

**BUMITAMA AGRI LTD.**

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

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**PROPOSED ACQUISITION OF 94.8% OF THE ISSUED SHARE CAPITAL OF PT. SUKSES MANUNGGAL SAWITINDO**

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*Unless otherwise defined, all capitalised terms used herein shall have the same meanings as ascribed to them in the prospectus (the “**Prospectus**”) of Bumitama Agri Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) which was registered by the Monetary Authority of Singapore on 3 April 2012.*

**1. INTRODUCTION**

As disclosed in the Prospectus, the Group had on 1 January 2011 entered into the GHL Cooperation Agreement with PT. Sukses Manunggal Sawitindo (“**SMS**”) and PT. Karya Manunggal Sawitindo (“**KMS**”). SMS and KMS are each an associate of one of the Company’s Controlling Shareholders, the Hariyantos, with SMS and KMS holding 80.0% and 20.0% of the total issued and paid up capital of PT. Gunajaya Harapan Lestari (“**GHL**”) respectively. Pursuant to the GHL Cooperation Agreement, the Group, *inter alia*, has the GHL Call Option over up to 80.0% of the total issued shares in GHL.

The Board of Directors of the Company (the “**Board**”) wishes to announce that the Group has on 18 October 2012 entered into a Conditional Sale and Purchase Agreement with the Lim Family (which includes one of the Company’s Controlling Shareholders, the Hariyantos) to acquire 94.8% of the total issued shares in SMS (the “**Acquisition**”, and the shares being acquired, the “**Target Shares**”). The Target Shares will be acquired by PT. Bumitama Sawit Lestari (“**BSL**”), a subsidiary of the Company. The Board notes that the Acquisition achieves substantially the same effect as the exercise of the GHL Call Option in respect of securing control over GHL.

The Acquisition is subject to the parties having received the relevant government approval(s) in Indonesia. Upon completion of the Acquisition:

- (a) the remaining 5.2% of the total issued shares in SMS will be held by KMS to satisfy the requirements of Investment Law No. 25 of 2007 in Indonesia; and
- (b) the rights and obligations of the Group, KMS and SMS in respect of the GHL Call Option will cease.

## 2. INFORMATION ON THE ACQUISITION

### 2.1 SMS

SMS is primarily engaged in the plantation business, and was incorporated on 13 March 2007 under Deed of Incorporation Number 37 made before Surjadi, SH, Notary at Jakarta, and obtained approval from the Ministry of Law and Human Right of Republic of Indonesia on 28 May 2007 under Decree Letter Number W7-05876 HT.01.01-TH.2007.

As mentioned above, SMS currently holds 80.0% of the total issued and paid up capital of GHL. As at the date of this announcement, GHL has an *Ijin Lokasi* covering 3,000 hectares of land in West Kalimantan (based on Decree of Head of Regent of Ketapang District No. 370 Tahun 2008 dated 7 October 2008, such decree being extended by the Head of Regent of Ketapang District based on Decree No. 415 Tahun 2010 dated 27 July 2010), and Plantation Business License No. 365/Disbun-D/2012 dated 23 August 2012 covering the same 3,000 hectares of land, of which 2,221 hectares consist of cultivated oil palm plantations.

As at the date of this announcement, the authorized capital of SMS is IDR 1 billion (equivalent to S\$127,437), and its paid up capital is IDR 250 million (equivalent to S\$31,859). Subsequent to the Acquisition, BSL and KMS shall increase the authorized and paid up capital of SMS to IDR 4 billion (equivalent to S\$509,749) and IDR 1 billion (equivalent to S\$127,437) respectively to satisfy the regulations issued by Capital Investment Coordinating Board of Indonesia (BKPM) and after the completion of such increment of authorized and paid up capital of SMS, both BSL and KMS agree that the shareholding composition of BSL and KMS in SMS shall be 95 % and 5 % respectively.

### 2.2 Consideration

The consideration for the Acquisition (the “**Consideration**”) will be as determined by KJPP Rengganis, Hamid & Rekan (the “**Valuer**”), an independent third party valuer to be jointly commissioned by the Group and the Lim Family by the end of October 2012, subject to the Consideration being less than 3% of the Group’s latest audited consolidated net tangible asset value, and will be payable in cash on completion of the Acquisition.

The Valuer has informed the Group that the indicative consideration for the Acquisition shall be approximately IDR 57 billion (equivalent to S\$7.26 million) (the “**Indicative Consideration**”), based on SMS’ pro-rata interest in the indicative total equity value of GHL.

The Consideration for the Acquisition will be funded by the Group’s internal resources.

### 2.3 Asset Values

As at 30 June 2012, the book value and net tangible asset value of the Target Shares is approximately IDR 237.5 million (equivalent to S\$0.03 million).

The open market value of the Target Shares has not yet been finally determined by the Valuer.

## 2.4 Net Profits

There are no profits or loss attributable to the Target Shares for the financial half-year ended 30 June 2012.

## 3. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Group's expansion plan to increase the hectareage of its land bank. In addition, GHJ's land is near the land bank of the Group. The close proximity would allow the Group to achieve operational efficiency through the sharing of resources such as labour and infrastructure.

## 4. FINANCIAL EFFECTS OF THE ACQUISITION

The Acquisition will not have a material impact on the net tangible assets and earnings per share of the Company based on the consolidated audited financial statements of the Group for the financial year ended 31 December 2011.

## 5. NON-DISCLOSEABLE TRANSACTION UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures in relation to the Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Basis	Relative Bases (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
1006(b)	The net profits attributable to the Target Shares <sup>(1)</sup> compared with the Group's net profits	Not applicable
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation <sup>(2)</sup> based on the total number of issued shares, excluding treasury shares	0.40
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	Not applicable

### Notes:

(1) Based on net profit as described in paragraph 2.4.

- (2) The Company's market capitalisation is based on 1,757,531,844 Shares in issue as at 17 October 2012 at a volume weighted average price of S\$1.025 at the close of trading on 17 October 2012 for each Share. The aggregate value of the consideration given is based on the Indicative Consideration.

As the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual amount to less than 5%, the Acquisition is considered a non-discloseable transaction under Chapter 10 of the Listing Manual.

## **6. INTERESTED PERSON TRANSACTION**

The Lim Family includes one of the Company's Controlling Shareholders, the Hariyantos. Accordingly, the Acquisition constitutes an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2011, the audited consolidated net tangible assets of the Group is approximately IDR 2,603.80 billion (equivalent to S\$331.82 million). Accordingly, the value of the Acquisition, based on the Indicative Consideration, is approximately 2.19% of the Group's latest audited consolidated net tangible asset. The value of the Acquisition, based on the Indicative Consideration, when aggregated with other transactions entered into with the Hariyantos and their associates during the financial year beginning 1 January 2012 that are not conducted under a general mandate, is approximately 2.19% of the Group's latest audited consolidated net tangible asset.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed above, other than interests held through the Company as shareholders, none of the Directors or Controlling Shareholders of the Company has any direct or indirect interest in the Acquisition.

The Company will update shareholders in the event that there are material developments in relation to the Acquisition.

By Order of the Board

Lim Gunawan Hariyanto  
Executive Chairman and Chief Executive Officer

19 October 2012

*Note:*

*The Joint Issue Managers for the Company's initial public offering are DBS Bank Ltd and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch. The Joint Issue Managers assume no responsibility for the contents of this announcement.*