

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

ACQUISITION AND CAPITALISATION OF PT DAMAI AGRO SEJAHTERA

1. INTRODUCTION

The Board of Directors of Bumitama Agri Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Group together with PT Karya Manunggal Sawitindo (“**KMS**”), an associate of the Group’s controlling shareholders, Dr Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto (also a director of the Company), had on 20 December 2016 entered into a sale and purchase agreement with Mr. Tommy Santoso and Mr. Djoni Rusmin (collectively, the “**Vendors**”) to acquire the entire issued and paid up share capital of PT Damai Agro Sejahtera (“**DAS**”). The Vendors are unrelated to the Group or KMS.

The aforesaid acquisition (the “**Acquisition**”) was completed on the same day, upon which the Group and KMS owned 90% and 10% of the issued and paid up share capital of DAS, respectively.

Following the completion of the Acquisition, the Group and KMS increased the capitalisation of DAS on the same day by subscribing for an aggregate of 2,250 new shares in the capital of DAS (the “**New Subscription Shares**”). Upon completion of the aforesaid subscription (the “**Subscription**”), the Group and KMS owned 95% and 5% of the issued and paid up share capital of DAS, respectively.

The participation of KMS is to satisfy the relevant local ownership laws in Indonesia.

2. INFORMATION ON DAS

DAS is primarily engaged in the plantation business and holds *Ijin Lokasi* (Location Permit) No. 27/PEM/2016 and *Ijin Usaha Perkebunan* (Plantation Business Permit) dated August 2016 covering a total land area of 9,436 hectares in West Kalimantan. The Group will be conducting high conservation value (HCV) and high carbon stock (HCS) assessments prior to the planting of the land, in compliance with the Roundtable on Sustainable Palm Oil Principles & Criteria (RSPO P&C) and the no deforestation, no peat and no exploitation (NDPE) sustainability policies of the Group.

Based on the unaudited financial statements of DAS for the 9-month period ended 30 September 2016, the book value and net tangible asset value of DAS is IDR 250 million (equivalent to S\$26,830¹).

3. CONSIDERATION

The total purchase consideration for the Acquisition is IDR 250 million (equivalent to approximately S\$26,830¹) (the “**Total Consideration**”). The Total Consideration was arrived at on a willing-buyer, willing-seller basis after taking into account the equity value of DAS.

The Group’s share of the Total Consideration is IDR 225 million (equivalent to approximately S\$24,147¹), being 90% of the Total Consideration, which the Group satisfied from its internal resources. The remaining 10% of the Total Consideration is borne by KMS.

4. 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, DAS’ land is situated directly next to the wildlife corridor that the Group is building at the edge of its existing land bank in West Kalimantan so as to enhance the biodiversity in the landscape of the Ketapang region. The close proximity of DAS’ land would allow the Group to achieve operational efficiency through the sharing of resources such as labour and infrastructure.

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 of the Singapore Exchange Securities Trading Limited (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 assets acquired or disposed of, compared with the Group’s net profits	Not meaningful ⁽¹⁾
1006(c)	The aggregate value of the consideration ⁽²⁾ given or received, compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	0.002%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities	Not applicable

¹ Based on the exchange rate of IDR 9,318 : S\$1

	previously in issue	
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Notes:

- (1) Not meaningful as DAS did not incur any profits or loss for the 9-month period ended 30 September 2016.
- (2) Based on IDR 225 million (equivalent to approximately S\$24,147¹), being the Group's share of the Total Consideration.
- (3) The Company's market capitalisation is S\$1,404,221,235 based upon 1,755,276,544 shares in issue as at, and a volume weighted average price of S\$0.800 at the close of trading on, 20 December 2016.

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

6. CAPITALISATION OF DAS

Following the completion of the Acquisition, the Group and KMS undertook the Subscription to increase the capitalisation of DAS by subscribing for an aggregate of 2,250 New Subscription Shares, at the aggregate subscription price of IDR 2.25 billion (equivalent to approximately S\$241,468¹) (the "**Total Subscription Amount**").

The Group's shares of the Total Subscription Amount is IDR 2.15 billion (equivalent to approximately S\$230,736¹), being 95.56% of the Total Subscription Amount, in return for 95.56% of the New Subscription Shares.

Upon the completion of the Subscription, the Group and KMS own 95% and 5% of the issued and paid up share capital of DAS, respectively.

7. INTERESTED PERSON TRANSACTIONS

As mentioned above, KMS is an associate of the Group's controlling shareholders, Dr Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto. Accordingly, the Acquisition and Subscription constitute interested person transactions 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 2015, the audited consolidated net tangible assets of the Group is approximately IDR 6,762 billion (equivalent to approximately S\$725,691,028¹). The value of the Acquisition and Subscription, based on the Group's share of the Total Consideration and the Total Subscription Amount, is approximately 0.004% of the Group's latest audited

¹ Based on the exchange rate of IDR 9,318 : S\$1

consolidated net tangible asset. The value of the Acquisition and Subscription, based on the Group's share of the Total Consideration and the Total Subscription Amount, when aggregated with other transactions entered into with Dr Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto and their associates during the financial year beginning 1 January 2016 that are not conducted under a general mandate, is approximately 1.5% of the Group's latest audited consolidated net tangible asset.

The audit committee of the Company is of the view that the risk and rewards of the Acquisition and the Subscription are in proportion to the equity of the Group and KMS in DAS, and the terms of the Acquisition and the Subscription are not prejudicial to the interests of the Company and its minority shareholders.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, and 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 or the Subscription.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and Chief Executive Officer

Date: 20 December 2016