

**BUMITAMA AGRI LTD.**

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

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**ACQUISITION AND CAPITALISATION OF PT LANGGENG MAKMUR SEJAHTERA**

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**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), has on 3 June 2016 acquired the entire issued and paid up share capital of PT Langgeng Makmur Sejahtera (**“LMS”**) from Mr. Tommy Santoso and Mr. Djoni Rusmin (collectively, the **“Vendors”**). The Vendors are individuals who are unrelated to the Group or KMS. Following the completion of the aforesaid acquisition (the **“Acquisition”**), the Group and KMS own 95% and 5% of the issued and paid up share capital of LMS, respectively. The participation of KMS was to satisfy the relevant local ownership laws in Indonesia, and the relevant governmental approvals in Indonesia have also been obtained for the Acquisition.

LMS is primarily engaged in the plantation business and holds the *Ijin Lokasi* (Location Permit) and Plantation Business Permit for plantation land in Central Kalimantan covering 4,810 hectares, of which 4,208 hectares is planted.

**2. CONSIDERATION**

The total purchase consideration for the Acquisition is IDR 250 million (equivalent to approximately S\$25,797<sup>1</sup>) (the **“Total Consideration”**). The Total Consideration was arrived at on a willing-buyer, willing-seller basis using the equity value.

The Group’s share of the Total Consideration is IDR 237.5 million (equivalent to approximately S\$24,507<sup>1</sup>), being 95% of the Total Consideration, which the Group will be satisfying from its internal resources. The remaining 5% of the Total Consideration will be borne by KMS.

**3. ASSET VALUES**

As at 31 March 2016, the negative book value and negative net tangible asset value of LMS is IDR 16.64 billion (equivalent to approximately S\$1,717,293<sup>1</sup>), based on the unaudited financial statements of LMS for the 3-months period ended 31 March 2016. The negative book value and negative net tangible asset value of LMS is due to its financial obligations

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<sup>1</sup> Based on the exchange rate of IDR 9,691 : S\$1

and other liabilities amounting to IDR 486.75 billion, which is offset by the value of its assets (mainly comprising of plantation assets) amounting to IDR 470.11 billion.

#### 4. RATIONALE FOR THE ACQUISITION

The Group was initially approached by the Vendors to consider the Acquisition as they lacked the resources to continue to manage LMS' business. The Acquisition is in line with the Group's expansion plan to increase the hectarage of its land bank. In addition, LMS' land is situated near the existing land bank of the Group, and the close proximity 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 <sup>(1)</sup>
1006(c)	The aggregate value of the consideration <sup>(2)</sup> given or received, compared with the Company's market capitalisation <sup>(3)</sup> 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 previously in issue	Not applicable

#### Notes:

- (1) Not meaningful as there was a net loss of approximately IDR 6.29 billion (equivalent to approximately S\$649,127<sup>1</sup>) for the 3 months ended 31 March 2016 that was attributable to the 95% interest in LMS that was acquired by the Group, as compared to the Group's net profits of IDR 262.32 billion (equivalent to approximately S\$27,068,001<sup>1</sup>) for the same period based on the Company's unaudited financial statements for the 3-months period ended 31 March 2016.

<sup>1</sup> Based on the exchange rate of IDR 9,691 : S\$1

- (2) Based on IDR 237.5 million (equivalent to approximately S\$24,507<sup>1</sup>), being the Group's share of the Total Consideration.
- (3) The Company's market capitalisation is S\$1.395 billion based upon 1,755,276,544 shares in issue as at, and a volume weighted average price of S\$0.795 at the close of trading on, 3 June 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 LMS

Following the completion of the Acquisition, the Group and KMS intends to increase the capitalisation of LMS by subscribing for an aggregate of 2,250 new shares in the capital of LMS (the "**New Subscription Shares**"), at the aggregate subscription price of IDR 2.25 billion (equivalent to approximately S\$232,174<sup>1</sup>) (the "**Total Subscription Amount**").

The Group's shares of the Total Subscription Amount will be IDR 2.15 billion (equivalent to approximately S\$221,855<sup>1</sup>), being 95% of the Total Subscription Amount, in return for 95% of the New Subscription Shares.

Upon the completion of the aforesaid subscription (the "**Subscription**"), the Group and KMS will continue to respectively own 95% and 5% of the issued and paid up share capital of LMS.

## 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 constitutes 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\$697,759,674<sup>1</sup>). 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 consolidated net tangible asset. The value of the Acquisition and Subscription, based on the Consideration, 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 1.6% of the Group's latest audited consolidated net tangible asset.

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<sup>1</sup> Based on the exchange rate of IDR 9,691 : S\$1

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 LMS, 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: 7 June 2016