

IOI CORPORATION BERHAD (“IOIC” OR THE “COMPANY”)

PROPOSED DISPOSAL

(Unless otherwise stated, the exchange rate of European Dollar (“EUR”) 1.00 : Ringgit Malaysia (“RM”) 5.1003 and United State Dollar (“USD”) 1.00 : RM4.2705 (“Exchange Rate”), being the middle rates published by Bank Negara Malaysia on 30 August 2017, being the latest practicable date (“LPD”) prior to this announcement, has been used throughout this announcement for illustration and translation purposes)

1. INTRODUCTION

On behalf of the board of directors of IOIC (“**Board**”), AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) wishes to announce that the Company had on 12 September 2017, entered into a definitive share purchase agreement (“**SPA**”) with Koninklijke Bunge B.V. (“**KBBV**” or the “**Purchaser**”), a wholly-owned subsidiary of Bunge Limited (“**Bunge**”), for the disposal of 70.0% of IOIC’s equity interest held in Loders Croklaan Group B.V. (“**Loders**”) (after completion of the Internal Restructuring (as defined herein)), a wholly-owned subsidiary of IOIC, to KBBV for a total cash consideration of USD595.00 million plus EUR297.00 million, subject to the Adjustments (as defined herein) in accordance with the terms and conditions of the SPA (“**Disposal Consideration**”) (“**Proposed Disposal**”).

Details of the Proposed Disposal are set out in the ensuing sections.

2. INTERNAL RESTRUCTURING

As part of the conditions precedent of the SPA, prior to the completion of the Proposed Disposal, IOIC is required to complete an internal restructuring exercise, which involves Loders acquiring all of IOIC’s equity interest in the following companies:-

- (i) IOI Lipid Enzymtec Sdn Bhd (“**IOILE**”), a wholly-owned subsidiary of IOIC; and
- (ii) IOI Edible Oils (HK) Limited (“**IEO HK**”), a wholly-owned subsidiary of IOIC

(“**Internal Restructuring**”).

(Loders and its subsidiary companies (prior to the completion of the Internal Restructuring) (“**Loders Group**”), IOILE and IEO HK are collectively referred to as the “**Target Companies**”)

For information purposes, it is not the intention of the parties to include IOI Loders Croklaan SC B.V. and Soyuz Loders Croklaan Corporation as part of the Proposed Disposal.

After completion of the Proposed Disposal, KBBV and IOIC will hold equity interests of 70.0% and 30.0% respectively in Loders.

3. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal of IOIC’s equity interest in the Target Companies to the Purchaser for the Disposal Consideration, which amounts to a total cash consideration of USD595.00 million plus EUR297.00 million and subject to the following adjustments:-

- (i) add / (less) 70.0% of the excess / (deficit) of the Net Working Capital over the Reference Net Working Capital of the Target Companies;

- (ii) add 70.0% of the cash in the Target Companies ("**Cash**");
 - (iii) less 70.0% of the outstanding Debt (other than Financial Debt) of the Target Companies;
 - (iv) less the entire amount of outstanding Financial Debt of the Target Companies;
 - (v) less Transaction Expenses;
 - (vi) less 70.0% of the Ghana Shea Plant Adjustments ^(a);
 - (vii) less 70.0% of the Xiamen Plant Adjustments ^(b);
 - (viii) add / (less) 70.0% of the absolute value of the Derivative Adjustment Amount if it is a positive / (negative) number; and
 - (ix) add / (less) 70.0% of the Open Commercial Book Adjustment Amount
- (items (i) to (ix) are collectively referred to as the "**Adjustments**").

Notes:-

- a) *Ghana Shea Plant means a plant under development by IOI Loders Croklaan Industries Limited for shea butter fabrication, to be located in Tema, Greater Accra, Ghana; and*
- b) *Xiamen Plant means a plant under development by IOI (Xiamen) Edible Oils Co., Ltd for the production of specialty oils and fats with a refinery, chemical interesterification, hydrogenation and packing capabilities, located in Xiamen, Fujian province, People's Republic of China.*

Please refer to **Appendix I** of this announcement for the detailed explanation of the items comprised in the Adjustments.

Pursuant to the terms and conditions of the SPA, IOIC shall, not fewer than 7 business days prior to the Closing Date (as defined herein), deliver to the Purchaser a statement setting forth an estimated amount of the Adjustments ("**Pre-Closing Statement**"). A preliminary disposal consideration based on the estimated Adjustments ("**Preliminary Disposal Consideration**") will be paid by the Purchaser to IOIC on the Closing Date.

Within 90 days after the Closing Date, the Purchaser will deliver to IOIC a statement ("**Closing Statement**") setting forth the final Adjustments, after taking into consideration whether the Ghana Shea plant and/or the Xiamen plant are commissioned prior to the delivery of the Closing Statement.

IOIC or the Purchaser will then settle the difference between the Preliminary Disposal Consideration and the disposal consideration computed in the Closing Statement ("**Net Adjustment**").

In the event the Ghana Shea plant and/or the Xiamen plant are not commissioned prior to the delivery of the Closing Statement, IOIC or the Purchaser will then settle the difference based on a statement to be delivered by the Purchaser to IOIC within 30 days after the Ghana Shea plant and/or the Xiamen plant are commissioned.

Further details of the Target Companies are set out in **Appendix II** of this announcement.

The Company will release the relevant announcements in relation to the final Disposal Consideration, at a later date.

3A Illustration of Adjustments and the indicative Disposal Consideration

For illustrative purposes, based on the financial statements of the Target Companies for FYE 30 June 2016, the Adjustments will be as follows:-

	Adjustments (EUR' mil)
Add / (Less): 70% of the Excess / (deficit) of the Net Working Capital	-(a)
Add: 70.0% of the Cash	11.50 ^(b)
Less: 70.0% of the outstanding Debt	(1.60) ^(c)
Less: outstanding Financial Debt	-(d)
Less: Transaction Expenses	-(e)
Less: 70.0% of the Ghana Shea Plant Adjustments	(15.70)
Less: 70.0% of the Xiamen Plant Adjustments	(16.70)
Add / (Less): 70% of the absolute value of the Derivative Adjustment Amount	-(a)
Add / (Less): 70% Open Commercial Book Adjustment Amount	-(a)
	(22.50)

Notes:-

- (a) Assuming no adjustment is required.
- (b) Assuming the cash balances in IEO HK will be fully utilised for purposes of the Xiamen plant.
- (c) Assuming no Capex Debt Amount on Closing Date.
- (d) It is the intention of the Company to settle all the outstanding Financial Debt prior to the completion of the Proposed Disposal.
- (e) Assuming all Transaction Expenses, which are not expected to be material, have been settled before the Closing Date.

