tak berwujud. Kelebihan pendapatan tersebut kemudian dikonversi menjadi nilai aset tak berwujud secara keseluruhan dengan menggunakan tingkat kapitalisasi atas aset tak berwujud. Dalam hal ini, tingkat kapitalisasi yang digunakan adalah sebesar 10,84%, yang merupakan biaya modal untuk ekuitas EKP.

#### Penentuan DLOC dan DLOM Dalam Metode Kapitalisasi Kelebihan Pendapatan

Penentuan DLOC dan DLOM dalam penilaian saham EKP melalui metode CEEM didasarkan pada beberapa pertimbangan yang sama dengan yang digunakan pada metode DCF. Berdasarkan faktor-faktor tersebut, diaplikasikan penyesuaian terhadap kondisi ketidakmampuan untuk dipasarkan dengan cepat (DLOM) sebesar 30%, dan Diskon Pengendalian (DLOC) tidak diaplikasikan karena penilaian dilakukan terhadap kepemilikan mayoritas, yaitu 99% saham EKP, sementara indikasi nilai yang dihasilkan dari metode CEEM adalah nilai mayoritas sehingga tidak dikenakan diskon pengendalian. DLOM diperhitungkan kemudian pada penilaian saham Perusahaan secara konsolidasi.

*Adjustment on assets and liabilities that has been made derive Net Tangible Asset Value (NTAV) amounted to Rp16,801,337,000,- The rate of return of the NTAV is 7.99% determined based on weighted average of cost of equity (10.84%) and cost of debt (6.67%) of EKP with capital structure composition according to borrowing capacity of the NTAV, which is debt (70%) : equity (30%).*

*Excess earnings, which is the difference between normalized earnings and NTAV return, reflects the return of the intangible assets. The excess earnings then be converted into intangible assets value by using intangible asset capitalization rate. In this matter, the intangible asset capitalization rate that is used is 10.84%, which is the cost of equity of EKP.*

#### Determination of DLOC and DLOM In CEEM

*Determination of DLOC and DLOM in EKP share valuation through CEEM is based on the same several considerations as in DCF method. Based on those factors, we apply an adjustment for lack of marketability (DLOM) at 30% and Discount on Lack of Control (DLOC) is not applied due to the valuation is conducted on majority ownership, which is 99% share capital of EKP, while indicative value resulted from CEEM is majority value so that DLOC is not applied. DLOM is applied on a consolidated basis in the share valuation of The Company.*

## APPENDIX B – VALUATION REPORT

Indikasi Nilai Pasar 99% Saham EKP Sebelum DLOM dengan Metode Kapitalisasi Kelebihan Pendapatan

Berdasarkan analisis yang dilakukan, berikut adalah indikasi nilai pasar 99% saham EKP sebelum DLOM dengan menggunakan metode kapitalisasi kelebihan pendapatan:

Indicative Market Value of 99% Shares of EKP Before DLOM by CEEM

Based on the analysis conducted, the following is the indicative market value of 99% share capital of EKP before DLOM by using CEEM:

**Indikasi Nilai Pasar 99% Saham EKP sebelum DLOM dengan Metode CEEM  
/ Indicative Market Value of 99% Share Capital of EKP Before DLOM by CEEM**

DESCRIPTIONS	UNIT	Value
Net Tangible Assets Value (NTAV)	Rp Th	16.801.337
NTAV Return Rate	%	7,99%
NTAV Return	Rp Th	1.341.686
Normalized Earnings	Rp Th	3.336.969
Excess Earnings	Rp Th	1.995.283
Capitalization Rate	%	10,84%
Intangible Assets Value	Rp Th	18.407.951
<b>Indicative Enterprise Value</b>	<b>Rp Th</b>	<b>35.209.288</b>
Debt	Rp Th	(1.332.365)
<b>Indicative 100% Equity Value before DLOM</b>	<b>Rp Th</b>	<b>33.876.923</b>
<b>Indicative 99% Equity Value Before DLOM</b>	<b>Rp Th</b>	<b>33.538.154</b>

Notes : Debt refers to loan from related parties, which amounted to Rp 1.332.365.000,- (rounded)

Berdasarkan perhitungan tersebut diatas, maka kami berpendapat bahwa indikasi nilai pasar 99% saham EKP sebelum DLOM pada tanggal 30 Juni 2021 dengan menggunakan pendekatan aset melalui metode kapitalisasi kelebihan pendapatan setelah dibulatkan adalah sebesar Rp. 33.538.154.000,- (Tiga Puluh Tiga Miliar Lima Ratus Tiga Puluh Delapan Juta Seratus Lima Puluh Empat Ribu Rupiah).

Based on the above calculation, we are of the opinion that the indicative market value of 99% share capital of EKP before DLOM on June 30<sup>th</sup> 2021 by using asset based approach through CEEM after being rounded is Rp.33,538,154,000,- (Thirty Three Billion Five Hundred and Thirty Eight Million One Hundred and Fifty Four Thousand Rupiah).

**Rekonsiliasi Nilai**

Untuk mendapatkan nilai yang mewakili kedua indikasi nilai tersebut, baik indikasi nilai yang dihasilkan dengan menggunakan metode diskonto arus kas (DCF) maupun indikasi nilai yang dihasilkan melalui metode kapitalisasi kelebihan pendapatan (CEEM) maka dilakukan rekonsiliasi dengan pembobotan terhadap kedua metode tersebut. Dalam penilaian ini kami menggunakan bobot yang lebih besar pada metode DCF sebesar 80% dibandingkan bobot pada CEEM yang hanya sebesar 20% mengingat EKP adalah perusahaan yang masih beroperasi yang memiliki kemampuan untuk menghasilkan laba di masa depan yang dapat diperkirakan sehingga nilai sahamnya tercermin dari potensi pendapatannya di masa depan, maka metode DCF digunakan sebagai metode utama. Sedangkan metode CEEM yang menghitung nilai saham berdasarkan nilai aset digunakan sebagai metode pembanding. Berikut adalah hasil rekonsiliasi nilai dari kedua metode penilaian tersebut di atas:

**Value Reconciliation**

*To obtain a value representing those two indicative values, both indicative value generated by using DCF method and the indicative value generated by using CEEM, hence reconciliation is applied by weighting the two methods. In this valuation we use a greater weight on the DCF method of 80% than the weight on the CEEM of 20% considering that EKP is operating company that has capability to generate earnings in the future that can be estimated so that its share value reflected by its potential earnings in the future hence DCF method is used as the primary method. While CEEM method, that calculates share value based on assets value, is used as a comparison method. Here is the result of the value reconciliation of the two valuation methods mentioned above:*

**Rekonsiliasi Indikasi Nilai Pasar 99% Saham EKP sebelum DLOM / Indicative Market Value Reconciliation of 99% Share Capital of EKP Before DLOM**

VALUATION APPROACH	UNIT	INDICATIVE VALUE 99% EQUITY	RECONCILIATION WEIGHT	WEIGHTED VALUE
Income Approach	Rp Th	23.900.336	80%	19.120.268
Asset Based Approach	Rp Th	33.538.154	20%	6.707.631
<b>INDICATIVE MARKET VALUE OF 99% EQUITY BEFORE DLOM</b>	<b>Rp Th</b>			<b>25.827.899</b>

Berdasarkan perhitungan yang telah dilakukan, maka kami berpendapat bahwa indikasi nilai pasar 99% saham EKP sebelum DLOM pada tanggal 30 Juni 2021 setelah dibulatkan adalah sebesar **Rp.25.827.899.000,-** (Dua Puluh Lima Miliar Delapan Ratus Dua Puluh Tujuh Juta Delapan Ratus Sembilan Puluh Sembilan Ribu Rupiah).

