



# Straits Asia Resources

STRAITS ASIA RESOURCES LIMITED  
(Incorporated in the Republic of Singapore on June 10, 1995)  
(Company Registration No. 19954024R)  
(**"Straits Asia"**)

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## PRE-CONDITIONAL MANDATORY CASH OFFER FOR SHARES IN STRAITS ASIA

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### 1. **Introduction**

The Board of Directors ("**Board**") of Straits Asia wishes to inform shareholders of Straits Asia ("**Shareholders**") that J.P. Morgan (S.E.A.) Limited ("**J.P. Morgan**") for and on behalf of Lints Limited ("**Offeror**"), has on 23 March 2009 made an announcement ("**Pre-Conditional Offer Announcement**") that the Offeror and Straits Resources Limited ("**Seller**") have on 22 March 2009 entered into a sale and purchase agreement ("**Sale and Purchase Agreement**") relating to the sale and purchase of ordinary shares in the capital of Straits Bulk & Industrial Pty Ltd ("**SBI**"), a company incorporated in Australia ("**Acquisition**"), representing approximately 60 per cent. of all the issued shares in the capital of SBI for a cash consideration of up to US\$335 million. Completion of the Acquisition ("**Completion**") is subject to the satisfaction of the conditions precedent ("**Conditions Precedent**") set out in the Pre-Conditional Offer Announcement. The Pre-Conditional Offer Announcement states that the current deadline for the satisfaction (or, if applicable, waiver) of the Conditions Precedent as set out in the Sale and Purchase Agreement is 30 June 2009 or such other date as the Offeror and the Seller may agree in writing.

### 2. **Pre-Conditional Offer Announcement**

2.1 As at the date of the Pre-Conditional Offer Announcement, SBI owned an aggregate of 514,679,220 ordinary shares in Straits Asia, representing approximately 47.10 per cent. of all the issued shares in the capital of Straits Asia ("**Straits Asia Shares**").<sup>1</sup>

2.2 The Pre-Conditional Offer Announcement states, *inter alia*, that:

- (a) pursuant to the Acquisition and subject to Completion, the Offeror and parties acting in concert with it, will acquire effective control (as defined in the Singapore Code on Take-overs and Mergers ("**Code**")) of Straits Asia;

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<sup>1</sup> In the Pre-Conditional Offer Announcement, for the purposes of computation, the number of Straits Asia Shares was 1,092,836,614.

- (b) in accordance with Note 6 to Rule 14.1 of the Code, the Offeror is required, on Completion, to make a mandatory cash offer (the "**Offer**"), for all the Straits Asia Shares, other than those already owned, controlled or agreed to be acquired by the Offeror ("**Offer Shares**"), in accordance with Section 139 of the Securities and Futures Act (Chapter 289 of Singapore) and the Code. Accordingly, if and when Completion occurs, J.P. Morgan, for and on behalf of the Offeror, will immediately announce a firm intention on the part of the Offeror to make the Offer;
- (c) if and when the Offer is made, the Offeror will make the Offer at an offer price (the "**Offer Price**") of S\$0.807 in cash for each Offer Share. In accordance with Note 3 to Rule 14.3 of the Code, the Offer Price was calculated based on the simple average of the daily volume weighted average traded prices of the Straits Asia Shares (rounded up to the nearest half cent) on the latest 20 trading dates prior to the date of the Pre-Conditional Offer Announcement, being the period from 23 February 2009 to 20 March 2009;
- (d) if and when the Offer is made, the Offer will be extended on the same terms and conditions to all new Straits Asia Shares unconditionally issued or to be issued pursuant to (i) the valid action of any options to subscribe for any new Straits Asia Shares granted under Straits Asia's Employee Share Option Scheme or otherwise, (ii) the valid exercise of any warrants into new Straits Asia Shares ("**Warrants**") under the Warrant Issue Agreement dated 14 November 2008 between Straits Asia and Standard Chartered Bank, and (iii) the valid acceptance of any awards to subscribe for any new Straits Asia Shares granted under the Straits Asia's Executive Share Acquisition Plan or otherwise, each prior to the close of the Offer. For the purposes of the Offer, the expression "**Offer Shares**" shall include such new Straits Asia Shares; and
- (e) if and when Completion occurs, J. P. Morgan, for and on behalf of the Offeror, will also make an offer to the holder(s) of Warrants to acquire the Warrants, in accordance with Rule 19 of the Code ("**Warrants Offer**"), the Offer and the Warrants Offer to be mutually exclusive.