Based on the foregoing, the indicative Disposal Consideration after the Adjustments will be USD595.00 million plus EUR274.50 million (total approximately RM3,940.90 million) as follows:-

Disposal consideration (' mil)		RM' mil
USD	595.00	2,540.90
EUR	297.00	1,514.80
Less: Adjustments (EUR) ⁽¹⁾	(22.50)	(114.80)
	274.50	1,400.00
Indicative Disposal Consideration		3,940.90

Note:-

- (1) For avoidance of doubt, the Adjustments are to be fully settled in EUR.

3.1 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at based on negotiations between IOIC and Bunge on a "willing-buyer willing-seller basis" after taking into consideration the following:-

- (i) The enterprise value ("EV") to earnings before interest, taxation, depreciation and amortisation ("EBITDA") multiple ("EV/EBITDA") of approximately 13 times based on the total audited EBITDA of the Target Companies for financial year ended ("FYE") 30 June 2016 of approximately EUR89.70 million; and

- (ii) The Adjustments, which are intended for the Proposed Disposal to be undertaken on a net of cash and external debt basis as well as with a normalised level of working capital necessary for the operations of the Target Companies in their ordinary course of business.

In assessing the Disposal Consideration, the Board has taken into consideration the listed agribusiness companies set out below with market capitalisation of above RM1.00 billion that are involved in, *inter-alia*, oils and fats businesses ("**Comparable Companies**").

Nevertheless, the Comparable Companies set out below are not exhaustive and may not be directly comparable to the Target Companies in terms of composition of business activities, geographical area, scale of operations, track record, financial performance, risk profile, future prospects and other criteria.

It should also be highlighted that whilst such Comparable Companies analysis may reflect the market sentiments towards the sector and provide guidance on valuation, the analysis may not take into account differences in accounting policies and standards, as well as the operating environments, business models and/or tax treatments, nor does it take into account possible unique characteristics of the different selected companies.

Any comparisons made with respect to the Comparable Companies are intended for illustrative purposes only. The comparative analysis drawn from such comparison is not intended to reflect the perceived or implied market valuation of the Target Companies. In addition, the companies listed on different stock exchanges may be subject to different risk-reward expectations, trading conditions and any cross border valuation statistics will be subject to different political, regulatory, market, investment, economic and currency conditions, which may not be directly comparable to the Target Companies.

The EV/EBITDA of the Comparable Companies are shown as follows:-

Company	Country in which the company is listed	EV/EBITDA
Wilmar International Limited	Singapore	12.50
AAK AB	Sweden	13.31
Fuji Oil Holdings Inc	Japan	10.50
Mewah International Inc	Singapore	6.48
High		13.31
Low		6.48
Average		10.70

(Source: Bloomberg as at the LPD)

Based on the above, the EV/EBITDA of approximately 13 times in relation to the Proposed Disposal is within the range of EV/EBITDA of the Comparable Companies of 6.48 times to 13.31 times and above the average EV/EBITDA of the Comparable Companies of 10.70 times.

3.2 Salient terms of the SPA

3.2.1 Purchase Price

Upon the terms and subject to the conditions set forth in the SPA, on the Closing Date, the Purchaser shall pay to IOIC the preliminary purchase price in accordance with the SPA and the notary letter confirming the flow of funds at Closing, subject to adjustment post-closing pursuant to the terms and conditions of the SPA.

3.2.2 Closing

Subject to the terms and conditions of the SPA, the consummation of the Proposed Disposal shall take place at a closing (the “**Closing**”), on the 10th business day after the last of the conditions required to be satisfied or waived in writing pursuant to the SPA have been satisfied or waived in writing or such other time and date as IOIC and the Purchaser (collectively, “**Parties**” and individually, a “**Party**”) mutually agree in writing (collectively, “**Closing Date**”).

3.2.3 Conditions to Obligations of the Parties

The obligations of each Party to consummate the Proposed Disposal shall be subject to, *inter alia*, the fulfillment of each of the following conditions at or prior to the Closing:-

- (a) All obligatory notifications and filings with the competition authorities in connection with the Proposed Disposal shall have been made in the form required by applicable law, and such competition authority shall have, amongst others:
 - (i) given and not revoked or made conditional the approvals, consents or clearances required under applicable law for the completion of the Proposed Disposal;
 - (ii) rendered and not revoked a decision where no such approval consent or clearance is required under applicable law for the completion of the Proposed Disposal; or
 - (iii) failed to render a decision within the applicable waiting period and such failure is considered to be a grant of approval under applicable law.
- (b) No governmental authority shall have enacted, issued, promulgated, enforced or entered any governmental order which has the effect of making illegal or otherwise restraining or prohibiting consummation of the Proposed Disposal.
- (c) IOIC’s shareholders’ approval shall have been obtained.
- (d) The applicable approvals or consents of the holders of the notes under the USD1,500,000,000 Euro medium term note programme of IOI Investment (L) Berhad shall have been obtained.
- (e) The approvals of lenders of IOIC set out in the SPA shall have been obtained.
- (f) The approval of the Central Bank of Malaysia (Bank Negara Malaysia) shall have been obtained.
- (g) Each of the works councils set out in the SPA has been informed of and consulted (where required) with respect to the Proposed Disposal.
- (h) The Internal Restructuring shall have been completed.
- (i) The Parties or their affiliates shall have entered into the relevant ancillary agreements, namely the Shareholders’ Agreement, Palm Oil Supply Agreement (“**POSA**”) and Transition Services Agreement (“**TSA**”).