*Based on the calculation that have been conducted, we opine that indicative market value of 99% share capital of EKP as of June 30<sup>th</sup> 2021 before DLOM is **Rp.25,827,899,000.-** (Twenty Five Billion Eight Hundred and Twenty Seven Million Eight Hundred and Ninety Nine Thousand Rupiah).*

**Perhitungan Indikasi Nilai Pasar Saham LK*****Indicative Market Value Calculation of Share Capital of LK*****Perhitungan Berdasarkan Metode Penyesuaian Nilai Buku*****Calculation Based On Adjusted Book Value Method***

Penilaian 99,99% saham LK dengan menggunakan metode Penyesuaian Nilai Buku (Adjusted book Value) didasarkan pada hasil penyesuaian neraca LK per 30 Juni 2021.

*The valuation of 99.99% of LK shares using the Adjusted book Value method is based on the results of adjustments to the LK balance sheet as of June 30<sup>th</sup> 2021.*

Penyesuaian dilakukan terhadap akun aset Piutang Pihak berelasi, dimana Piutang ini merupakan Pinjaman yang diberikan kepada anak Usaha dalam hal ini EKP sehingga harus dilakukan penyesuaian sebesar Piutang Pihak Berelasi tersebut, yaitu sebesar Rp 30.404.074.000,-.

*Adjustments are made to the asset account Receivable from related parties, where this Receivable is a loan given to a subsidiary in this case EKP so an adjustment must be made to the amount of the Receivable from the Related Party, which is Rp. 30,404,074,000,-.*

Penyesuaian juga dilakukan terhadap Aset Tetap LK, dimana penyesuaian didasarkan pada kebijakan transfer Aset Tetap LK terhadap Anak perusahaan yaitu EKP, sebesar Nilai Pasar Aset Tetap Tersebut yang terdiri atas mesin Pabrik.

*Adjustments were also made to the Fixed Assets of LK, where the adjustment was based on the policy of Fixed Assets transfer of LK to the Subsidiary, namely EKP, in the amount of the Market Value of the Fixed Assets which consisted of factory machinery. The amount of the adjusted value is based on the results in the Asset Appraisal Report No. 00125/2.0142-01/PP/02/0333/1/XII/2021 carried out by KJPP Desmar Hetriawan Ferdinand and Partners on the date of December 2<sup>nd</sup> 2021, which amounted to Rp. 112,589,566,000,-.*

Adapun besaran nilai yang disesuaikan adalah berdasarkan hasil di Laporan Penilaian Aset No. 00125/2.0142-01/PP/02/0333/1/XII/2021 yang dilakukan oleh KJPP Desmar Hetriawan Ferdinand dan Rekan pada tanggal 2 Desember 2021, yaitu sebesar Rp 112.589.566.000,-.

Penyesuaian kemudian juga dilakukan terhadap aset Non Operasional berupa Penyertaan Saham pada EKP menjadi sebesar Nilai Pasarnya, yaitu Rp.25.827.899.000,-.

*Adjustments were then also made to Non-Operational assets in the form of Shares Participation in EKP in the amount of their Market Value, which is Rp.25,827,899,000,-.*

Sedangkan untuk akun aset dan liabilitas lainnya tidak disesuaikan karena dianggap telah mencerminkan nilai pasarnya. Berikut adalah nilai buku dari LK yang telah disesuaikan.

*Meanwhile, other asset and liability accounts are not adjusted because they are considered to reflect their market value. The following are the adjusted book values of LK.*

---

## APPENDIX B – VALUATION REPORT

---

Berdasarkan analisis yang telah dilakukan, indikasi nilai pasar 99,99% saham LK (sebelum DLOM) per 30 Juni 2021 adalah sebesar **Rp 25.308.493.000,- (Dua Puluh Lima Miliar Tiga Ratus Delapan Juta Empat Ratus Sembilan Puluh Tiga Ribu Rupiah)**, sebagaimana disajikan pada table berikut:

*Based on the analysis that has been carried out, the indication of the market value of 99.99% of LK shares (before DLOM) as of June 30<sup>th</sup> 2021 is **Rp.25,308,493,000.- (Twenty Five Billion Three Hundred and Eight Million Four Hundred and Ninety Three Thousand Rupiah)**, as presented in the following table:*