A copy of the Pre-Conditional Offer Announcement is attached herewith to this Announcement and is also available on the website of the Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com). Shareholders are advised to refer to the full-text of the Pre-Conditional Offer Announcement.

### **3. Independent Financial Adviser**

The Board will, in due course, appoint an independent financial adviser in connection with the Offer. If and when the Offer is made, a circular containing the advice of the independent financial adviser and the recommendation of the Directors of Straits Asia who are considered independent for the purposes of the Offer will be sent to Shareholders within 14 days from the date of despatch of the offer document to be issued by or on behalf of the Offeror.

**In the meantime, Shareholders are advised to exercise caution when dealing with their Shares and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests.** Shareholders should note that as the making of the Offer is subject to Completion occurring in accordance with the

terms of the Sale and Purchase Agreement, there is no certainty that the Offer will be made. Straits Asia will release further announcements at the appropriate junctures.

**4. Directors' Responsibility Statement**

The Directors of Straits Asia (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and the opinions expressed in this announcement are fair and accurate and no material facts have been omitted from this announcement.

Where information has been extracted from published or otherwise publicly available sources (including, without limitation, the Pre-Conditional Offer Announcement), the sole responsibility of the Directors of Straits Asia has been to ensure that such information has been correctly and accurately extracted from these sources, or as the case may be, accurately reflected or reproduced in this announcement.

The Directors of Straits Asia jointly and severally accept full responsibility accordingly.

By Order of the Board  
**Straits Asia Resources Limited**

James Carter  
Company Secretary

23 March 2009

## Pre-Conditional Mandatory Cash Offer

By

**J.P. Morgan (S.E.A.) Limited**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198500154W)

for and on behalf of

**Lints Limited**

(Incorporated in Hong Kong)  
(Company Registration No. 1211985)

a wholly-owned subsidiary of



**PTT International Company Limited**

(Incorporated in Thailand)  
(Company Registration No. 0105550103485)

to acquire all the issued ordinary shares  
in the capital of

**Straits Asia Resources Limited**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199504024R)

other than those already owned, controlled or agreed  
to be acquired by Lints Limited

### 1. Introduction

- 1.1 **Acquisition.** J.P. Morgan (S.E.A.) Limited (“**J.P. Morgan**”) wishes to announce, for and on behalf of Lints Limited (the “**Offeror**”), that the Offeror and Straits Resources Limited (the “**Seller**” or “**SRL**”) have on 22 March 2009 entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) relating to the sale and purchase of ordinary shares in the capital of Straits Bulk & Industrial Pty Ltd (“**SBI**”), a company incorporated in Australia (the “**Acquisition**”), representing approximately 60 per cent. of all the issued shares in the capital of SBI (the “**SBI Shares**”), for a cash consideration of up to US\$335 million. Completion of the Acquisition (“**Completion**”) is subject to various conditions precedent being satisfied, including those set out in **Section 2.2** of this Announcement (the “**Conditions Precedent**”).

The total cash consideration of up to US\$335 million comprises an upfront payment of US\$220 million on Completion and a performance payment of up to US\$115 million payable post-Completion (the “**Performance Payment**”). The Performance Payment relates to certain matters in connection with the reserve upgrades in relation to the mine located on Sebuk Island, South Kalimantan, Indonesia owned by Straits Asia Resources

Limited (“SAR”) or as otherwise agreed between the Offeror and the Seller. The Performance Payment is expected to be made during 2009.

Post-Completion, all the SBI Shares will be held by the Offeror and the Seller in 60 per cent. and 40 per cent. proportions respectively, and the Offeror and Seller will enter into a co-investment shareholders’ agreement to govern their respective rights and obligations in relation to SBI (the “Shareholders’ Agreement”).

- 1.2 Note 6 to Rule 14.1 of the Code.** Under Note 6 to Rule 14.1 of the Singapore Code on Take-overs and Mergers (the “Code”), where a person acquires statutory control of a company as determined by reference to the Code and thereby acquires effective control<sup>1</sup> of a second company because the first company itself holds, either directly or indirectly, a controlling interest in the second company, such person may be required to make an offer for the second company.