3.2.4 Termination

The SPA may be terminated at any time prior to the Closing:

- (i) by either Party, upon written notice, if satisfaction of the conditions in the SPA has become impossible due to a breach of any of the warranties, agreements or covenants in the SPA by the defaulting Party and the breach, if not waived and if curable, has not been cured within 30 days following the provision of such written notice;
- (ii) by either Party, upon written notice, if the Closing shall not have occurred by 12 months from date of signing (the “**Outside Date**”), provided that if on the Outside Date the condition in paragraph 3.2.3(a) above shall not have been satisfied but all other conditions to Closing shall be satisfied or shall be capable of being satisfied, then the Parties by mutual consent may extend the Outside Date an additional 90 days;
- (iii) by either Party, upon written notice, if there shall be in effect a final, non-appealable order of a governmental authority permanently prohibiting the consummation of the Proposed Disposal and the terminating Party has fulfilled its obligations prior to exercising its right to termination under the SPA; or
- (iv) by the mutual written consent of the Parties.

3.2.5 Effect of Termination

In the event of termination of the SPA, the SPA shall become void and there shall be no liability on the part of either Party except confidentiality and certain identified provisions of the SPA shall survive termination of the SPA, and nothing in the SPA shall relieve either Party from liability for fraud or any intentional breach of the SPA occurring prior to such termination.

In addition to the SPA, the parties or their affiliates will be entering into the following ancillary agreements at or prior to Closing:-

3.3 Salient terms of the Shareholders’ Agreement

3.3.1 Regulation of shareholders’ obligations

The Parties agree to enter into a Shareholders’ Agreement to regulate the business of Loders as well as their rights and obligations as shareholders in Loders.

3.3.2 Board of directors

- (i) Subject to paragraphs 3.3.2(ii) and 3.3.2(iii) of this announcement, the board of directors of Loders (“**Loders’ Board**”) shall consist of 5 directors: 3 directors appointed or nominated by the Purchaser and 2 directors appointed or nominated by IOIC.
- (ii) If IOIC holds less than 20% of shares in Loders, IOIC shall cause 1 director appointed or nominated by IOIC to resign from the Loders’ Board and the Purchaser shall have the right to appoint or nominate a replacement for the said resigned director.

- (iii) If IOIC holds less than 10% of shares in Loders, IOIC shall cause each director appointed or nominated by IOIC to resign from the Loders' Board.

3.3.3 Dividend

Dividends shall be distributed to the shareholders of Loders according to their respective shareholdings in an amount equal to at least 25% of the consolidated net profits of Loders (after taxes) provided that (i) Loders is not in default under the shareholder loan facility agreement, (ii) there are no outstanding shareholder loans entered into in connection with a capital call for purposes of rescue financing pursuant to the Shareholders' Agreement, and (iii) if there are any outstanding shareholder loans entered into in connection with a capital call pursuant to the Shareholders' Agreement, Loders is not in default under such shareholder loan.

3.3.4 Reserved Matters

- (i) As long as IOIC holds at least 20% of shares in Loders, the Loders' Board shall not adopt any resolution and shall not take any action with respect to a Board reserved matter without the approval of at least 1 director nominated by IOIC.
- (ii) The shareholders shall not adopt any resolution with respect to a Shareholder reserved matter without the approval of shareholders with more than 80% of shares in Loders.

3.3.5 Right of First Offer

Except for the sale and transfer of shares in Loders pursuant to paragraphs 3.3.6 and 3.3.7 of this announcement, IOIC (after the first 5 years from the effective date of the Shareholders' Agreement) and the Purchaser (so long as IOIC holds at least 20% of shares in Loders) shall not sell or transfer any shares in Loders to any third party without first making an offer in writing to sell or transfer the same to the other Party.

3.3.6 Tag-along Rights

If at any time following the first 5 years of the effective date of the Shareholders' Agreement, the Purchaser proposes to sell or transfer any of its shares to any third party, IOIC has the right to include in such proposed sale or transfer, at the same price and on the same terms, the proportionate amount of its shares in Loders. If as a consequence of such proposed sale or transfer of IOIC's shares in Loders, IOIC would hold less than 20% of shares in Loders, IOIC has the option to include all of its shares in Loders in such proposed sale or transfer.

3.3.7 Put and Call Rights

During the first 5 years of the effective date of the Shareholders' Agreement, IOIC shall have the right to require the Purchaser to purchase all, but not less than all, of IOIC's shares in Loders, and the Purchaser shall have the right to require IOIC to sell to the Purchaser all, but not less than all, IOIC's shares in Loders.

3.3.8 Termination

The Shareholders' Agreement shall terminate (a) by mutual written consent of the shareholders of Loders at any time, and (b) with respect to any shareholder, at such time as such shareholder no longer owns any shares in Loders.

3.4 Salient terms of POSA

IOI Global Services Sdn Bhd (“**IOIGS**”), a wholly-owned subsidiary of IOIC, agrees to sell and Loders agrees to purchase palm oil and refined palm oil products identified by Loders in a sales contract (collectively, “**Palm Oil Products**”), for an initial agreed term. The POSA shall automatically renew upon the expiration of the initial term for successive 1 year periods until the POSA is terminated.

The purchase price for each Palm Oil Products supplied shall be calculated in accordance with the applicable formula set out in the POSA.

3.5 Salient terms of TSA

IOIGS agrees to procure, on behalf of IOI Loders Croklaan Oils Sdn Bhd (“**IOI LC Oils**”), a wholly-owned subsidiary of Loders, crude palm oil and crude palm kernel oil in the amounts, types and at the times specified by IOI LC Oils in a procurement order in accordance with the TSA (“**Transition Services**”).

In consideration for the provision of the Transition Services, IOI LC Oils shall pay IOIGS an agreed monthly fee for which purchases are delivered pursuant to an approved purchase commitment in accordance with the terms of the TSA.

