



UPDATE ON PROPOSED JOINT VENTURE FOR OIL PALM CULTIVATION IN KABUPATEN KETAPANG, PROVINSI KALIMANTAN BARAT, REPUBLIC OF INDONESIA ("JV")

- Proposed disposal of 95% equity interest in PT Permata Sawit Mandiri ("PT PSM") to PT Suryaborneo Mandiri ("PT SBM" or the "Purchaser") for a total cash consideration of USD3,190,000

1. INTRODUCTION

We refer to our previous announcements in respect of the JV. The Board of Directors of Genting Plantations Berhad ("**GENP**" or the "**Company**") ("**Board**") wishes to announce that Palma Citra Investama Pte Ltd ("**PCitra**" or the "**Vendor**"), a 73.685% indirect subsidiary of GENP, had on 25 January 2017 entered into a conditional sale and purchase agreement with PT SBM, a related party, for the purpose of disposing 950 Series A shares and 34,100 Series B shares of IDR1,000,000 each in PT PSM representing 95% equity interest in PT PSM for a cash consideration of USD3,190,000 ("**SPA**") ("**Proposed Disposal**").

PT PSM will cease to be an indirect 70% owned subsidiary of GENP upon completion of the Proposed Disposal.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Salient terms of the SPA

2.1.1 Disposal of PT PSM

The Vendor has agreed that it shall sell and the Purchaser has agreed that it shall purchase 950 Series A shares and 34,100 Series B shares of IDR1,000,000 each in PT PSM ("**Sale Shares**") representing 95% equity interest in PT PSM for a cash consideration of USD3,190,000 ("**Sale Shares Price**"), free from all encumbrances and together with all rights, benefits, title to, interest in and entitlements attaching thereto.

2.1.2 Sale Shares Price

The Sale Shares Price was arrived at based on a willing-buyer willing-seller basis which is equivalent to the net assets of PT PSM.

2.1.3 Payment of Sale Shares Price

Subject to the fulfillment of the conditions precedent to the SPA (as set out in Section 2.1.4 below), the Sale Shares Price shall be paid by the Purchaser to the Vendor on the day the Vendor effects the transfer of the Sale Shares to the Purchaser ("**Completion Date**").

2.1.4 Conditions precedent

Both the Vendor and Purchaser shall procure the relevant approvals, regulatory clearances or exemptions (as the case may be) from the boards of directors or shareholders of the Vendor, Purchaser, PT PSM and third parties in relation to the transactions contemplated by the SPA.

2.2 Vendor's original investment in PT PSM

The Vendor acquired the Sale Shares on 1 April 2014 for USD2,964,100 and has subsequently provided a loan of approximately USD2,663,000 to PT PSM. The Vendor's related company, PT Citra Sawit Cemerlang ("PT CSC") has also provided a loan of approximately USD1,102,000 to PT PSM.

2.3 Brief financial information of PT PSM

Based on the audited financial statement for the financial year ended 31 December 2015, PT PSM's profit after taxation and net assets were USD15,765 and USD3,202,600 respectively.

2.4 Utilisation of proceeds

The cash proceeds from the Sale Shares Price are intended to be used by PCitra to partly settle amounts owing to PalmIndo Holdings Pte Ltd ("PalmIndo") (previously known as Palm Agri Holdings Pte Ltd), its holding company which PalmIndo shall utilise such settlement amount towards funding the JV's plantation development activities when required.

2.5 Liabilities to be assumed

All outstanding liabilities of PT PSM (including the Vendor's loan and PT CSC's loan to PT PSM) on Completion Date shall be assumed by the Purchaser. Other than the outstanding liabilities of PT PSM on Completion Date, there are no other liabilities (including contingent liabilities and/or guarantees) to be assumed by the Purchaser pursuant to the Proposed Disposal.

3. INFORMATION ON PT PSM

PT PSM was incorporated in Indonesia under the laws of Indonesia on 30 July 2004. The issued and paid-up share capital is IDR41,920,000,000 comprising 1,000 Series A shares and 40,920 Series B shares of IDR1,000,000 per share. The principal activity of PT PSM is in oil palm plantation.

PT PSM is 95% owned by PCitra with the balance 5% owned by PT Sawit Mandira, a company incorporated in Indonesia wholly owned by the Sepanjang Group, our joint venture partner in the JV.

PT PSM has been issued with an Izin Lokasi or Location Permit and Izin Usaha Perkebunan or Plantation Business License for 17,022 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia ("**PT PSM's Land**"). To date, PT PSM's Land has not been cultivated with oil palm.

4. INFORMATION ON THE VENDOR

The Vendor was incorporated in Singapore under the laws of Singapore on 17 October 2005. The issued and paid-up share capital is SGD100,000 comprising 100,000 ordinary shares. The Vendor is principally an investment holding company.