As at the date of this Announcement (the “Announcement Date”), SBI owns an aggregate of 514,679,220 ordinary shares in SAR, representing approximately 47.10 per cent. of all the issued shares in the capital of SAR (the “SAR Shares”) <sup>2</sup>. Accordingly, pursuant to the Acquisition and subject to Completion, the Offeror and parties acting in concert with it will acquire effective control of SAR.

- 1.3 Pre-Conditional Offer.** In accordance with Note 6 to Rule 14.1 of the Code, the Offeror is required, on Completion, to make a mandatory cash offer (the “Offer”) for all the SAR Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Code. Accordingly, subject to Completion, the Offeror will make the Offer.

## **2. Pre-Conditional Offer**

- 2.1 Completion.** The Offer will not be made unless and until Completion occurs in accordance with the terms of the Sale and Purchase Agreement. Accordingly, all references to the Offer in this Announcement refer to the possible Offer which will only be made if and when Completion occurs in accordance with the terms of the Sale and Purchase Agreement.

- 2.2 Conditions Precedent.** Completion of the Sale and Purchase Agreement is conditional upon satisfaction of various conditions, including the following:

**2.2.1** either:

- (i) a notice in writing has been issued by or on behalf of the Treasurer of the Commonwealth of Australia (the “Treasurer”) stating that the Commonwealth government does not object to the Offeror and the Seller entering into and completing the Sale and Purchase Agreement, and if subject to conditions which the Treasurer considers necessary, such conditions being acceptable to the affected party (acting reasonably); or

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<sup>1</sup> The term “effective control” is as defined in the Code.

<sup>2</sup> In this Announcement, for the purposes of computation, the number of SAR Shares is 1,092,836,614, as provided by the Seller to the Offeror.

- (ii) the Treasurer has become precluded from making an order in respect of the Acquisition under the Foreign Acquisitions and Takeovers Act of Australia 1975 (Cth);
  - 2.2.2 no Material Adverse Change<sup>3</sup> having occurred between the date of the Sale and Purchase Agreement and 8.00 a.m. (Western Australia standard time) on the date of Completion;
  - 2.2.3 SBI has retained, or remains entitled to receive, all dividends, returns of capital and other distributions, declared, paid or payable by SAR to the holders of the SAR Shares since 31 December 2008, including the Dividend (as defined in **Section 3.3.3** of this Announcement below), and SBI has not paid, divested itself of, or agreed, whether conditionally or unconditionally, to pay or divest itself of all or any part of such dividend, return of capital, distribution, or its entitlement to receive such a dividend, return of capital or distribution to any person, including the Seller;
  - 2.2.4 SBI and Mr. Martin Purvis (the current Chief Operating Officer of SRL) entering into an employment agreement on terms satisfactory to the Offeror, in relation to the appointment of Mr. Martin Purvis as the Chief Executive Officer of SBI; and
  - 2.2.5 in relation to the US\$300,000,000 term and revolving facilities agreement between SAR and Standard Chartered Bank ("**StanChart**") dated 14 November 2008 (the "**StanChart Facilities Agreement**"), the Offeror being satisfied on reasonable grounds and comfortable that it is likely that either (i) StanChart will waive its right, upon the triggering of a mandatory review event as a result of the Acquisition, to cancel all facilities under the StanChart Facilities Agreement or declare all outstanding moneys immediately due and payable by SAR, or (ii) SAR will be able to refinance the facilities under the StanChart Facilities Agreement on terms that are satisfactory to the Offeror, acting reasonably and having regard to the economic conditions at the time of refinancing.
- 2.3 Deadline.** The current deadline for the satisfaction (or, if applicable, waiver) of the Conditions Precedent as set out in the Sale and Purchase Agreement is 30 June 2009 or such other date as the Offeror and the Seller may agree in writing.
- 2.4 Offer Announcement.** If and when Completion occurs, J.P. Morgan, for and on behalf of the Offeror, will immediately announce a firm intention on the part of the Offeror to make the Offer (the "**Offer Announcement**"). The formal document, setting out the terms and conditions of the Offer (the "**Offer Document**") and enclosing the appropriate form(s) of acceptance of the Offer, will be despatched to the shareholders of SAR ("**Shareholders**") not earlier than 14 days and not later than 21 days from the date of the Offer Announcement. **However, if Completion does not occur, the Offer will not be made**