The initial term of the TSA shall be 6 months commencing from the date of the TSA. IOI LC Oils may extend the term of the TSA for an additional period of 6 months by providing written notice to IOIGS at least 10 days prior to expiry of the initial term.

3.6 Liabilities to be assumed

Save for the liabilities in the Target Companies and subject to the indemnification provisions of the SPA, there are no other liabilities, including any contingent liabilities and guarantees, to be assumed by the Purchaser pursuant to the Proposed Disposal.

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3.7 Original cost of investment

IOIC's original cost of investment and the date of investment in the Target Companies up to the LPD are as follows:-

Company	Date of investment	Cost of investment (RM' mil)
Loders	30 November 2002	256.4
	23 June 2003	17.4
	30 June 2004	188.8
	27 June 2005	55.1
	2 January 2007	162.5
		680.2
IOILE	2 November 2007	*
	15 January 2010	46.0
	13 June 2011	74.0
	18 May 2015	30.0
	16 June 2017	141.0
		291.0
IEO HK	25 July 2012	*
	27 September 2012	*
	28 March 2013	39.5
	24 June 2014	5.7
	10 November 2014	17.3
	31 March 2015	24.1
	8 October 2015	2.1
	12 November 2015	4.4
	7 January 2016	23.6
	22 January 2016	6.0
	7 March 2016	29.4
	1 June 2016	12.2
	24 August 2016	81.0
		245.3
Total		1,216.5

Note:-

* The amount is less than RM3,000.

As at 30 June 2016, the Financial Debt of Target Companies (which includes intercompany advances and debts owing to external parties) amounts to approximately RM1,253.10 million.

For information purposes, IOIC intends to obtain a bridging loan to be advanced to the Target Companies for the full settlement of the Financial Debt owing to external parties amounting to approximately RM706.60 million. Such advances together with existing intercompany advances to the Target Companies will be capitalised to form part of the equity of the Target Companies ("**Capitalisation**").

3.8 Estimated gain to IOIC and its subsidiaries (“IOIC Group” or “Group”)

Based on the indicative Disposal Consideration vis-à-vis the net carrying amount of the Target Companies (after taking into consideration the Capitalisation) as at FYE 30 June 2016, the Group is expected to record a gain on disposal of RM2,505.80 million from the Proposed Disposal and from the re-measurement of IOIC’s remaining 30.0% stake in the Target Companies, subject to the finalisation of the Adjustments.

4. INFORMATION OF THE PURCHASER AND BUNGE

4.1 Information of the Purchaser

KBBV is a limited liability company incorporated in 1921 with its registered office and place of business in Weena 320, 3012 NJ Rotterdam, The Netherlands. KBBV is a wholly owned subsidiary of Bunge. KBBV provides financial, treasury and other services to Bunge and its subsidiaries. Directly and via its own subsidiaries, KBBV also participates in commercial activities along the global food production value chain.

4.2 Information of Bunge

Bunge Limited (www.bunge.com, NYSE: BG) is a leading global agribusiness and food company operating in over 40 countries with approximately 32,000 employees. Bunge buys, sells, stores and transports oilseeds and grains to serve customers worldwide; processes oilseeds to make protein meal for animal feed and edible oil products for commercial customers and consumers; produces sugar and ethanol from sugarcane; mills wheat, corn and rice to make ingredients used by food companies; and sells fertilizer in South America. Founded in 1818, the company is headquartered in White Plains, New York.

5. UTILISATION OF PROCEEDS

Based on the indicative Disposal Consideration of approximately RM3,940.90 million as detailed in Section 3A of this announcement, the proceeds to be received from the Proposed Disposal are intended to be utilised in the following manner:-

Details of utilisation	%	(RM’ mil)	Estimated utilisation timeframe from the Closing Date
Future investment opportunities / working capital ⁽ⁱ⁾	29.75	1,172.20	Within 24 months
Dividend to shareholders ⁽ⁱⁱ⁾	20.00	788.20	Within 12 months
Repayment of borrowings ⁽ⁱⁱⁱ⁾	50.00	1,970.50	Within 24 months
Estimated expenses of the Proposed Disposal ^(iv)	0.25	10.00	Immediate
Total	100.00	3,940.90	

Notes:-

- (i) To be utilised for future investment opportunities, which have yet to be identified at this juncture as well as general working capital of the Group, which may include day-to-day administrative, operational and finance expenses in conducting the businesses of the Group. The earmarking of proceeds will provide the Group with readily available funds to capitalise on viable investment opportunities as and when they arise.

- (ii) *To be utilised for cash dividend to IOIC's shareholders to reward the shareholders for their investment and continuous support to IOIC Group. The actual amount of dividend is dependent on the final Disposal Consideration, IOIC Group's future plans and strategy and shares outstanding in the Company as at the entitlement date, of which the relevant announcements will be made in due course.*

Based on the indicative total dividend of RM788.20 million, it translates into dividend per share of 13.0 sen and dividend yield of 2.86% based on 6,283,859,995 ordinary shares in IOIC ("IOIC Shares") in issue and the closing price of IOIC Shares of RM4.54 as at the LPD.

- (iii) *To be utilised for repayment of bank borrowings of IOIC Group, which includes the repayment of bridging loan as further detailed in Section 3.8 of this announcement and repayment of the existing bank borrowings, which is expected to contribute to interest savings of approximately RM58.33 million per annum based on the Group's effective interest rate of approximately 2.96% per annum for the FYE 30 June 2016.*
- (iv) *To be utilised for professional fees, fees payable to authorities and other miscellaneous expenses in relation to the Proposed Disposal. Any excess in funds allocated for the estimated expenses will be utilised for working capital purposes.*

Notwithstanding the above, the final quantum of the proceeds from the Proposed Disposal can only be determined after the Closing Date after taking into consideration, *inter-alia*, the then prevailing exchange rates and the Adjustments.