**APPENDIX B – VALUATION REPORT**

**Penyesuaian Neraca LK / Balance Sheet Adjustment of LK**

DESCRIPTIONS	UNIT	BALANCE SHEET AS OF JUNE 30 <sup>th</sup> 2021		
		Book Value	Adjustment	Market Value
<b>Current Assets</b>				
Cash and Equivalent	Rp Th	199.455	-	199.455
Account Receivables	Rp Th	1.642.490	-	1.642.490
Other Receivables	Rp Th	30.404.074	(30.404.074)	-
Inventory	Rp Th	1.303.305	-	1.303.305
Advance Payment	Rp Th	559.453	-	559.453
Prepaid Taxes	Rp Th	263.570	-	263.570
Prepaid Expenses	Rp Th	695.707	-	695.707
<b>Total Current Assets</b>	<b>Rp Th</b>	<b>35.068.054</b>	<b>(30.404.074)</b>	<b>4.663.980</b>
<b>Non Current Assets</b>				
Other Receivables	Rp Th	1.275.951	-	1.275.951
Fixed Assets	Rp Th	111.288.373	1.301.193	112.589.566
Intangible Assets	Rp Th	589.538	-	589.538
Deffered Tax Asset	Rp Th	4.394.317	-	4.394.317
AUC-Direct Ownership	Rp Th	608.839	-	608.839
Investment in Subsidiaries	Rp Th	-	-	-
- PT Energi Cipta Utama	Rp Th	-	-	-
- PT Energi Karya Persada	Rp Th	100.000	25.727.899	25.827.899
<b>Total Non Current Assets</b>	<b>Rp Th</b>	<b>118.257.018</b>	<b>27.029.092</b>	<b>145.286.110</b>
<b>TOTAL ASSETS</b>	<b>Rp Th</b>	<b>153.325.071</b>	<b>(3.374.982)</b>	<b>149.950.089</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Loan	Rp Th	3.982.561	-	3.982.561
Account Payables	Rp Th	14.799.562	-	14.799.562
Other Payables	Rp Th	797.127	-	797.127
Tax Payables	Rp Th	594.828	-	594.828
Accrued Expenses	Rp Th	29.749.780	-	29.749.780
Current Maturity LT Liabilities		-	-	-
- Bank Loan	Rp Th	13.879.259	-	13.879.259
- Leasing	Rp Th	-	-	-
<b>Total Current Liabilities</b>	<b>Rp Th</b>	<b>63.803.117</b>	<b>-</b>	<b>63.803.117</b>
<b>Non Current Liabilities</b>				
Net LT Liabilities				
- Bank Loan	Rp Th	60.437.000	-	60.437.000
Loan from Related Parties	Rp Th	-	-	-
Employee Benefit Liabilities	Rp Th	398.948	-	398.948
Other Liabilities	Rp Th	47.638.287	(47.638.287)	-
<b>Total Non Current Liabilities</b>	<b>Rp Th</b>	<b>108.474.235</b>	<b>(47.638.287)</b>	<b>60.835.948</b>
<b>TOTAL LIABILITIES</b>	<b>Rp Th</b>	<b>172.277.352</b>	<b>(47.638.287)</b>	<b>124.639.065</b>
<b>EQUITY</b>				
Paid in Capital	Rp Th	235.022.000	-	235.022.000
Additional Paid in Capital	Rp Th	-	-	-
Other Component Equity	Rp Th	17.702.863	-	17.702.863
Retained Earnings	Rp Th	(271.677.145)	-	(271.677.145)
Adjustment	Rp Th	-	44.263.305	44.263.305
<b>Total Equity</b>	<b>Rp Th</b>	<b>(18.952.281)</b>	<b>44.263.305</b>	<b>25.311.024</b>
		0	-	0
<b>Indicative 99,99% Equity Value Before DLOM</b>	<b>Rp Th</b>			<b>25.308.493</b>

Penentuan DLOC dan DLOM Dalam Metode Penyesuaian Nilai Buku

Penentuan DLOC dan DLOM dalam penilaian saham LK melalui metode ABV didasarkan pada beberapa pertimbangan. DLOM diperhitungkan kemudian pada penilaian saham Perusahaan secara konsolidasi dan Diskon Pengendalian (DLOC) tidak diaplikasikan karena penilaian dilakukan terhadap kepemilikan mayoritas, yaitu 99,99% saham LK, sementara indikasi nilai yang dihasilkan dari metode ABV adalah nilai mayoritas sehingga tidak dikenakan diskon pengendalian.

*Determination of DLOC and DLOM In ABV*

*Determination of DLOC and DLOM in LK share valuation through ABV is based on several considerations. DLOM is applied on a consolidated basis in the share valuation of The Company and DLOC is not applied due to the valuation is conducted on majority ownership, which is 99.99% share capital of LK, while indicative value resulted from ABV is majority value so that DLOC is not applied.*

**APPENDIX B – VALUATION REPORT**

**Nilai Pasar 100% Saham Perusahaan / Market Value of 100% Share Capital of The Company**

DESCRIPTIONS	UNIT	BALANCE SHEET AS OF JUNE 30 <sup>th</sup> 2021		
		Book Value 30 June 2020	Adjustment	Market Value
<b>Current Assets</b>				
Cash and Equivalent	Rp Th	204.240	-	204.240
Other Receivables	Rp Th	1.184	-	1.184
<b>Total Current Assets</b>	<b>Rp Th</b>	<b>205.424</b>	<b>-</b>	<b>205.424</b>
<b>Non Current Assets</b>				
Investment in Subsidiaries - PT Listrindo Kencana	Rp Th	232.530.103	(207.221.610)	25.308.493
<b>Total Non Current Assets</b>	<b>Rp Th</b>	<b>232.530.103</b>	<b>(207.221.610)</b>	<b>25.308.493</b>
<b>TOTAL ASSETS</b>	<b>Rp Th</b>	<b>232.735.526</b>	<b>(207.221.610)</b>	<b>25.513.917</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accrued Expenses	Rp Th	517.247	-	517.247
Tax Payables	Rp Th	1.259	-	1.259
<b>Total Current Liabilities</b>	<b>Rp Th</b>	<b>518.506</b>	<b>-</b>	<b>518.506</b>
<b>Non Current Liabilities</b>				
Related Party Loan	Rp Th	1.000.090	(1.000.090)	-
<b>Total Non Current Liabilities</b>	<b>Rp Th</b>	<b>1.000.090</b>	<b>(1.000.090)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>Rp Th</b>	<b>1.518.597</b>	<b>(1.000.090)</b>	<b>518.506</b>
<b>EQUITY</b>				
Paid In Capital	Rp Th	252.546.900		252.546.900
Additional Paid In Capital	Rp Th	122.360		122.360
Retained Earnings	Rp Th	(21.452.331)		(21.452.331)
Adjustment	Rp Th		(206.221.519)	(206.221.519)
<b>Total Equity</b>	<b>Rp Th</b>	<b>231.216.930</b>	<b>(206.221.519)</b>	<b>24.995.410</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>Rp Th</b>	<b>232.735.526</b>	<b>(207.221.610)</b>	<b>25.513.917</b>
<b>Indicative 100% Equity Value before DLOM</b>	<b>Rp Th</b>			<b>24.995.410</b>
Discount Lack of Marketability (DLOM : 30%)	Rp Th			(7.498.623)
<b>100% EQUITY MARKET VALUE</b>	<b>Rp Th</b>			<b>17.496.787</b>

Berdasarkan perhitungan yang telah dilakukan, maka kami berpendapat bahwa Nilai Pasar 100% saham Perusahaan pada tanggal 30 Juni 2021 setelah dibulatkan adalah sebesar **Rp. 17.496.787.000,-** (Tujuh Belas Miliar Empat Ratus Sembilan Puluh Enam Juta Tujuh Ratus Delapan Puluh Tujuh Ribu Rupiah).

*Based on the calculation that have been conducted, we opine that the market value of 100% share capital of The Company as of June 30<sup>th</sup> 2021 is **Rp. 17,496,787,000,-** (Seventeen Billion Four Hundred and Ninety Six Million Seven Hundred and Eighty Seven Thousand Rupiah).*

---

## APPENDIX B – VALUATION REPORT

---

Nilai pasar saham tersebut kami tentukan berdasarkan tanggal penilaian yang telah ditentukan serta data dan informasi yang kami peroleh dari pihak manajemen Perusahaan, dan pihak pihak lain yang relevan dengan penilaian. KJPP DFH menganggap bahwa semua data dan informasi yang diperoleh tersebut adalah benar dan tidak ada keadaan atau hal hal yang tidak terungkap yang dapat mempengaruhi nilai pasar saham tersebut secara material.