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<sup>3</sup> The term "**Material Adverse Change**" in the Sale and Purchase Agreement means the occurrence of an event, or series of events, which directly and adversely affects the physical operations at any mine located at Jembayan or Sebuku in Indonesia which results in a decrease in the aggregate value of the mines in Jembayan and Sebuku in Indonesia by more than 20 per cent. from their aggregate value as at the date of the Sale and Purchase Agreement (without taking into account the relevant event or events), such values to be determined by applying a discounted cash flow methodology, and for the avoidance of doubt, a Material Adverse Change does not occur as a direct or indirect result of a decrease in commodity prices, fuel prices, exchange rates, economic downturn and revision of forecast.

and J.P. Morgan, for and on behalf of the Offeror, will issue an announcement confirming that fact as soon as reasonably practicable.

Shareholders are advised to exercise caution when dealing in SAR Shares.

### 3. Offer

#### 3.1 Offer Price. The Offer, if and when made, will be made on the following basis:

For each Offer Share : S\$0.807 in cash (the “Offer Price”)

In accordance with Note 3 to Rule 14.3 of the Code, the Offer Price was calculated based on the simple average of the daily volume weighted average traded prices of the SAR Shares (rounded up to the nearest half cent) on the latest 20 trading days prior to the Announcement Date, being the period from 23 February 2009 to 20 March 2009<sup>4</sup>.

#### 3.2 Offer Shares. The Offer, if and when made, will be extended, on the same terms and conditions, to all new SAR Shares unconditionally issued or to be issued pursuant to (i) the valid exercise of any options (the “Options”) to subscribe for new SAR Shares granted under the SAR Employee Share Option Plan or otherwise, (ii) the valid exercise of any warrants into new SAR Shares (the “Warrants”) under the Warrant Issue Agreement dated 14 November 2008 between SAR and StanChart, and (iii) the valid acceptance of any awards (“Awards”) to subscribe for new SAR Shares granted under the SAR Executive Share Acquisition Plan or otherwise, each prior to the close of the Offer. For the purposes of the Offer, the expression “Offer Shares” shall include such new SAR Shares.

#### 3.3 No Encumbrances. The Offer Shares will be acquired:

3.3.1 fully paid;

3.3.2 free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and

3.3.3 together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including all voting rights, the right to receive and retain all dividends, rights and other distributions which may be announced, declared, paid or made by SAR on or after the Announcement Date. If any dividend, other distribution or return of capital is announced, declared, paid or made on or after the Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

Without prejudice to the generality of the foregoing, the Offer Shares will be acquired with the right to receive and retain the final tax-exempt dividend of US\$0.0218 for each Offer Share to be paid by SAR on 22 May 2009 (the “Dividend”), subject to the approval of Shareholders at an annual general meeting of SAR scheduled to be held on 30 April 2009 (the “AGM”). In particular:

- (i) if the settlement date in respect of the Offer Shares tendered in acceptance of the Offer falls on or before the proposed record date for the Dividend of

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<sup>4</sup> The computation is based on data extracted from Bloomberg.

11 May 2009 (the “**Record Date**”), the Offeror will pay the relevant accepting Shareholders the Offer Price for each Offer Share, as the Offeror will receive the Dividend in respect of those Offer Shares from SAR; and

- (ii) if the settlement date in respect of the Offer Shares tendered in acceptance of the Offer falls after the Record Date, the amount of the Dividend in respect of such Offer Shares will be deducted from the Offer Price payable for each such Offer Shares, as the Offeror will not receive the Dividend in respect of those Offer Shares from SAR.

The Offeror understands from SAR that, subject to the approval of the Dividend by Shareholders at the AGM, in the case of Shareholders (other than SBI, which will be paid the Dividend in United States dollars), SAR will make arrangements to convert the Dividend from United States dollars into Singapore dollars at the prevailing exchange rate to be obtained by SAR on a reference date to be determined by SAR (the “**FX Rate**”). Accordingly, in the event that the settlement date in respect of the Offer Shares tendered in acceptance of the Offer falls after the Record Date, the amount to be deducted from the Offer Price payable for each Offer Share tendered in acceptance of the Offer will be the amount of the Singapore dollar equivalent of the Dividend (converted at the FX Rate) for such Offer Share paid or payable to the relevant accepting Shareholder by SAR.

