

OLAM INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Registration No. 199504676H)

**THE PROPOSED SUBSCRIPTION OF SHARES IN
OLAM INTERNATIONAL LIMITED BY MITSUBISHI CORPORATION**

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Olam International Limited (the "**Company**") wishes to announce that the Company has on 27 August 2015 (the "**Signing Date**") entered into a subscription agreement (the "**Subscription Agreement**") with Mitsubishi Corporation (the "**Subscriber**", and together with the Company, the "**Parties**"), pursuant to which the Company shall allot and issue 332,727,273 ordinary shares ("**Shares**") in the Company ("**New Shares**") to the Subscriber at S\$2.75 per New Share (the "**Subscription Price**") (the "**Proposed Subscription**").
- 1.2 The Proposed Subscription will be undertaken by way of private placement in accordance with section 272B of the Securities and Futures Act (Chapter 289 of Singapore). The New Shares shall be allotted and issued pursuant to the general share issue mandate obtained from the shareholders of the Company ("**Shareholders**") at the Annual General Meeting of the Company held on 30 October 2014.
- 1.3 The New Shares represent approximately 13.6% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 12.0% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) immediately following the completion of the Proposed Subscription.
- 1.4 The Company will be making an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the New Shares on the SGX-ST (the "**Application**") and will make the necessary announcements once the approval in-principle of the listing and quotation of the New Shares has been obtained from the SGX-ST.

2. INFORMATION ON SUBSCRIBER AND RATIONALE FOR THE PROPOSED SUBSCRIPTION

- 2.1 As at the date of this Announcement, the Subscriber is a company incorporated under the laws of Japan and is listed on the Tokyo Stock Exchange and the Osaka Stock Exchange. Based on information obtained from the Subscriber, the Subscriber is the largest general trading company (*sogo shosha*), and the Subscriber and its subsidiaries' (the "**Subscriber Group**") have operations in approximately 90 countries worldwide, together employing a multinational workforce of approximately 70,000 people.

The Living Essentials Group within Mitsubishi operates businesses in fields including distribution, retail and restaurants, providing consumers with products such as foods, clothing, daily consumer necessities and medical goods.

- 2.2 The Subscriber was identified by the Company through a competitive bidding process undertaken by the Company to raise growth capital. The Company is undertaking the Proposed Subscription to raise growth capital, which will enable it to take advantage of selective value

accretive investment opportunities that are presented by the current macro-economic uncertainty and depressed commodity market conditions. The Proposed Subscription will also set a strong platform for a long term strategic partnership between the Company and the Subscriber, with several mutually beneficial potential collaboration opportunities.

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

The following is a summary of the principal terms of the Proposed Subscription:

3.1 New Shares

The New Shares shall be issued free from all and any encumbrances and will rank *pari passu* in all respects with the existing Shares, including, without limitation, any entitlements, distributions, dividends or rights, the record date in respect of which falls on or after the Completion Date (as defined below).

3.2 Subscription Price

The Subscription Price represents a premium of 49.7% over the weighted average price of the Shares of S\$1.84 for trades done on the SGX-ST on 26 August 2015, being the full market day immediately preceding the date on which the Subscription Agreement was signed, up to 10.05 a.m. on 27 August 2015 (being the time at which trading in the Shares was halted). The gross proceeds arising from the aggregate consideration payable by the Subscriber for the subscription of the New Shares is S\$915,000,001 (the "**Gross Proceeds**").

3.3 Conditions Precedent

Completion of the Proposed Subscription ("**Completion**") is conditional upon the following conditions having been fulfilled (or, to the extent permitted, waived):

- (a) the in-principle approval for the Application being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that such conditions for the listing and quotation of the New Shares on the Main Board of the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled; and
- (b) the allotment, issue and subscription of the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscriber.

For the purpose of the Proposed Subscription, "**Completion Date**" shall mean the date falling ten (10) business days after the date on which the last of the conditions set out in the paragraph above have been fulfilled (or, to the extent permitted, waived), or such later date as the Company and the Subscriber may agree in writing.

3.4 Directors

Pursuant to the Subscription Agreement, and subject to Completion:

- (a) the Subscriber has the right to nominate one (1) director to the Board, for so long as it holds Shares representing not less than 10% of the issued and paid-up capital of the Company; and

- (b) the Subscriber has the right to nominate one (1) additional director to the Board of Directors (together with the director nominated in sub-paragraph (a) above, a total of two (2) directors), for so long as it holds Shares representing not less than 15% of the issued and paid-up capital of the Company.

Each nominee of the Subscriber appointed to the Board shall have the right to be appointed to a total of three (3) committees of the Board, provided that the total number of nominees of the Subscriber on each committee of the Board shall not exceed one (1) at any time.