Kami menyatakan dengan sesungguhnya, bahwa dalam melaksanakan penugasan ini, kami bertindak sebagai pihak independen yang tidak terikat dengan kepentingan apapun, baik saat ini maupun di masa datang terkait dengan usaha perusahaan yang dinilai maupun atas hasil penilaian yang telah dilaporkan.

Demikian laporan penilaian saham ini kami sampaikan, atas kerjasama dan kepercayaan yang telah diberikan kepada kami untuk penugasan penilaian ini kami ucapkan terima kasih.

*We derived the market value of The Company's share capital based on the determined valuation date as well as data and information that we received from the management, and other relevant parties. KJPP DFH assume all the data and information obtained are correct and there are no circumstances that are not revealed that may affect the market value materially.*

*We hereby declare truthfully that in conducting this valuation, we act as an independent party, we neither have current nor prospective interests related to the company's business being valued and the valuation results being reported.*

*We hereby deliver this share valuation report. We thank you for your cooperation and the trust you have on us for this valuation assignment.*

**ASUMSI DAN KONDISI PEMBATAS**

- a. Penilaian ini didasarkan pada kajian analisis dan perhitungan berdasarkan data dan informasi yang kami terima.
- b. Semua data, pernyataan beserta Informasi yang kami terima dari manajemen dan data atau informasi yang tersedia untuk publik, dianggap benar dan kami tidak melakukan audit ataupun verifikasi atas data dan informasi yang disediakan tersebut.
- c. Data ekonomi dan industri dalam laporan penilaian diperoleh dari berbagai sumber yang diyakini oleh penilai dan dapat dipertanggungjawabkan.
- d. Kami tidak melakukan pemeriksaan khusus secara mendalam terhadap aset, kepemilikan atau kepentingan bisnis dalam penilaian ini. Kami mengasumsikan bahwa tidak ada masalah legalitas berkenaan dengan aset-aset yang dimiliki, baik saat ini maupun dimasa mendatang.
- e. Semua sengketa dalam bentuk perkara pidana maupun perdata (baik di dalam maupun di luar pengadilan) yang berkaitan dengan obyek penilaian tidak menjadi tanggung jawab kami.
- f. Kami ingin menekankan bahwa hasil kajian dan analisis kami secara khusus hanya terbatas pada aspek nilai atas obyek penilaian, diluar dari aspek perpajakan dan hukum karena hal tersebut berada diluar lingkup penugasan kami.
- g. Perubahan-perubahan yang dilakukan oleh pihak Pemerintah maupun swasta yang berkaitan dengan kondisi obyek penilaian, dalam hal ini kondisi pasar dan sebagainya bukan menjadi tanggung jawab kami.

**ASSUMPTIONS AND LIMITING CONDITIONS**

- a. *This valuation is based on a study, analysis and calculations on the data and information we received.*
- b. *All data, statements and information that we received from management and data or information available to the public, is considered true and not misleading and we did not verify such data and information.*
- c. *Economic and industry data in the valuation report is obtained from various sources believed by the valuer and accountable.*
- d. *We do not conduct an in-depth examination of the assets, property or business interests within this valuation. We assume that there are no legal issues with respect to the owned assets, either now or in the future.*
- e. *All disputes in the form of civil and criminal cases (both in and out of court) relating to the object of the valuation is not our responsibility.*
- f. *We would like to emphasize that the results of studies and analyzes are specifically limited to the value aspects of the valuation object, apart from taxation and legal aspects since it is beyond our scope of assignment.*
- g. *We will not be responsible in the changes made by the government or private parties relating to the condition of the valuation objects, in this case the market conditions and so.*

---

## APPENDIX B – VALUATION REPORT

---

- |   |   |
|---|---|
| h. Laporan penilaian ini disajikan hanya untuk maksud dan tujuan seperti tertulis di dalam laporan.   | h. <i>The valuation report is presented only for the purposes and objectives as written in the report.</i>  |
| i. Laporan penilaian ini sebagai salah satu informasi untuk dijadikan dasar pemikiran dalam mengambil keputusan, akan tetapi tidak mengikat dan tidak dapat dijadikan sebagai dasar penentu suatu keputusan yang berakibat hukum, karena laporan penilaian ini semata-mata dibuat berdasarkan kajian disiplin ilmu dan kemampuan yang kami miliki.  | i. <i>This valuation report can be used as one of the information for the rationale of the decision, but such decision are not binding and can not be used as the basis for a decision that have the legal consequences, because this valuation report is made solely based on the study of disciplines and capabilities that we have.</i>  |
| j. Nilai dicantumkan dalam satuan mata uang Rupiah dan/atau ekuivalennya atas permintaan pemberi tugas.   | j. <i>Values are in Rupiah or its equivalent according to the request of the assignor.</i>  |
| k. Laporan penilaian ini tidak berlaku dan tidak sah apabila tidak terdapat tanda tangan penilai berijin beserta stempel perusahaan yang resmi dari KJPP Desmar Ferdinand, Hentriawan dan Rekan.  | k. <i>The valuation report is not valid unless signed by the licensed valuer and official corporate seal of the KJPP Desmar, Ferdinand, Hentriawan and Rekan.</i>   |
| l. Laporan penilaian ini dibuat dan ditujukan hanya kepada pemberi tugas, sesuai dengan maksud dan tujuan yang diungkapkan dalam laporan penilaian. Semua materi yang terdapat dalam laporan hasil penilaian ini baik secara keseluruhan atau sebagian termasuk didalamnya menyangkut referensi, opini nilai, nama dan afiliasi profesional dari penilai dilarang untuk dipublikasikan tanpa persetujuan tertulis dari Penilai. | l. <i>The valuation report was made and directed only to the assignor in accordance with the purposes and objectives expressed in the valuation report. All material found in the report of the results of this valuation in whole or in part, including references therein regarding, opinions of value, the name and professional affiliation of the valuer is forbidden to be published without prior written consent of valuer.</i> |