**3.4 Minimum Acceptance Condition.** Pursuant to Rule 14.2 of the Code, the Offer, if and when made, shall be conditional on the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the number of SAR Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of SAR Shares carrying more than 50 per cent. of the voting rights attributable to all the SAR Shares as at the close of the Offer (including any voting rights attributable to any new SAR Shares issued or to be issued pursuant to the valid exercise of any outstanding Options or Warrants or the valid acceptance of any outstanding Awards prior to the close of the Offer).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the number of SAR Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of SAR Shares carrying more than 50 per cent. of the maximum potential issued shares in SAR. For purposes of this Announcement, the “**maximum potential issued shares in SAR**” means the total number of SAR Shares which would be in issue had all the outstanding Options and Warrants been validly exercised and all outstanding Awards been validly accepted as at the date of such declaration.



#### **4. Warrants Offer**

**4.1 Warrants.** As at 20 March 2009, being the market day immediately preceding the Announcement Date (the “**Latest Practicable Date**”), there are 35,000,000 outstanding Warrants issued to StanChart. Under the terms of issue, each Warrant:

4.1.1 may be exercisable into one new SAR Share at an exercise price of S\$1.095 (subject to adjustments in accordance with the applicable condition enforced and/or endorsed on the certificate issued in respect of the Warrant) (the “**Warrant Exercise Price**”) from 5 December 2008 (being the date of issue) to 24 May 2010; and

4.1.2 is transferable by the holder of the Warrant (the “**Warrant Holder**”).

**4.2 Warrants Offer.** If and when Completion occurs, J.P. Morgan, for and on behalf of the Offeror, will make an offer to the Warrant Holder(s) to acquire the Warrants, in accordance with Rule 19 of the Code (the “**Warrants Offer**”).

**4.3 Warrant Offer Price.** In accordance with Note 1 to Rule 19 of the Code, the offer price for each Warrant (the “**Warrant Offer Price**”) is computed on a “see-through” basis. In other words, the Warrant Price in relation to a Warrant is the amount by which the Offer Price is in excess of the Warrant Exercise Price. Where the Warrant Exercise Price is equal to or in excess of the Offer Price, the Warrant Offer Price for each Warrant will be fixed at S\$0.001.

The Offeror understands that, as at the Latest Practicable Date, no adjustments have been made to the Warrant Exercise Price of S\$1.095 for each Warrant. Therefore, as the Warrant Exercise Price is in excess of the Offer Price of S\$0.807, the Warrant Offer Price for each Warrant shall be S\$0.001.

**4.4 Offer and Warrants Offer Mutually Exclusive.** For the avoidance of doubt, whilst the Warrants Offer is conditional upon the Offer becoming or being declared unconditional, the Offer will not be conditional upon acceptances received in relation to the Warrants Offer. The Offer and the Warrants Offer are separate and are mutually exclusive. The Warrants Offer does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if a Warrant Holder exercises its Warrants in order to accept the Offer in respect of the new SAR Shares to be issued pursuant to such exercise, it may not accept the Warrants Offer in respect of such Warrants. Conversely, if a Warrant Holder wishes to accept the Warrants Offer in respect of its Warrants, it may not exercise those Warrants in order to accept the Offer in respect of the new SAR Shares to be issued pursuant to such exercise.

**4.5 Despatch Date.** Details of the Warrants Offer will be despatched to Warrant Holders not later than the date of despatch of the Offer Document.

#### **5. Information on SBI and SAR**

**5.1 SBI.** SBI is a proprietary company limited by shares and incorporated in New South Wales, Australia on 28 August 1996. As at the Latest Practicable Date, SBI holds (i) approximately 47.10 per cent. of all the SAR Shares, (ii) an approximately 35 per cent.

interest in an unincorporated joint venture with Far East Energy Corporation Pty Ltd relating to certain coal exploration rights in Brunei, and (iii) an approximately 33.5 per cent. shareholding in certain coal deposits in the Sakoa Coal Basin in Madagascar. As soon as possible after Completion, SRL shall, pursuant to the terms of the Sale and Purchase Agreement, transfer to SBI an Australian salt project which is in a preliminary evaluation phase. Further, a team of executives with coal expertise, headed by Mr. Martin Purvis, will be transferred from SRL to SBI prior to Completion

Pursuant and subject to the terms of the Shareholders' Agreement, the Offeror shall be entitled to appoint up to three directors to the board of directors of SBI (the "**SBI Board**"), and SRL shall be entitled to appoint up to two directors to the SBI Board.