6. RATIONALE OF THE PROPOSED DISPOSAL

6.1 Strategic business collaboration with Bunge

The Proposed Disposal allows IOIC to enter into a strategic business collaboration with Bunge and leverage on the size of Bunge's operations, established business network and expertise to:-

- (i) build Loders into a leading global agri-food company with differentiated and comprehensive product offerings based on tropical and seed oils and world class formulation and application capabilities;
- (ii) expand Loders' processing plant footprints to regions such as South America and South Asia to better serve its multinational customers and offer more varied product offerings, including seed oil-based products, by leveraging on Bunge's existing plant assets in the aforesaid regions and Bunge's established integrated supply chain in seed oils; and
- (iii) jointly pursue other future investments opportunities to grow and expand Loders' businesses.

Post Proposed Disposal, IOIC will remain a vital partner in supporting Loder's growth given IOIC's expertise in palm oil sourcing and business experience in the fast-growing Asia Pacific region, IOIC will continue to be a major supplier of palm oil and palm products to Loders, pursuant to the POSA to be executed between a subsidiary of IOIC and Loders. IOIC's continued equity interest and involvement in Loders, and the expected significant growth in Loders in the future will support IOIC's business focus of being a leading integrated and sustainable palm oil player with global presence in both specialty fats and oleochemical segments.

6.2 Unlock value of investments in the Target Companies

The Proposed Disposal allows IOIC to partially unlock the value or monetise its investment in the Target Companies at an attractive consideration. Based on the indicative Disposal Consideration, the Group is expected to record a gain of RM2,505.80 million from the Proposed Disposal and from the re-measurement of IOIC's remaining 30.0% stake in the Target Companies.

6.3 Enhance financial flexibility and shareholders' value

The Proposed Disposal will also provide financial flexibility for the Group to undertake potential future investments as and when such business opportunities arise, pare down the borrowings of IOIC Group, and enhance shareholders' value, include via a cash dividend distribution to be undertaken by IOIC.

7. RISK FACTORS

7.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the fulfillment of the conditions precedent as well as the performance and compliance of, *inter-alia*, warranties and covenants under the terms of the SPA. The non-fulfillment of the above aforementioned conditions precedent, warranties and covenants may result in the termination of the SPA. Further, there is no assurance that the Proposed Disposal can be completed within the anticipated timeframe.

Nevertheless, the Board will endeavour to take all necessary steps to ensure that all conditions precedent and actions required to be undertaken are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

7.2 Loss of potential future contribution from the Target Companies

Upon completion of the Proposed Disposal, the Target Companies will cease to be subsidiaries of IOIC, and hence the Company will cease to consolidate the results of the Target Companies. The total net profit contributed by the Target Companies for the FYE 30 June 2016 was approximately RM165.30 million.

Notwithstanding the above, IOIC will hold 30.0% equity interest in Loders post completion of the Proposed Disposal. Hence, the Company will recognise 30.0% of the profit contribution from Loders as share of associate results.

In addition, as detailed in Section 6.1 of this announcement, the Proposed Disposal is undertaken with a view to facilitate the Target Companies in expanding their operations and market presence by tapping into Bunge's expertise and extensive geographical coverage. It is envisaged that the potential earnings of the Target Companies will grow in future financial years in line with the realization of the anticipated benefits of the Proposed Disposal described in Section 6.1 above.

However, there can be no assurance that, after completion of the Proposed Disposal, IOIC Group will be able to achieve equivalent or better financial performance from its existing businesses (including via the 30.0% contribution from Loders post Proposed Disposal) and/or through potential future investments to be undertaken by the Group.

7.3 Foreign currency risk

As set out in Section 3A of this announcement, the Disposal Consideration will be settled via a combination of EUR and USD, and therefore, the Disposal Consideration to be received by IOIC if and when converted or translated into RM may be impacted by fluctuations of EUR and USD against RM.

IOIC's management will continue to monitor foreign currencies fluctuation and will take necessary steps to minimise exchange rate exposures whenever deemed appropriate. However, there can be no assurance that any future significant exchange rate fluctuations will not have an adverse impact on the Disposal Consideration to be received by IOIC in RM terms.

8. EFFECTS OF THE PROPOSED DISPOSAL

8.1 Share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of IOIC as the Proposed Disposal does not involve the issuance of new IOIC Shares.

8.2 Net Assets ("NA") and gearing

For illustration purposes, based on the audited consolidated financial statements of IOIC Group for FYE 30 June 2016 and the indicative Disposal Consideration, the proforma effects of the Proposed Disposal on the NA and gearing of IOIC Group are as follows:-

	FYE 30 June 2016 (audited) (RM' mil)	Adjustments for subsequent events up to LPD (RM' mil)	After the Proposed Disposal * (RM' mil)
Share capital	646.2	646.2	646.2
Reserves	(703.0)	267.2 ⁽ⁱ⁾⁽ⁱⁱ⁾	192.7
Retained earnings	7,194.9	6,128.5 ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	7,836.1 ^{(vi)(viii)}
	7,138.1	7,041.9	8,675.0
No. of shares in issue (excluding treasury shares) (in million)	6,288.2	6,283.9 ⁽ⁱ⁾	6,283.9
NA per share (RM)	1.14	1.12	1.38
Total borrowings	7,381.2	6,887.3 ^(iv)	5,057.9 ^(vii)
Total cash and cash equivalents	1,938.2	1,084.1 ^{(iii)(v)}	2,131.9 ^{(vii)(viii)}
Net borrowings	5,443.0	5,803.2	2,926.0
Net gearing (times)	0.76	0.82	0.34

Notes:-

* For avoidance of doubt, the Internal Restructuring will not have any effects on the NA and gearing of the Group.

- (i) IOIC had repurchased 4.30 million of ordinary shares from the open market for a purchase consideration of approximately RM20.00 million. Subsequently, as announced by the Company on 29 June 2017, a total of 177.96 million treasury shares amounting to RM783.40 million were cancelled from the issued share capital of IOIC.
- (ii) Including adjustment of RM206.80 million to the foreign currency translation reserve and other reserve to reflect the translated NA of Lodars as at 30 June 2016 based on exchange rates as at the LPD.