3.5 Management

Pursuant to the Subscription Agreement, and subject to Completion, each of the Company and the Subscriber undertakes to the other that:

- (a) it shall discuss in good faith with a view to implementing the appointment of candidates nominated by the Subscriber to the management team of the Company;
- (b) it shall establish a management committee of four (4) or six (6) members comprising an equal number of members nominated by each Party, which terms of reference shall relate to the execution and implementation of potential synergies between the Parties' respective businesses, including the Japan JV (as defined below) and any potential business strategies as may be mutually agreed between the Parties to be explored from time to time; and
- (c) it shall, together with the other Party, hold a top management meeting between representatives of each Party (being the senior members of each Party's management team) not less than once every three (3) months for the purposes of discussing and negotiating the overall strategy of the strategic alliance between the Parties and the progress of the Japan JV and other potential business strategies as may be mutually agreed between the Parties to be explored from time to time.

3.6 Japan JV

Pursuant to the Subscription Agreement, and subject to Completion, each of the Subscriber and the Company undertakes to each other that it shall discuss and negotiate in good faith with the other Party on a definitive agreement to be entered into in relation to a proposed joint venture between the Parties in respect of Japan (the "**Japan JV**"), the key terms of which include the following:

- (a) an entity incorporated under the laws of Japan will be designated for the purpose of undertaking the Japan JV (the "**JV Vehicle**");
- (b) the JV Vehicle will be appointed by each of the Company and the Subscriber as the importer and marketer for Japan of an agreed list of products (the "**Relevant Products**"); and
- (c) all purchases of Relevant Products by the JV Vehicle will be on arms' length commercial terms.

4. **USE OF PROCEEDS**

- 4.1 The Board is of the view that the Proposed Subscription is beneficial to the Company and its subsidiaries (the "**Group**") as it will support future growth of the Group via selective value accretive investment opportunities that may be presented by the current macro-economic

uncertainty and depressed commodity market conditions.

4.2 The Company will use the Gross Proceeds as follows:

- a) approximately S\$913.5 million to S\$914.0 million of the Gross Proceeds will be used as capital to fund the growth and expansion of the Group's business (equivalent to approximately 99.84% to 99.89% of the Gross Proceeds); and
- b) approximately S\$1.0 million to S\$1.5 million of the Gross Proceeds will be used to pay the estimated professional and other fees and expenses, incurred or to be incurred by the Company in connection with the Proposed Subscription (equivalent to approximately 0.11% to 0.16% of the Gross Proceeds).

Pending the deployment of the Gross Proceeds for the purposes mentioned above, such Gross Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, repay existing debt, or used for any other purpose on a short-term basis, as the Board may, in its absolute discretion, deem appropriate in the interests of the Group.

4.3 The Company will make periodic announcements on the utilisation of proceeds from the Proposed Subscription as and when the funds from the Proposed Subscription are materially disbursed and provide a status report of the use of proceeds from the Proposed Subscription in the Company's annual report.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

For illustration purposes only and based on the unaudited financial statements of the Group for the 12 month period ended 30 June 2015, the financial effects of the Proposed Subscription are set out below. The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Group immediately after the Completion.

Based on the assumptions above and assuming that the Proposed Subscription had been effected at the beginning of that 12 month period, the basic earnings per Share after adjusting for the issuance of the New Shares will decrease from S\$0.1116 to S\$0.0982. In addition, based on the assumptions above and assuming that the Proposed Subscription had been effected at the end of that 12 month period, the consolidated net asset value per Share after adjusting for the issuance of the New Shares will increase from S\$1.6595 to S\$1.7879.

6. CONFIRMATION FROM SGX-ST ON RULE 803 OF THE LISTING MANUAL

The Subscriber has informed the Board that, in a separate and independent transaction, it will be acquiring 221,962,556 Shares from Kewalram Singapore Limited ("**Kewalram**"), a substantial shareholder of the Company. Upon completion of this acquisition and the completion of the Proposed Subscription, the Subscriber will hold approximately 20.0% in aggregate of the enlarged issued and paid-up share capital of the Company (excluding treasury shares). The Company has obtained a confirmation from the SGX-ST that Rule 803 of the Listing Manual of the SGX-ST is not applicable to the Proposed Subscription.

7. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. R. Jayachandran is the Chairman of the Board and a non-executive Director of the Company. He is also a director of Kewalram. Mr. Narain Girdhar Chanrai is a non-executive

Director of the Company. He is also the Managing Director of Kewalram, and is deemed interested in the Shares held by Kewalram.

None of (a) the Directors, or (b) Temasek Holdings (Private) Limited or Kewalram, being substantial Shareholders, has any interest, direct or indirect, in the Proposed Subscription (other than through their respective shareholding interests in the Company) and/or the Subscriber.

Shareholders and investors should note that completion of the Proposed Subscription is subject to the fulfillment of the conditions precedent set out above, and are therefore advised to exercise caution in their dealings in the Shares.

By Order of the Board

Sunny Verghese
Chief Executive Officer

28 August 2015