- 5.2 SAR.** SAR is a public company limited by shares incorporated in Singapore on 10 June 1995 and listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). As at the Latest Practicable Date, the directors of SAR were (i) Mr Milan Jerkovic (Chairman), (ii) Mr Richard Ong Chui Chat, (iii) Mr Michael George Gibson, (iv) Mr Martin David Purvis, (v) Dr Chua Yong Hai, and (vi) Mr Han Eng Juan.

SAR is primarily engaged in thermal coal mining at the Sebuku coal operation located on Sebuku Island, South Kalimantan, Indonesia and the Jembayan coal operation located in East Kalimantan, Indonesia. In addition, SAR has an 80 per cent. interest in a coking coal exploration concession at Laung, Central Kalimantan, Indonesia. SAR also owns PT Indo Straits, a marine engineering, construction and barging business.

SAR has a large, diversified customer base comprising large power generation companies, located in Japan, South Korea, Taiwan and Europe. A large proportion of customers purchase coal under long-term sales contracts, with prices fixed annually. Key customers include Chebu Electric Power Company (Japan), Kansai Electric Power Company (Japan), Korea East-West Power Company (Korea), and Glencore International AG (Switzerland), amongst many others.

## **6. Information on the Offeror, PTTI and PTT**

- 6.1 Offeror.** The Offeror was incorporated in Hong Kong on 20 February 2008. It is a wholly-owned subsidiary of PTT International Company Limited ("**PTTI**"), which in turn is a wholly-owned subsidiary of PTT Public Company Limited ("**PTT**"). As at the Latest Practicable Date, the sole director of the Offeror was Mr. Tevin Vongvanich, the Senior Executive Vice President, Corporate Strategy and Development of PTT.
- 6.2 PTTI.** PTTI is a company incorporated in Thailand on 1 October 2007 to undertake international investments for the group of companies headed by PTT. As at the Latest Practicable Date, the directors of PTTI were (i) Mr Tevin Vongvanich, (ii) Mr Toemchai Bunnag, (iii) Ms Penchun Jarikasem, (iv) Ms Prisana Praharnkhasuk, (v) Ms Siriwan Chierapong, and (vi) Ms Napaporn Porngrissadakul.
- 6.3 PTT.** PTT is a company incorporated under the laws of Thailand and is majority-owned by the Thai Ministry of Finance. It was listed on the Stock Exchange of Thailand following the privatisation and incorporation of the Petroleum Authority of Thailand, Thailand's national oil and gas company. It is currently at the head of Thailand's leading energy related group of companies.

## **7. Rationale for the Acquisition and the Offer, and the Offeror's intentions for SAR**

**7.1 Rationale for the Acquisition and the Offer.** Coal represents an important long term diversification strategy and growth opportunity for PTT. PTT will also benefit from the coal expertise of the management team who has been responsible for SRL's success and growth in coal to date, and who will be transferred from SRL to SBI prior to Completion.

The Acquisition is consistent with PTT's business strategy and will enable PTT to diversify its resource base and income streams. PTT recognises the strength of SAR as a low cost producer of highly marketable coal products with substantial long-term potential, a high quality client base and a talented employee pool. The acquisition opportunity provides PTT with a well balanced portfolio of producing coal assets, enabling PTT to immediately realise its investment.

SBI's coal assets have the requisite quality and scale with upside potential to provide PTT with a strong strategic platform to grow its coal business. In addition, the investment will form the basis of a strategic alliance between PTT and a strong bulk commodities partner which will foster the further growth of PTT in the minerals and energy sector.

The Offer, if and when made, is required for compliance with Note 6 to Rule 14.1 of the Code.

**7.2 The Offeror's Intentions for SAR.** The Offeror presently has no intention to (i) introduce any major changes to the business of SAR, (ii) re-deploy the fixed assets of SAR, or (iii) discontinue the employment of the employees of SAR and its subsidiaries, save in the ordinary course of business. However, the directors of the Offeror retain the flexibility at any time to consider any options in relation to SAR and its subsidiaries which may present themselves and which they may regard to be in the interest of the Offeror.

