

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

TERMINATION OF GY COOPERATION AGREEMENT AND GHL COOPERATION AGREEMENT

*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 November 2011 entered into the GY Cooperation Agreement with KMS and Westbrook International Pte Ltd (“**Westbrook**”) and had on 1 January 2011 entered into the GHL Cooperation Agreement with PT. Sukses Manunggal Sawitindo (“**SMS**”) and PT. Karya Manunggal Sawitindo (“**KMS**”).

SMS, KMS and Westbrook are each an associate of one of the Company’s Controlling Shareholders, the Hariyantos. Westbrook and KMS hold 95% and 5% of the total issued and paid up capital of PT Gemilang Makmur Subur (formerly known as PT GY Plantation Indonesia) (“**GMS**”) respectively while SMS and KMS hold 80% and 20% of the total issued and paid up capital of PT. Gunajaya Harapan Lestari (“**GHL**”) respectively.

Pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement, the Group will (i) manage and operate the plantations of GMS and GHL in return for a management fee; (ii) have the exclusive right to purchase any FFB produced from the plantations of GMS and GHL; and (iii) have a call option over up to 95% and 80% of the total issued shares in GMS and GHL (i.e. the GY Call Option and the GMS Call Option), respectively.

The aggregate area of land owned and/or controlled by GMS and GHL is approximately 7,310 hectares. Such land area of GMS and GHL had not been included in the total land bank of the Group, which stands at approximately 204,052 hectares as at the date of this announcement.

The Board of Directors of the Company (the “**Board**”) wishes to announce that the Group has agreed to terminate the GY Cooperation Agreement and the GHL Cooperation Agreement (collectively, the “**Termination**”) with effect from 31 July 2014 (the “**Termination Date**”).

The rights and obligations of the parties to the GY Cooperation Agreement, and the rights and obligations of the parties to the GHL Cooperation Agreement, will cease with immediate effect from the Termination Date. The unused portion of any payments which the Group may have paid for the purchase of FFB from GMS and GHL shall be fully refunded, and any

loan that the Group may have extended to GHL to rehabilitate their plantations shall be fully repaid, by end December 2014 at the latest.

2. INFORMATION ON THE TERMINATION

2.1 GMS & GHL

As mentioned above, Westbrook and KMS currently hold 95% and 5% respectively of the total issued and paid up capital of GMS. As GMS has yet to renew some of the licences required for the operation and management of its plantations, KMS and Westbrook have borne the risk of such non-compliance by acquiring GMS from unrelated third parties and entering into the GY Cooperation Agreement with the Group. However, as there is no certainty to date as to whether GMS can secure the renewal of the licenses required in respect of its remaining unplanted land, the Group had thus far decided not to exercise the GY Call Option as a matter of prudence.

As further mentioned above, SMS and KMS currently hold 80% and 20% respectively of the total issued and paid up capital of GHL. As the land owned by GHL is located on an island, it is subject to Minister of Marine and Fishery Regulation No. PER.20/MEN/2008 on the Usage of Small Island and Surrounding Water. Pursuant to such regulation, the foreign ownership of GHL is generally prohibited unless the prior approval of the Minister of Marine and Fishery is obtained, and such foreign ownership is limited to 80% of GHL.

As previously announced by the Company, the Group had on 18 October 2012 decided to acquire 94.8% of the issued shares in SMS (equivalent to a 75.8% indirect interest in GHL) in lieu of an exercise of GHL Call Option. However, as the completion of such acquisition is conditional upon GHL obtaining the approval from the Minister of Marine and Fishery and there is no certainty to date as to whether such approval can be obtained, the Group had elected to cancel the acquisition.

2.2 Rationale

As mentioned above, GMS has yet to secure the renewal of the licenses required in respect of its remaining unplanted land and foreign ownership of GHL is generally prohibited unless with the prior approval of the Minister of Marine and Fishery. The original intention of the Group was to exercise the GY Call Option on the consideration of the renewal of the relevant licenses for its entire area, and to exercise the GHL Call Option upon receipt by GHL of the approval of the Minister of Marine and Fishery for the transfer of an 80% interest in GHL, to secure control over GMS and GHL respectively.

However, in view of:

- (i) the long time that has elapsed and the lack of progress in obtaining the requisite approval of the Minister of Marine and Fishery in respect of GHL and the relevant licenses in respect of GMS;

- (ii) the fact that KMS and Westbrook have also been approached with offers from several potential buyers that are also unrelated to the Directors or Controlling Shareholders (including the Hariyantos) of the Company to sell GMS, and
- (ii) the fact that SMS and KMS have been approached with offers from several potential buyers that are unrelated to the Directors or Controlling Shareholders (including the Hariyantos) of the Company to sell GHL,

the Group and Westbrook and KMS have mutually agreed to terminate the GY Cooperation Agreement, and the Group and SMS and KMS have mutually agreed to terminate the GHL Cooperation Agreement.

3. FINANCIAL EFFECTS OF THE TERMINATION

The Termination will not have a material impact on the net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2014.

4. INTERESTED PERSON TRANSACTION

As SMS, KMS and Westbrook are each an associate of one of the Company's Controlling Shareholders, the Hariyantos, the Termination *prima facie* constitutes an interested person transaction for the purposes of Chapter 9 of the Listing Manual. Mr Lim Gunawan Hariyanto, the Executive Chairman and Chief Executive Officer of the Company, who is associated with the Hariyantos is deemed to be interested in the Termination.

As the value of the Termination is less than S\$100,000, the requirements of Rule 905 and Rule 906 of the Listing Manual are not applicable.

5. 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 Termination.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and CEO

7 August 2014