- (iii) *Adjusted for payment of second interim single tier dividend for FYE 30 June 2016 of 4.50 sen per share amounting to RM283.00 million. For avoidance of doubt, the first interim single tier dividend and second interim single tier dividend for FYE 30 June 2017 of 4.50 sen and 5.00 sen respectively have not been taken into account and adjusted.*
- (iv) *Adjusted for (a) repayment of term loans of RM1,565.80 million, (b) drawdown of term loans of RM1,004.50 million and (c) changes in the translated borrowings of Loders as at 30 June 2016 based on exchange rates as at the LPD.*
- (v) *Adjusted for the (a) share buy-back as described under Note (i), (b) repayment and drawdown of term loans as described under Note (iv), and (c) changes in the translated cash and bank balances of Loders as at 30 June 2016 based on exchange rates as at the LPD.*
- (vi) *Including the estimated gain of approximately RM2,505.80 million arising from the Proposed Disposal and from the re-measurement of IOIC's remaining 30.0% stake in Loders as highlighted in Section 3.9 of this announcement and deducting estimated expenses in relation to the Proposed Disposal of approximately RM10.00 million.*
- (vii) *Including bridging loan to be drawdown to repay Financial Debts and assuming part of the proceeds from the Proposed Disposal is utilised for the repayment of borrowings and estimated expenses of the Proposed Disposal as mentioned in Section 5 of this announcement.*
- (viii) *Assuming approximately RM788.20 million is paid under the cash dividend.*

8.3 Earnings and earnings per share ("EPS")

The Proposed Disposal is expected to be completed by 4th quarter of calendar year 2018, and hence, it is not expected to have any material impact on the earnings of the Group for FYE 30 June 2017. As discussed in Section 3.9 of this announcement, the Proposed Disposal, including gain on re-measurement of IOIC's remaining 30.0% stake in the Target Companies, is expected to result in an estimated gain to IOIC Group of approximately RM2,505.80 million.

For illustration purposes, assuming the Proposed Disposal was completed at the beginning of FYE 30 June 2016 after taking into consideration (i) the loss of 70.0% contribution from the Target Companies and (ii) the estimated gain arising from the Proposed Disposal and from the re-measurement of IOIC's remaining 30.0% stake in Loders (after completion of the Internal Restructuring) of RM2,505.80 million, the earnings attributable to owners of IOIC Group for FYE 30 June 2016 is expected to increase from RM629.70 million to RM3,019.80 million, which translates into EPS of 47.91 sen based on the weighted average number of shares in issue for FYE 30 June 2016.

9. PERCENTAGE RATIO

Based on the indicative Disposal Consideration, the highest percentage ratio applicable to the Proposed Disposal pursuant to Chapter 10.02(g)(iii) of the Main Market Listing Requirements is approximately 55.21%.

10. APPROVALS REQUIRED

The Proposed Disposal is subject to the following being obtained:-

- (i) approval of the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened;

- (ii) approvals of relevant authorities/parties which form part of the conditions precedent of the SPA as mentioned in Section 3.2.3 of this announcement; and
- (iii) approval and/or consent from any other relevant authorities/parties, if applicable.

For avoidance of doubt, the Internal Restructuring is not subject to IOIC shareholders' approval.

11. INTER-CONDITIONALITY

Save for the Internal Restructuring, the Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the directors, major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Disposal.

13. ADVISERS

AmInvestment Bank has been appointed to act as the Principal Adviser for the Proposed Disposal.

14. DIRECTORS' STATEMENT

The Board, after taking into consideration all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, and subject to the receipt of all required approvals as mentioned in Section 10 of this announcement, the Proposed Disposal is expected to be completed by the 4th quarter of calendar year 2018.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA will be made available for inspection during normal business hours at the Company's registered office at Two IOI Square, IOI Resort City, 62502 Putrajaya, Malaysia from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 12 September 2017.

Appendix I – Items of the Adjustments

Abbreviation	Definition
Net Working Capital	Current Assets minus Current Liabilities as of 12:01 a.m. Amsterdam time on the Closing Date.
Current Assets	Without duplication with the Open Commercial Book Adjustment Amount or the Derivative Adjustment Amount, the sum of all current assets of the Target Companies determined in accordance with certain agreed upon accounting principles, excluding:- (i) cash; (ii) current assets relating to any Derivative Instrument Contract; (iii) income taxes (current or deferred); (iv) amounts due from related parties arising outside the ordinary course of business; (v) amounts that would be eliminated upon the consolidation of the statements of financial position of the Target Companies; or (vi) current assets constituting insurance proceeds from the insurance policies referred to in the SPA.
Current Liabilities	Without duplication with the Open Commercial Book Adjustment Amount or the Derivative Adjustment Amount, the sum of all current liabilities of the Target Companies determined in accordance with certain agreed upon accounting principles, excluding:- (i) any liabilities for Debt; (ii) taxes (current or deferred); (iii) accounts payable financing; (iv) Transaction Expenses; (v) amounts due to related parties arising outside the ordinary course of business; (vi) current liabilities relating to any Derivative Instrument Contract; or (vii) amounts that would be eliminated upon the consolidation of the statements of financial position of the Target Companies.
Capex Debt Amount	Agreed amount of estimated capital expenditure spending to be incurred / undertaken by the Target Companies
Reference Net Working Capital	An amount equal to (i) EUR127.00 million plus USD255.00 million
Debt	The sum of the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations arising under, any obligations of the Target Companies in respect of:- (i) Financial Debt; (ii) underfunded pension obligations or other post-employment benefit obligations of the Target Companies other than in respect of the Dutch pension plan as of the Closing Date; (iii) Capex Debt Amount; (iv) liabilities accrued in the course of dissolving any legal entities; (v) liabilities accrued for any contemplated legal claims or settlement; (vi) liabilities accrued in the course of responding to and lifting the Roundtable of Sustainable Palm Oil("RSPO") suspension; and

Appendix I - Items of the Adjustments (cont'd)