The Vendor is a wholly owned subsidiary of PalmIndo where both GENP and the Sepanjang Group holds 73.685% and 26.315% equity interest in PalmIndo via PalmIndo Sdn Bhd, a company incorporated in Malaysia and Dali Agro Corp ("**Dali**"), a company in the British Virgin Islands respectively.

5. INFORMATION ON THE PURCHASER

The Purchaser was incorporated in Indonesia under the laws of Indonesia on 17 January 2008. The issued and paid-up share capital of the Purchaser is IDR300,000,000 comprising 300 ordinary shares of IDR1,000,000 per share.

The Purchaser is principally an investment holding company and is wholly owned by the Sepanjang Group. The Sepanjang Group is a related party by virtue of it being a major shareholder in PCitra where it owns an effective interest of 26.315% held through PalmIndo.

6. RATIONALE FOR THE DISPOSAL OF PT PSM

Following a detailed assessment on the suitability of PT PSM's Land for the development and cultivation into oil palm plantation covering a range of considerations including economic, environmental and social aspects, it was determined that the plantable area is relatively small in size, not contiguous and scattered across its Izin Lokasi and therefore taken as a whole, PT PSM's Land is not economically feasible for the development and operations of an oil palm plantation.

The Proposed Disposal to the Sepanjang Group will allow GENP, through PCitra to recover all sums invested in PT PSM.

7. RISK FACTORS

The Board of GENP does not foresee any extraordinary or material risk factors pertaining to the Proposed Disposal.

8. FINANCIAL EFFECTS

i) Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on GENP's issued and paid-up share capital and substantial shareholders' shareholdings.

ii) Net assets and net assets per share

The Proposed Disposal will not have any material effects on GENP Group's net assets and net assets per share.

iii) Gearing

The Proposed Disposal will not have any material effect on GENP Group's gearing.

iv) Earnings and earnings per share

PCitra is expecting a no gain no loss from the Proposed Disposal as the Sale Shares Price is equivalent to PCitra's investment in PT PSM. Hence, the Proposed Disposal will not have any material effect on the earnings of GENP Group.

9. APPROVALS REQUIRED

The Proposed Disposal is not subject to any approval from GENP's shareholders or any other regulatory authorities.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

The Purchaser is a wholly owned subsidiary of the Sepanjang Group. The Sepanjang Group is a major shareholder of PCitra where it owns an effective equity interest of 26.315% held through PalmIndo. Therefore, the Purchaser is deemed a related party by virtue of the Sepanjang Group being a major shareholder of PCitra. Accordingly, the Sepanjang Group has abstained and will continue to abstain from deliberating and voting at the relevant board meetings in relation to the Proposed Disposal.

Save for the above, none of the directors and major shareholders of GENP and/or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

11. PERCENTAGE RATIOS UNDER PARAGRAPH 10.02(g) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“LISTING REQUIREMENTS”)

Pursuant to paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is 0.73%, based on GENP’s audited consolidated financial statements for the financial year ended 31 December 2015.

Upon aggregating the Proposed Disposal with previous GENP Group transactions with the Sepanjang Group for the twelve (12) months preceding the date of this announcement, the highest percentage applicable is 5.45%. However, pursuant to paragraph 10.08 (9), the Proposed Disposal is exempted from having to issue a circular to GENP shareholders, obtaining GENP shareholders’ approval for the Proposed Disposal in a general meeting and appointing a main adviser and independent adviser, as the case may be, notwithstanding the highest applicable percentage ratios being more than 5%.

12. RELATED PARTY TRANSACTIONS

In view of the interests disclosed in Section 10 above, the Proposed Disposal is deemed to be a related party transaction under Chapter 10 of the Listing Requirements. Pursuant to paragraph 10.08 (9) of the Listing Requirements, the Proposed Disposal does not require the issuance of a circular to GENP shareholders, obtaining GENP shareholders’ approval for the Proposed Disposal in a general meeting and appointing a main adviser and independent adviser even though the highest applicable percentage ratio is more than 5% as disclosed in Section 11 above.

13. BOARD OF DIRECTORS AND AUDIT COMMITTEE STATEMENT

The Board of Directors and Audit Committee of GENP, having considered all aspects of the Proposed Disposal including the basis and justification for the Sale Shares Price for the Proposed Disposal, the rationale for the Proposed Disposal and the salient terms of the SPA, are of the opinion that the Proposed Disposal is:

- i) in the best interest of GENP;
- ii) fair, reasonable and on normal commercial terms; and
- iii) not detrimental to the interest of the minority shareholders of GENP.

14. COMPLIANCE WITH AND DEPARTURE FROM THE GUIDELINES ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES ISSUED BY THE SECURITIES COMMISSION (“SC GUIDELINES”)

The Board is not aware of any departure from the SC Guidelines in relation to the Proposed Disposal.

15. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Disposal is expected to be completed in 1Q 2017.

16. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of the Company during normal office hours on any working day for a period of three (3) months commencing from the date of this announcement.

This announcement is dated 25 January 2017.