## **8. Compulsory Acquisition and Listing Status**

**8.1 Compulsory Acquisition.** Under Section 215(1) of the Companies Act, Chapter 50 (the "Companies Act"), if the Offeror receives acceptances pursuant to the Offer for not less than 90 per cent. of all the SAR Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer, including the 514,679,220 SAR Shares held by SBI as at the Latest Practicable Date, representing approximately 47.10 per cent. of all the SAR Shares), the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire, at the Offer Price, all the SAR Shares of Shareholders who have not accepted the Offer.

**The Offeror has no intention to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, if and when arising.**

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of SAR Shares which, together with the SAR Shares held by it, its related corporations and their respective nominees, comprise 90 per cent. or more of all the SAR Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their SAR Shares at the Offer Price. Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

**8.2 Listing Status.** Under Rule 1105 of the Listing Manual of the SGX-ST (the “**Listing Manual**”), in the event that the Offeror and parties acting in concert with it, as a result of the Offer or otherwise, own or control more than 90 per cent. of all the SAR Shares (excluding treasury shares), the SGX-ST may suspend the listing of the SAR Shares until such time when the SGX-ST is satisfied that at least 10 per cent. of all the SAR Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the percentage of the SAR Shares (excluding treasury shares) held in public hands falls below 10 per cent., SAR must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the SAR Shares. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of all the SAR Shares (excluding treasury shares), thus causing the percentage of SAR’s total number of the SAR Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of SAR Shares at the close of the Offer.

Rule 725 of the Listing Manual states that the SGX-ST may allow SAR a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of the SAR Shares in public hands to at least 10 per cent., failing which SAR may be delisted.

**It is the present intention of the Offeror to maintain the listing status of SAR on the SGX-ST.** However, in the event the SGX-ST suspends the listing of SAR Shares pursuant to the rules of the Listing Manual, the Offeror will reassess its position in respect of its shareholding interests in SAR.

## **9. Financial Evaluation of the Offer**

**9.1 Financial Evaluation of the Offer.** The Offer Price represents a discount over the recent market prices of the SAR Shares. Specifically, the Offer Price represents the following discounts:

	<b>Benchmark price<sup>5</sup></b>	<b>(Discount to) the benchmark price</b>
(i) Last transacted price as quoted on the SGX-ST on 20 March 2009, being the Latest Practicable Date	0.845	(4.5%)
(ii) Volume-weighted average price (“ <b>VWAP</b> ”) for the one-week period up to the Latest Practicable Date	0.833	(3.1%)
(iii) VWAP for the one-month period up to the Latest Practicable Date	0.809	(0.2%)

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<sup>5</sup> The figures set out in **Section 9.1** of this Announcement are based on data extracted from Bloomberg.

		<b>Benchmark price<sup>5</sup></b>	<b>(Discount to) the benchmark price</b>
(iv)	VWAP for the three-month period up to the Latest Practicable Date	0.860	(6.2%)
(v)	VWAP for the six-month period up to the Latest Practicable Date	0.877	(7.9%)

## 10. Disclosures

**10.1 Shareholdings.** As at the Latest Practicable Date<sup>6</sup>, none of (i) the Offeror, (ii) PTTI, (iii) PTT, (iv) the wholly-owned subsidiaries of PTTI, (v) the directors of the Offeror, PTTI, PTT and the wholly-owned subsidiaries of PTTI, or (vi) J.P. Morgan and its affiliates regarded as acting in concert with the Offeror in connection with the Offer (each, a “**Relevant Person**”) owned, controlled or had agreed to acquire any SAR Shares or securities which carry voting rights in SAR or are convertible into SAR Shares or securities which carry voting rights in SAR, or rights to subscribe for, or options in respect of, such SAR Shares or securities.

**10.2 Dealings.** As at the Latest Practicable Date<sup>7</sup>, neither the Offeror nor any of the Relevant Persons has dealt for value in any SAR Shares or convertible securities during the six-month period immediately preceding the Announcement Date.