Abbreviation	Definition
	(vii) any amounts due to related parties arising from transactions outside the ordinary course of business (except as otherwise explicitly set forth in the SPA), but excluding liabilities accrued with respect to all Derivative Instrument Contracts.
Derivative Adjustment Amount	Without duplication with the Open Commercial Book Adjustment Amount, an amount equal to (x) the aggregate positive position of each Derivative Instrument Contract that reflects a positive position as of the Closing Date minus (y) the absolute value of the aggregate loss position of each Derivative Instrument Contract that reflects a loss position as of the Closing Date. <i>Derivative Instrument Contract refers to (i) any forward foreign exchange contract, (ii) any commodity forward contract, (iii) any commodity futures or (iv) any other contract providing for swaps, caps, floors, option agreements, futures or other similar derivative transactions.</i>
Financial Debt	Without duplication, all obligations:- (i) for borrowed money except for amounts outstanding under the loan agreements between a Target Company, on the one hand, and another Target Company, on the other hand, set forth in a schedule to the SPA and subject to the exclusions provided thereon; (ii) evidenced by bonds, debentures, notes or other similar instruments; (iii) to pay the deferred purchase price of property, except trade accounts payable arising in the ordinary course of business; (iv) as lessee under financial leases that are required to be capitalized in accordance with U.S. GAAP; (v) created or arising under any conditional sales or other title retention agreement with respect to any property acquired by a Target Company (including obligations under any such agreement that provides that the rights and remedies of the seller or lender there under in the event of default are limited to repossession or sale of such property); (vi) with respect to letters of credit and similar instruments, including obligations under reimbursement agreements; (vii) for accounts payable financing; (viii) of the type referred to in clauses (i) through (vii) of any person secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) an encumbrance on any asset of a Target Company, whether or not such obligation is assumed by such Target Company; and (ix) all guarantees by a Target Company of obligations of the type referred to in clauses (i) through (vii) of any person (other than guarantees of obligations of any subsidiary of Lodgers, IOILE or IEO HK).
Transaction Expenses	The aggregate amount of all fees and expenses (whether or not yet invoiced) that have not been paid as of the Closing, incurred by or on behalf of, or to be paid by, the Target Companies in connection with the Proposed Disposal.
Ghana Shea Plant Adjustments	As of 12:01 a.m. Amsterdam time on the Closing Date, an amount equal to the sum of all remaining expenditures required for the commissioning of the Ghana Shea plant in accordance with the specifications as set out in the SPA.

Appendix I - Items of the Adjustments (cont'd)

Abbreviation	Definition
Xiamen Plant Adjustments	As of 12:01 a.m. Amsterdam time on the Closing Date, an amount equal to the sum of all remaining expenditures required for the commissioning of the Xiamen plant in accordance with the specifications as set out in the SPA.
Open Commercial Book Adjustment Amount	The sum totaling the mark-to-market value of all vegetable oil components other than shea, including the following items:- (i) the inventory of raw material components on a primary fraction basis including the raw materials that form part of semi-finished and finished goods owned by any Target Company; plus (ii) in each case to the extent not taken into account for the calculation of the Derivative Adjustment Amount, (a) the outstanding quantity of raw material under a purchase contract, (b) the outstanding quantity of raw material under a sales contract and (c) any commodity-related and foreign exchange-related derivative contract.

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Appendix II - Details of Target Companies

(i) Loders Group

Loders, a wholly-owned subsidiary of IOIC, was incorporated as a private limited company under the laws of The Netherlands on 27 August 2002. Loders is an investment holding company, whilst its subsidiaries and joint-ventures are primarily involved in specialty oils and fats manufacturing business. The principal activities of Loders' subsidiaries and joint-ventures are shown as follows:-

Name	IOIC's effective equity interest	Principal activity
IOI-Loders Croklaan Oils B.V. (Incorporated in The Netherlands)	100%	Palm oil refinery
IOI LC Oils	100%	Refining and sale of palm oil and related products
Loders Croklaan B.V. (Incorporated in The Netherlands)	100%	Manufacturing of specialty oils and fats
Loders Croklaan Burkina Faso S.A.R.L. (Incorporated in West Africa)	100%	Wholesale procurement and trading of agricultural products particularly shea nuts and shea butter
Loder Croklaan Canada Inc. (Incorporated in Canada)	100%	Manufacturing of specialty oils and fats
Loders Croklaan For Oils S.A.E. (Incorporated in Egypt)	100%	Production of emulsified raw materials and semi finished goods on oils and fats
Loders Croklaan Ghana Limited (Incorporated in Ghana)	100%	Procurement and development of raw material for specialty fats application
Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda (Incorporated in Brazil)	100%	Commission-based agent for the import of specialty fats for the food industry
LodersCroklaan (Shanghai) Trading Co. Ltd (Incorporated in the People's Republic of China)	100%	Trading of specialty oils and fats products
LCK Nutrition Limited (Dissolved) (Incorporated in Republic of Ireland)	100%	Sales, marketing, development and distribution of nutrition lipid betapol business
Loders Croklaan Malaysia Sdn Bhd	100%	Dormant
Loders Croklaan USA B.V. (Incorporated in The Netherlands)	100%	Investment holding
Loders Croklaan Nutrition B.V. (Incorporated in The Netherlands)	100%	To be sales, marketing, development and distribution of nutrition lipid Betapol business
IOI Loders Croklaan Industries Limited (Incorporated in Ghana)	100%	Procurement and development of raw material for specialty fats application (Shea)
<u>Subsidiary of Loders Croklaan USA B.V.</u>		
Loders Croklaan USA LLC	100%	Manufacturing of specialty oils and fats

Appendix II - Details of Target Companies (cont'd)

Name	IOIC's effective equity interest	Principal activity
<i>(Incorporated in United States of America)</i>		
<u>Subsidiaries of Loders Croklaan For Oils S.A.E.</u> IOI Specialty Fats For Trade Limited Liability Company <i>(Incorporated in Egypt)</i>	99.0%	Trading of specialty fats
Loders Croklaan for Trading & Distribution LLC <i>(In Liquidation)</i> <i>(Incorporated in Egypt)</i>	100%	Dormant
<u>Subsidiary of IOI LC Oils</u> Loders Croklaan (Asia) Sdn Bhd	100%	Dormant
<u>Joint Venture of IOI-Loders Croklaan Oils B.V.</u> IOI Loders Croklaan SC B.V. <i>(Incorporated in The Netherlands)</i>	50%	Dormant
<u>Subsidiary of IOI Loders Croklaan SC B.V.</u> Soyuz Loders Croklaan Corporation <i>(Incorporated in Russian Federation)</i>	50%	Acting as wholesale agents for food stuffs, including beverages and tobacco products

As at the LPD, Loders has an issued share capital of EUR18,000.00 comprising 18,000 ordinary shares.