**PERNYATAAN PENILAI****VALUER STATEMENT**

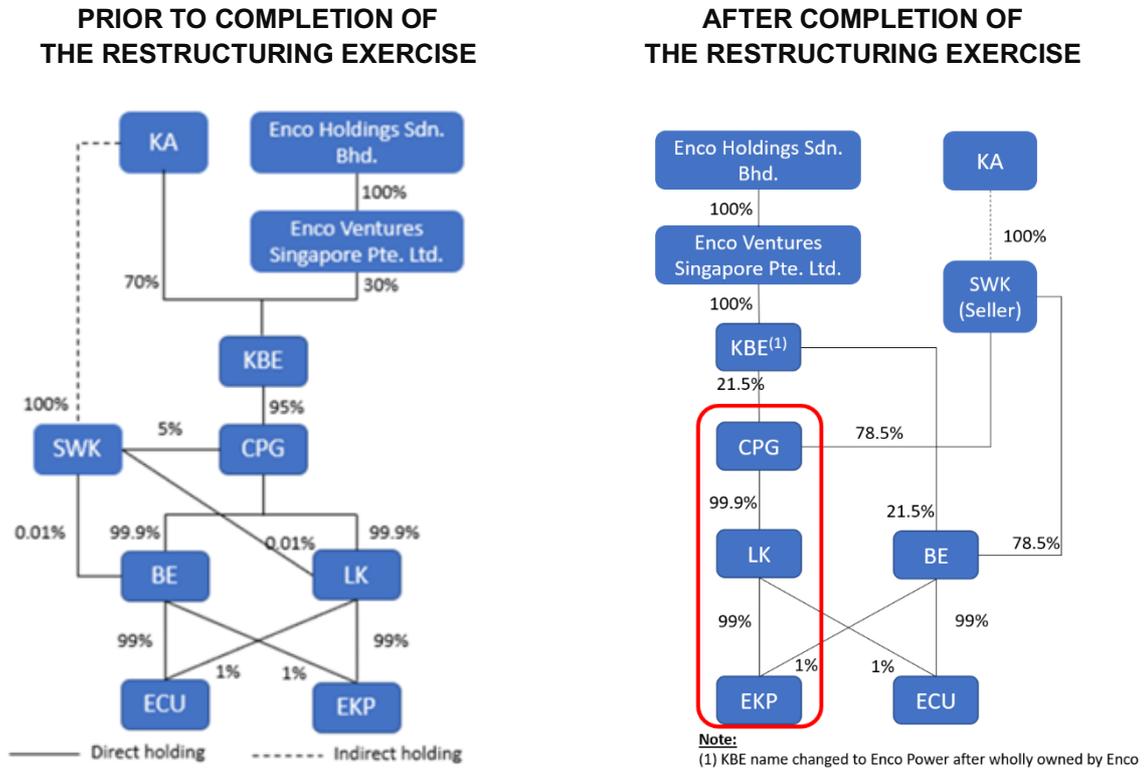
Dalam batas kemampuan dan keyakinan kami sebagai Penilai Independen, kami yang bertanda tangan di bawah ini menerangkan bahwa:

*Within the limits of our ability and belief as an Independent Valuer, we the undersigned stated:*

1. Pernyataan faktual yang dipresentasikan dalam laporan penilaian adalah benar sesuai dengan pemahaman terbaik dari Penilai.
  2. Analisis telah dilakukan untuk tujuan sebagaimana diungkapkan dalam Laporan Penilaian.
  3. Perkiraan nilai yang dihasilkan dalam penugasan penilaian professional telah disajikan sebagai kesimpulan nilai.
  4. Analisis dan kesimpulan hanya dibatasi oleh asumsi dan kondisi yang dilaporkan.
  5. Penilai telah memenuhi persyaratan pendidikan professional yang ditentukan dan/atau diselenggarakan oleh Asosiasi Penilai yang diakui Pemerintah.
  6. Penilai memiliki pemahaman mengenai jenis usaha atau industri yang menjadi obyek penilaian.
  7. Penilai tidak mempunyai kepentingan baik sekarang atau di masa yang akan datang terhadap obyek penilaian yang dinilai.
  8. Imbalan jasa Penilai tidak berkaitan dengan hasil penilaian yang dilaporkan.
  9. Analisis, opini dan kesimpulan yang dibuat oleh penilai, serta laporan penilaian telah dibuat dengan memenuhi ketentuan Standar Penilaian Indonesia (SPI) dan Kode Etik Penilai Indonesia (KEPI).
  10. Tidak seorang pun selain yang disebutkan dalam laporan penilaian ini telah menyediakan bantuan profesional dalam menyiapkan laporan penilaian ini.
1. *The factual statements presented in this valuation report is true according to the best understanding of the valuer.*
  2. *The analysis has been conducted for the purpose as disclosed in the valuation report.*
  3. *The estimated value resulting in this professional assignment of the valuation has been presented as a value conclusion.*
  4. *The analysis and conclusions are limited only by the condition and disclosed assumptions.*
  5. *The valuer meets the requirements of professional education specified and/or organized by the Association of the Appraisers recognized by the Government.*
  6. *The valuer have a knowledge and understanding of the type of business or industry of the object of valuation.*
  7. *The valuer neither have current nor prospective interest on the valuation object.*
  8. *The appraisal service fee are not related to the value reported.*
  9. *The analysis, opinions and conclusions made by the appraiser, and the valuation reports is in compliance with Indonesian Valuation Standard (SPI) and Code of Ethics of Indonesian Valuer (KEPI).*
  10. *No person other than those mentioned in the valuation report has provided professional assistance in preparing the report.*

## APPENDIX C – SHAREHOLDING STRUCTURE OF THE TARGET GROUP

The shareholding structure of the Target prior to and after completion of the Restructuring Exercise is set out as follows:



<b>KBE</b>	:	Kencana Bio-Energy Pte. Ltd (now known as Enco Power Pte. Ltd.)
<b>KA</b>	:	Kencana Agri Limited or the Company
<b>SWK</b>	:	PT Sawindo Kencana or the Seller
<b>CPG</b>	:	PT Cahaya Permata Gemilang or the Target
<b>LK</b>	:	PT Listrindo Kencana
<b>EKP</b>	:	PT Energy Karya Persada
<b>BE</b>	:	PT Belitung Energy
<b>ECU</b>	:	PT Energy Cipta Utama

---

## APPENDIX D – SUMMARY OF THE RESTRUCTURING EXERCISE

---

Prior to the completion of the Restructuring Exercise, Enco Power (formerly known as Kencana Bio-Energy Pte. Ltd.) was a joint control company owned 70% and 30% by the Company and Enco Singapore respectively, and held 95% interest in the issued and paid-up share capital of the Target. Accordingly, the Group (through the Seller and its 70% interest in Enco Power) had an effective 71.5% interest in the issued and paid-up share capital of the Target. Both PT Belitung Energy (“**PT BE**”) and PT LK were subsidiaries of the Target, and PT Energy Cipta Utama (“**PT ECU**”) and PT EKP were in turn subsidiaries of PT BE and PT LK respectively.

Through the Restructuring Exercise, Enco Singapore and the Company agreed to rationalize their respective holdings in the Target and its subsidiaries by undertaking the following:

- (a) the Company would cease to hold its effective equity interest in the Target and its subsidiaries through both the Seller and its 70% stake in Enco Power, and instead, would hold all its existing effective interest in the Target and PT BE through the Seller;
- (b) Enco Power would become a wholly-owned subsidiary of Enco Singapore, and Enco Singapore would continue to hold all its existing effective interest in the Target and PT BE through Enco Power; and
- (c) both the Group and Enco Singapore would, on the same terms and conditions, capitalise their loans granted to, and trade receivables owing from, PT LK, PT EKP and PT BE, which remained outstanding as at 31 July 2019, through a subscription of new shares in these entities and the repayment of these loans and trade receivables by these entities to the Group and Enco Singapore.