**10.3 Irrevocable Undertakings.** As at the Announcement Date, SBI has given irrevocable undertakings to the Offeror (the “**SBI Undertakings**”) that it will (and will procure that its nominee(s), if any, and where applicable, any person acting in concert with it will), during the period of the Offer:

**10.3.1** not tender any of the SAR Shares held by it in acceptance of the Offer;

**10.3.2** not directly or indirectly (i) offer, sell, transfer, give or otherwise dispose of, (ii) grant any option, right or warrant to purchase in respect of, (iii) charge, mortgage, pledge or otherwise create an encumbrance over, or (iv) enter into any swap or other arrangement that transfers to another any of the legal, beneficial or economic consequences of ownership of, all or any of the SAR Shares or any interest therein (or enter into any agreement with the view to effecting any of the foregoing);

**10.3.3** (and for a period of six months after the close of the Offer or, as the case may be, for a period of 12 months after the Offer lapses or is withdrawn without having become unconditional), other than with the consent of the Securities Industry Council (where required) and the Offeror, not directly or indirectly (i) subscribe for, (ii) purchase, (iii) acquire any option, right or warrant to purchase in respect of, or (iv) enter into any swap or other arrangement that transfers to it any of the legal,

<sup>6</sup> The information relating to the shareholding of J.P. Morgan (and its affiliates regarded as acting in concert with the Offeror in connection with the Offer) is as at 19 March 2009, being the latest practicable date for J.P. Morgan.

<sup>7</sup> The information relating to the dealings in SAR Shares and convertible securities by J.P. Morgan (and its affiliates regarded as acting in concert with the Offeror in connection with the Offer), is as at 19 March 2009, being the latest practicable date for J.P. Morgan.

beneficial or economic consequences of ownership of, all or any of the SAR Shares or any interest therein (or enter into any agreement with the view to effecting any of the foregoing); and

- 10.3.4** subject to the provisions of the Code, vote all of the SAR Shares held by it, at any and all general meetings (and at any adjournment(s) thereof) of SAR, in favour of any resolution(s) necessary or proposed to appoint one or more persons nominated by PTTI or the Offeror, as the case may be, as directors of SAR.

The SBI Undertakings will lapse (a) on the close of the Offer or (b) if the Offer lapses or is withdrawn without having become unconditional, provided that the lapsing of the undertakings shall be without prejudice to any provisions which are expressed to survive the expiration of the SBI Undertakings.

Save for the SBI Undertakings, as at the Latest Practicable Date, neither the Offeror nor any of the Relevant Persons has received any irrevocable undertaking from any party to accept or reject the Offer.

- 10.4 Confidentiality.** In the interests of confidentiality, the Offeror has not made any enquiries in respect of certain parties who are acting in concert with it in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the Offer Announcement and the Offer Document.

## **11. Expected Timeline**

The expected timeline for the Acquisition and the Offer is set out in the **Schedule** to this Announcement.

## **12. Responsibility Statement**

The directors of the Offeror and PTTI (including any who may have delegated detailed supervision of this Announcement) and Mr. Prasert Bunsumpun (the President and Chief Executive Officer of PTT) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from SAR, the sole responsibility of the directors of the Offeror and PTTI and Mr. Prasert Bunsumpun has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by

**J.P. Morgan (S.E.A.) Limited**

For and on behalf of

**Lints Limited**

23 March 2009

Singapore

Any inquiries relating to this Announcement or the Offer should be directed to:

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**Daniel Kleijn**

Executive Director,  
Head of M&A Southeast Asia

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## THE SCHEDULE

### EXPECTED TIMELINE FOR THE ACQUISITION AND THE OFFER

Event		Date
Date of Signing of Sale and Purchase Agreement	:	22 March 2009
Date of announcement of the pre-conditional Offer	:	23 March 2009
Expected date of satisfaction of the Conditions Precedent and Completion	:	30 April 2009
Expected date of announcement of firm intention on the part of the Offeror to make the Offer (“D”) <sup>(1)</sup>	:	30 April 2009
Date of despatch of the formal document setting out terms and conditions of the Offer <sup>(1)</sup>	:	Not earlier than 14 days after but not later than 21 days after D
Offer opens for acceptance <sup>(1)</sup>		Not earlier than 14 days after but not later than 21 days after D

Shareholders should note that save for (i) the date of signing of the Sale and Purchase Agreement, and (ii) the date of announcement of the pre-conditional Offer, the above timeline is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Offeror for the exact date of such events.

**Note:**

(1) Assuming Completion occurs.