The financial information of the Loders Group for the FYE 30 June 2015, FYE 30 June 2016 and FYE 30 June 2017 are summarised as follows:-

	Audited		
	FYE 30 June 2015 (EUR' mil)	FYE 30 June 2016 (EUR' mil)	FYE 30 June 2017 (EUR' mil)
Revenue	1,522.06	1,486.99	1,564.66
Profit before tax ("PBT") / (Loss before tax) ("LBT")	20.22	53.61	16.31
Profit after tax ("PAT") / (Loss after tax) ("LAT")	15.27	38.46	7.76
Shareholders' fund / NA	304.49	335.82	330.71

FYE 30 June 2016

For the FYE 30 June 2016, the revenue of Loders Group decreased by EUR35.07 million or approximately 2.30% as compared to FYE 30 June 2015. The decrease in revenue was mainly due to the suspension of RSPO certification of the Group (which was subsequently uplifted in August 2016), which affected the sales of Loders Group.

However, the decrease in the revenue in the FYE 30 June 2016 was offset by the gain on changes in fair value of derivative financial instrument of EUR16.86 million, which led to Loders Group recording a higher PAT of EUR38.46 million in the FYE 30 June 2016.

FYE 30 June 2017

For the FYE 30 June 2017, the revenue of Loders Group increased by EUR77.67 million or approximately 5.22% as compared to FYE 30 June 2016. The increase in revenue was mainly due to higher average selling price, albeit partly offset by lower sales volume, during the year.

Notwithstanding the increase in revenue, the PAT of Loders Group decreased by EUR30.70 million or approximately 79.82% as compared to FYE 30 June 2016, which was mainly due to loss on changes in fair value of derivative financial instruments of EUR16.71 million.

(ii) IOILE

IOILE, a wholly-owned subsidiary of IOIC, was incorporated as a private limited company in Malaysia under the Companies Act, 2016 ("CA 2016") on 2 November 2007. IOILE is principally involved in manufacturing of specialty fats by applying enzyme technology.

As at the LPD, IOILE has an issued share capital of RM291,000,000.00 comprising 261,000,000 ordinary shares and 30,000,000 redeemable non-cumulative preference shares.

The financial information of IOILE for the FYE 30 June 2014, FYE 30 June 2015, FYE 30 June 2016 and FYE 30 June 2017 are summarised as follows:-

	Audited			Unaudited
	FYE 30 June 2014 (RM 'mil)	FYE 30 June 2015 (RM' mil)	FYE 30 June 2016 (RM' mil)	FYE 30 June 2017 (RM' mil)
Revenue	290.53	365.05	410.42	463.26
PBT / (LBT)	5.06	(2.63)	15.16	25.36
PAT / (LAT)	4.99	(2.65)	15.14	25.28
Shareholders' fund / NA	86.24	113.60	128.49	294.77

FYE 30 June 2015

For the FYE 30 June 2015, the revenue of IOILE increased by RM74.52 million or approximately 25.65% as compared to FYE 30 June 2014. The increase in revenue was mainly due to increase in sales volume.

Notwithstanding the increase in revenue, IOILE recorded a LAT of RM2.65 million mainly due to unrealised loss on foreign exchange of RM17.60 million.

FYE 30 June 2016

For the FYE 30 June 2016, the revenue of IOILE increased by RM45.37 million or approximately 12.43% as compared to FYE 30 June 2015. The increase in revenue was mainly due to increase in sales volume as well as increase in average selling price.

The increase in revenue, coupled with higher other operating income (consist mainly of fair value gain on derivate financial instruments and tolling income) and lower unrealised loss on foreign exchange, contributed to IOILE's PAT of RM15.14 million for FYE 30 June 2016.

FYE 30 June 2017 (unaudited)

For the FYE 30 June 2017, the revenue of IOILE increased by RM52.84 million or approximately 12.87% as compared to FYE 30 June 2016. In addition, the PAT of IOILE also increased by RM10.14 million or approximately 66.97% as compared to FYE 30 June 2016.

The abovementioned increase in both revenue and PAT were mainly due to increase in average selling price as well as higher margins achieved during the year.

(iii) IEO HK

IEO HK, a wholly-owned subsidiary of IOIC, was incorporated as a private limited company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 25 July 2012. IEO HK is an investment holding company, whilst the principal activity of its subsidiary is as follow:-

Name	IOIC's effective equity interest	Principal activity
IOI (Xiamen) Edible Oils Co., Ltd (Incorporated in the People's Republic of China)	100%	Pre-operating

As at the LPD, IEO HK has an issued share capital of HKD502,586,701.00 comprising 113,102,640 ordinary shares and 389,484,061 redeemable preference shares issued at HKD1.00 each.

The financial information of IEO HK and its subsidiary for the FYE 30 June 2014, FYE 30 June 2015, FYE 30 June 2016 and FYE 30 June 2017 are summarised as follows:-

	Audited		Unaudited	
	FYE 30 June 2014 (USD' mil)	FYE 30 June 2015 (USD' mil)	FYE 30 June 2016 (USD' mil) *	FYE 30 June 2017(USD' mil)
Revenue	-	-	-	-
PBT / (LBT)	0.19	(0.12)	(0.66)	(1.04)
PAT / (LAT)	0.18	(0.11)	(0.66)	(1.04)
Shareholders' fund / NA	14.58	26.10	41.96	59.71

* Not required to prepare consolidated financial statement as the company satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, Cap. 622.

No revenue was generated during the financial years under review as IEO HK has yet to commence its operation. For information purposes, the Xiamen plant is held under IEO HK.