The steps taken in the Restructuring Exercise were as follows:

- (1) Enco Power (formerly known as Kencana Bio-Energy Pte. Ltd.) acquired 99.9% interest, comprising 15,004 shares in PT BE from the Target at a cash consideration of IDR1,000.
- (2) As of 31 July 2019, Enco Power (formerly known as Kencana Bio-Energy Pte. Ltd.) had granted to PT LK, shareholders loans amounting to an aggregate of IDR20,318,358,256 (including interest accrued thereon). In connection with the foregoing, Enco Power subscribed for 192,173 new shares of IDR100,000 each in the Target, and the Target in turn subscribed for 19,217 new shares of IDR1,000,000 each in PT LK. On completion of these subscriptions, PT LK partially repaid a sum amounting to IDR19,217,292,533, being the principal amount of the shareholders loans, owing to Enco Power. The remaining outstanding sum of IDR1,101,065,723 comprises part of the Enco Power Loan.
- (3) As of 31 July 2019, Enco Holdings granted to PT LK, PT BE and PT EKP, shareholder loans and had trade receivables owing from these companies amounting to an aggregate of IDR122,143,575,567 (including interest accrued thereon). Enco Holdings novated its right to repayment of these shareholder loans and trade receivables to Enco Power (formerly known as Kencana Bio-Energy Pte. Ltd.) and the Seller as follows:

## APPENDIX D – SUMMARY OF THE RESTRUCTURING EXERCISE

Right to repayment of shareholder loans and trade receivables novated to	Shareholder loans and trade receivables owing from	Amount (IDR)
Enco Power	PT LK	31,053,095,544
Enco Power	PT BE	47,008,629,194
Enco Power	PT EKP	2,487,836,457
<i>Sub Total</i>		<b>80,549,561,195</b>
Seller	PT LK	38,450,635,907
Seller	PT BE	3,143,378,465
<i>Sub Total</i>		<b>41,594,014,372</b>
<b>TOTAL</b>		<b>122,143,575,567</b>

As a result of the above described novation, each of Enco Power and the Seller owes to Enco Holdings the corresponding amounts stated above. The Group transferred its entire 70% equity interest in Enco Power to Enco Singapore in discharge of the amounts owing by the Seller to Enco Holdings, and Enco Holdings in turn waived repayment of the amounts owing by the Seller.

In order for PT LK, PT BE and PT EKP to repay the shareholder loans and trade receivables owing to Enco Power and the Seller:

- (i) the Seller subscribed for 384,506 new shares of IDR100,000 each in the Target and 3,143 new shares of IDR1,000,000 each in PT BE respectively. In turn, the Target subscribed for 38,451 new shares of IDR1,000,000 each in PT LK. On completion of these subscriptions, PT LK and PT BE fully repaid the amounts owing to the Seller of IDR38,450,635,907 and IDR3,143,378,465 respectively; and
  - (ii) Enco Power subscribed for 83,359 new shares of IDR100,000 each in the Target and 46,018 new shares of IDR 1,000,000 each in PT BE respectively. In turn, the Target subscribed for 8,336 new shares of IDR1,000,000 each in PT LK. On completion of these subscriptions, PT LK and PT BE partially repaid to Enco Power amounts of IDR5,897,760,754 and IDR46,013,676,850 respectively, and PT EKP partially repaid an amount of IDR2,438,123,591 to Enco Power. The remaining amount of IDR26,200,000,000 was repaid by PT LK, PT EKP and PT BE to Enco Power in cash as described in Paragraph (4) below.
- (4) The Group granted to PT BE, PT LK, PT EKP and the Target, shareholder loans and had trade receivables owing from these companies amounting to an aggregate of IDR352,345,970,649 (including interest accrued thereon). In order for PT BE, PT LK, PT EKP and the Target to repay the shareholder loans and trade receivables owing to the Group, the Seller subscribed for 1,584,771 new shares of IDR100,000 each in the Target and 220,084 new shares of IDR1,000,000 each in PT BE. The aggregate subscription amount payable by the Seller is IDR378,561,100,000. In turn, the Target subscribed for 156,017 new shares of IDR1,000,000 each in PT LK. On completion of these subscriptions, PT BE, PT LK, PT EKP and the Target fully repaid the sum of IDR352,345,970,649 to the Group. After deducting this repayment amount from the aggregate subscription amount, the remainder is IDR26,215,129,351, of which IDR26,200,000 was used by PT LK, PT EKP and PT BE to repay Enco Power in accordance with Paragraph (3)(ii) above.

---

## APPENDIX D – SUMMARY OF THE RESTRUCTURING EXERCISE

---

On completion of the Restructuring Exercise on 23 January 2020: (a) the Seller's shareholding interest in the Target increased from 71.5% to 78.5%, with the remaining 21.5% shareholding interest held by Enco Power; and (b) save for the shareholder's loan owing by the Target to the Seller as at 30 June 2021 in the amount of US\$3,071,832 (i.e., the SWK Loan before the Recalibration) and some trade receivables<sup>7</sup> owed by the Target Group to the Seller due to transactions which took place after the completion of the Restructuring Exercise, all amounts owed by the Target Group to the Seller have been settled in full as at the Latest Practicable Date.

Prior to the completion of the Restructuring Exercise, PT BE was a subsidiary of the Target and was engaged in the biomass power plant business and operated in Belitung, Indonesia, until July 2017. It is currently a dormant company without any operations. It is the holding company of PT ECU, which is also a dormant company without any operations. As part of the Restructuring Exercise, the Target also disposed of its 99.9% interest in PT BE to Enco Power and the Seller, an indirect wholly-owned subsidiary of the Company. PT BE is currently held 21.5% and 78.5% by Enco Power and the Seller respectively. Accordingly, PT BE and PT ECU ceased to be subsidiaries of the Target on completion of the Restructuring Exercise. The rationale for this disposal is that the power plant held through PT BE (which is located in Belitung with a capacity of 7.5MWh) has been shut down since July 2017 due to disruption of the water supply which constitutes an event of force majeure under the relevant power purchase agreements. The disruption of the water supply is due to a leakage in the water reservoir that supplies water to PT BE. As the water reservoir is owned by the Belitung government, such disruption is considered an event beyond the control of PT BE and hence a force majeure event. Prior to the disruption, PT BE had been loss making. As such, although the Belitung government had subsequently made efforts to mend the leakage, the Company and Enco Power agreed to discontinue the operations of PT BE due to potential challenges in sourcing for fuel supply and the additional funding required to resume operations. This is in accordance with the disclosure made in the annual report of the Company for FY2020 on Page 2. Accordingly, the Buyer had indicated its preference to exclude the PT BE Group from the Target Group. The management of the Company will make continuous efforts to look for opportunities to monetise and sell the assets held by PT BE. Financial information relating to the PT BE Group for FY2020 is set out in **Appendix F** to this Circular.

For further details on the internal reorganisation and restructuring exercise, please refer to the Company's earlier announcements dated 12 December 2019 and 23 January 2020.

---

<sup>7</sup> These trade receivables arose in the ordinary course of the Seller's business after 31 July 2019, and will be repaid by the Target Group in accordance with the usual credit terms granted by the Seller to its customers. The Seller is in the business of operating oil palm plantations.

---

**APPENDIX E – FINANCIAL INFORMATION RELATING TO THE TARGET GROUP**

---

	<b>FY2018*</b>	<b>FY2019*</b>	<b>FY2020</b>	<b>1H2020</b>	<b>1H2021</b>
<b>Consolidated Profit or Loss Statements</b>					
<i>IDR 'million</i>					
Revenue	28,489	33,583	35,607	16,187	23,876
Gross (loss) / profit	1,568	(2,233)	(8,261)	(2,473)	2,831
Loss before tax	(43,681)	(50,887)	(49,105)	(24,643)	(14,020)
Loss for the year / period	(56,579)	(50,724)	(50,825)	(23,374)	(9,700)
Loss attributable to owners of the Target	(56,574)	(50,720)	(50,648)	(23,329)	(9,625)

	<b>As at 31 December 2018*</b>	<b>As at 31 December 2019*</b>	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>
<b>Consolidated Statements of Financial Position</b>				
<i>IDR 'million</i>				
Current assets	21,033	22,682	29,571	27,421
Current liabilities	32,238	57,510	67,631	74,050
Working capital	(11,205)	(34,828)	(38,060)	(46,629)
Non-current assets	153,261	151,300	114,486	114,439
Non-current liabilities	300,496	325,575	111,713	112,797
Equity attributable to owners of the Target	(158,427)	(209,086)	(35,030)	(44,805)

	<b>FY2018*</b>	<b>FY2019*</b>	<b>FY2020</b>	<b>1H2020</b>	<b>1H2021</b>
<b>Consolidated Statements of Cash Flows</b>					
<i>IDR 'million</i>					
Net cash flows from operating activities	14,178	(14,481)	(15,832)	(3,286)	5,879
Net cash flows used in investing activities	(12,728)	919	(1,165)	35	(821)
Net cash flows from financing activities	(3,334)	9,830	15,612	1,991	(3,220)
Net (decrease) / increase in cash and cash equivalents	(1,884)	(3,732)	(1,386)	(1,260)	1,838
Cash and cash equivalents at the end of the financial year / period	5,920	2,188	952	928	2,790

\* The financial information above for FY2018 and FY2019 have been prepared on a pro forma basis assuming that the disposal of the PT BE Group has been completed.

---

## APPENDIX E – FINANCIAL INFORMATION RELATING TO THE TARGET GROUP

---

Assuming the To Be Repaid SWK Loan has been repaid and the Conditional Loan Capitalisation is completed as at 30 June 2021, the unaudited pro forma consolidated statement of financial position of the Target Group will be as follows:

	<b>IDR' million</b>
NAV of the Target Group	(44,987)
Proportion of the Group's ownership	78.5%
Group's share of NAV of the Target Group	(35,315)
<i>Adjustment for:</i>	
To Be Repaid SWK Loan	15,993
Conditional Loan Capitalisation	22,223*
Group's share of Adjusted NAV of Target Group	2,901
Group's share of Adjusted NAV of Target Group (US\$ 'million)	0.2

	<b>IDR' million</b>
NTA of the Target Group	(45,010)
Proportion of the Group's ownership	78.5%
Group's share of NTA of the Target Group	(35,333)
<i>Adjustment for:</i>	
To Be Repaid SWK Loan	15,993
Conditional Loan Capitalisation	22,223*
Group's share of Adjusted NTA of Target Group	2,883
Group's share of Adjusted NTA of Target Group (US\$ 'million)	0.2

\* The adjustment for the Conditional Loan Capitalisation has been computed based on 78.5% of the total Remaining Shareholders Loan, in accordance with the Group's shareholding interest in the Target Group.

---

**APPENDIX F – FINANCIAL INFORMATION RELATING TO THE PT BE GROUP FOR FY2020**

---

	<b>FY2020</b>
<b>Consolidated Profit or Loss Statements</b>	
<i>IDR 'million</i>	
Revenue	-
Gross (loss) / profit	-
Loss before tax	(2,620)
Loss for the year / period	(2,771)
Loss attributable to owners of the Target	(2,770)

	<b>As at 31 December 2020</b>
<b>Consolidated Statements of Financial Position</b>	
<i>IDR 'million</i>	
Current assets	84
Current liabilities	765
Non-current assets	978
Non-current liabilities	22,545
Equity attributable to owners of the Target	(22,248)

---

**APPENDIX G – DIFFERENCES IN KEY TERMS OF THE ORIGINAL CSPA AND THE CSPA**

---

	<b>ORIGINAL CSPA</b>	<b>CSPA</b>
<i>Buyer</i>	PT Kencana Energi Lestari, Tbk. (“PT KEL”)	PT Biomassa Energi Jaya
<i>Purchase Consideration</i>	US\$4,313,746	US\$2,375,326
<i>Components of the Consideration</i>	<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) The cash consideration for the SWK Land, being approximately US\$72,722.</p> <p>(d) The value of the SWK Lease Fees, being approximately US\$21,817.</p> <p>(e) The amount of cash balances in the Target, PT EKP and PT LK as at 31 July 2019 attributable to the Seller, being approximately US\$119,840.</p>	<p>(a) The To Be Repaid SWK Loan, being approximately US\$1,103,287.</p> <p>(b) The consideration for the Sale Shares, being approximately US\$1,177,500.</p> <p>(c) The cash consideration for the SWK Land, being approximately US\$72,722.</p> <p>(d) The value of the SWK Lease Fees, being approximately US\$21,817.</p>
<i>Payment Terms</i>	<p>Refundable down payment of US\$1,500,000 in cash (paid by PT KEL to the Seller on 1 November 2019).</p> <p>The consideration components in (a), (b), (d) and (e), less the refundable down payment, to be paid at completion.</p> <p>The consideration component in (c) to be paid to the Seller within 14 business days upon the fulfilment of the conditions subsequent relating to the SWK Land.</p>	<p>The To Be Repaid SWK Loan will be repaid by the Buyer (either directly or through the Target) to the Seller in cash within one year from the Completion Date.</p> <p>The cash consideration for the Sale Shares is deemed paid to the Seller pursuant to the Collective Agreement.</p> <p>The cash consideration for 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.</p>

---

**APPENDIX G – DIFFERENCES IN KEY TERMS OF THE ORIGINAL CSPA AND THE CSPA**

---

		The value of the SWK Lease Fees will be paid in cash to the Seller at Completion.
<i>Assumption of the PT PLN Penalty</i>	N.A.	The Buyer will assume approximately US\$3.2 million of the PT PLN Penalty imposed on PT LK by PT PLN due to PT LK's failure to supply the minimum volume of electricity to PT PLN as required under the relevant power purchase agreement for the period from 1 January 2021 to 31 May 2025 (i.e., the expiry of the relevant power purchase agreement with PT PLN).
<i>Guarantor for OCBC Bank Facility</i>	PT KEL as guarantor of the loan given by Bank OCBC NISP to PT LK.	PT KEL and PT PIL as guarantors of the loan given by Bank OCBC NISP to PT LK.
<i>Guarantor for the To Be Repaid SWK Loan</i>	N.A.	PT KEL and PT PIL as joint and several guarantors of the To Be Repaid SWK Loan.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### KENCANA AGRI LIMITED

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

*All capitalised terms in this Notice of EGM and defined in the circular dated 23 December 2021 (the “**Circular**”) shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the Circular.*

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (the “**EGM**”) of Kencana Agri Limited (the “**Company**”) will be held by way of electronic means on 11 January 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the following ordinary resolution:-

#### **ORDINARY RESOLUTION 1: THE PROPOSED DISPOSAL**

That:

- (1) approval be and is hereby given for PT Sawindo Kencana (the “**Seller**”), an indirect wholly-owned subsidiary of the Company, to sell its 78.5% shareholding interest in the issued and paid-up share capital of PT Cahaya Permata Gemilang (the “**Target**”) for a consideration of approximately US\$2,375,326 (the “**Proposed Disposal**”) pursuant to the terms and subject to the conditions of the conditional shares sale and purchase agreement dated 10 August 2021 entered into between the Company, the Seller, PT Biomassa Energi Jaya (the “**Buyer**”) and the Target, as amended by a side letters dated 12 November 2021 and 10 December 2021, in connection with the Proposed Disposal, 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;
- (2) the Directors and/or each of them be and are hereby authorised to do all acts and things, enter into all transactions, arrangements and agreements, and approve, execute and deliver all documents as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraphs of this Ordinary Resolution 1 or the transactions contemplated by the Proposed Disposal as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group; and
- (3) to the extent that any action in connection with the matters referred to in the above paragraphs of this Ordinary Resolution 1 or the transactions contemplated by the Proposed Disposal has been performed or otherwise undertaken (whether partially or otherwise), it be and is hereby approved, ratified and confirmed.

#### **Notes to Ordinary Resolution 1:**

*Pursuant to Rule 914 of the Listing Manual, Mr. Henry Maknawi and Kencana Holdings Pte. Ltd. shall abstain, and shall procure that his/its associates and nominees abstain, from voting at the EGM in respect of Ordinary Resolution 1. In addition, Mr. Henry Maknawi and Kencana Holdings Pte. Ltd. shall not, and shall procure that his/its associates and nominees shall not, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the relevant Shareholders wish their votes to be cast for Ordinary Resolution 1.*

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*In view of his connection to PT Kencana Energi Lestari, Tbk., the 49% shareholder of the Buyer, as described in Section 3.5 of the Circular, Mr. Sim Idrus Munandar will procure that his associates and nominees who are Shareholders abstain from voting at the EGM in respect of Ordinary Resolution 1. In addition, Mr. Sim Idrus Munandar shall not, and shall procure that his associates and nominees shall not, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the relevant Shareholders wish their votes to be cast for Ordinary Resolution 1*

### BY ORDER OF THE BOARD

Lee Ying Ying  
Company Secretary

Singapore, 23 December 2021

#### Notes:

- (a) A Shareholder (including a relevant intermediary\*) entitled to vote at the Extraordinary General Meeting (the "EGM") must appoint the Chairman of the EGM to act as proxy and direct the vote at the EGM.
- (b) The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
- (c) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- (d) In the case of joint shareholders, all holders must sign the form of proxy.

#### IMPORTANT NOTICE TO SHAREHOLDERS ON ALTERNATIVE ARRANGEMENTS FOR THE EGM

In view of the safe distancing regulations to hold physical meetings and to minimize physical interactions and COVID-19 transmission risks, the Company will conduct its EGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of EGM ("Notice of EGM"), the proxy form and the circular dated 23 December 2021 will NOT be sent to Shareholders. Instead, the documents will be made available to Shareholders via publication on the Company's corporate website (<http://www.kencanaagri.com>) and on the SGX website (<https://www.sgx.com/securities/company-announcements>).

Alternative arrangements relating to, among others, attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the EGM, addressing of substantial and relevant questions prior to, or at the EGM and/or voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (including a relevant intermediary\*) will NOT be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.

\* Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any shareholder who is a relevant intermediary is required to appoint the Chairman of the EGM to attend and vote at the EGM. Relevant intermediary is either:

- i. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- ii. a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
- iii. the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

Shareholders may participate at the EGM by taking note of the following steps:

### 1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the EGM through a live audio-visual webcast or live audio-only stream (collectively, “**Live Webcast**”) via mobile phone, tablet, computer or any such electronic device.

In order to do so, a Shareholder including CPF / SRS Investors must pre-register no later than 10.00 a.m. on 8 January 2022 (the “**Registration Deadline**”), at the URL <http://KAL.availeasemgdwebinar.com>, for authentication of their status as Shareholders.

Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the EGM by 10.00 a.m. on 10 January 2022. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 10.00 a.m. on 10 January 2022 may contact the Company by email at [srs.teamE@boardroomlimited.com](mailto:srs.teamE@boardroomlimited.com) for assistance.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors other than CPF / SRS Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act and wish to participate in the EGM should approach their respective agents as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

### 2. Shareholders’ Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the EGM.

All questions must be submitted no later than 10.00 a.m. on 8 January 2022 to the Company:

- (1) via the pre-registration website at the URL <http://KAL.availeasemgdwebinar.com>; or
- (2) via email to [srs.teamE@boardroomlimited.com](mailto:srs.teamE@boardroomlimited.com).

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the EGM and upload the Company’s responses on the SGX website. The minutes of the EGM, which include responses to substantial queries from the Shareholders which are addressed during the EGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the EGM.

Investors other than CPF / SRS Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act can submit their questions in relation to any resolution set out in the Notice of EGM through their relevant intermediaries so that necessary arrangements can be made by the relevant agents to submit the questions to the Company.

### 3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the EGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The instrument appointing the Chairman of the EGM as proxy has been uploaded together with this Notice of EGM on SGX website on the same day.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

- (1) if by post, to the Share Registrar of the Company, at 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays)); or

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

(2) if sent by email to [srs.teamE@boardroomlimited.com](mailto:srs.teamE@boardroomlimited.com).

in either case, not less than 48 hours before the time for holding the EGM and at any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGX website at <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the EGM (i.e. by 5.00 p.m. on 30 December 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the cutoff date.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to appoint the Chairman of the EGM as proxy.

**IMPORTANT NOTICE:** Due to the evolving COVID-19 situation in Singapore, the Company may change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGX website. Shareholders are advised to check the SGX website regularly for updates on the EGM.

### Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the EGM as proxy to attend and vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via Live Webcast, or (c) submitting any question prior to the EGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from Shareholders received before the EGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.