



Chinatex Corporation
No. 19 Jian Guo Men Nei Street
Beijing 100005
P. R.China
Tel: 86-10-65281122
Fax: 86-10-65124711
Website: www.chinatex.com



Olam International Limited
9 Temasek Boulevard
#11-02 Suntec Tower Two
Singapore 038989
telephone 65 63394100
facsimile 65 63399755
website www.olamonline.com
Regn. No. 199504676-H

NEWS RELEASE

OLAM INTERNATIONAL ('Olam') AND CHINATEX CORPORATION ('Chinatex') ANNOUNCE THEIR INTENTION TO FORM TWO JOINT VENTURES IN THE OILSEEDS AND COTTON BUSINESSES IN CHINA

Oilseeds JV: Olam plans to invest US\$13.5 million for acquiring a 35% stake in Chinatex Grains and OIL I/E Corporation ('CTGO or Oilseeds JV').

Domestic Cotton JV: Olam and Chinatex plan to set up a 50:50 domestic cotton joint venture in China.

Singapore, February 7, 2007 – Olam and Chinatex today announced their intention to form two joint ventures in the oilseeds and cotton businesses in China.

For the Oilseeds JV, Olam plans to invest US\$13.5 million for acquiring a 35% stake in Chinatex Grains and OIL I/E Corporation. This JV would set up a fully-owned soybean sourcing subsidiary in Brazil. As part of this agreement, Olam would have an option to increase its stake to 45% within two years of setting up the Brazilian subsidiary, at a pre-agreed valuation.



For the domestic cotton JV, Olam and Chinatex plan to set up a 50:50 domestic cotton joint venture in China, which would be involved in sourcing, ginning, inland logistics, distribution and risk management for the domestic cotton market. As part of the transaction, the parties also propose to enter into a preferential purchase arrangement, whereby Olam could supply 30% of Chinatex's annual cotton imports, on a competitive basis.

The partners aim to leverage their combined strengths in global sourcing, local market presence, risk management and logistics to achieve integration across the entire value chain and thereby build a strong competitive position in the oilseeds and cotton industry in China.

While announcing the partnership, Sunny Verghese, Group Managing Director and CEO of Olam remarked: "We are pleased to have found a reputed and strong partner like Chinatex to seek an entry into the oilseeds business as well as participate in the domestic cotton opportunity in China. Chinatex has a long and proven track record in the industry and has developed excellent relationships with oil crushers and ginners in China. I look forward to growing our partnership and achieving leadership in the supply chain businesses we undertake together in China."

Said Zhao Boya, President & CEO of Chinatex: "Olam has built an impressive global supply chain operation and product market leadership for many agricultural products and we are proud to be associated with Olam with the aim of developing and growing our business. I am confident our partnership will enhance the profile of both Chinatex and Olam in the oilseeds and cotton business in China and result in better returns for our stakeholders."

Oilseeds (Soybean) JV (CTGO)

China is the largest consumer and importer of soybean in the world. China's annual consumption of soybean is about 45 million tons. As is the case with cotton, Chinese imports, estimated at over 28 million tons in 2006, account for around 40% of the world soybean trade.



USA, Brazil and Argentina are the key origins, with an aggregate share of about 80% in world production. USA, the world's top producer, produced approximately 83 million tons in 2006, out of which it exported around 26 million tons. Brazil, the second largest producer with a crop output of 55 million tons in 2006, is expected to have matched the USA in export volumes. Argentina, third on the producer list, is encouraging local value addition, which is expected to result in a reduction in its exportable surplus going forward.

CTGO is an established player in the oilseeds business and has a leading position in the soybean industry in China. CTGO has two principal activities:

1. import and distribution of oilseeds, in which it imports soybean from the key origins and supplies to Chinese oil crushers, and
2. own crushing, under which it crushes imported beans in its own factories.

CTGO imported close to 3 million tons of soybeans in 2006, giving it a market share of approximately 11%. For the year ended December 31, 2006, CTGO is estimated to have clocked revenues of US\$1 billion in 2006 (US\$945 million in 2005) and net profit of US\$4 million (US\$6 million in 2005). As part of its strategy to accelerate growth and enhance profitability, CTGO is seeking to set up direct sourcing operations in key origins like USA, Brazil and Argentina and also expand its processing operations in China.

As part of its strategic plan, Olam had, in 2005, identified the Grains & Oil business as an attractive new product adjacency. Olam believes that success in this business would require putting in place two key building blocks:

1. strong presence and sourcing infrastructure in the key origins of USA, Brazil and Argentina, and
2. processing and distribution infrastructure in the largest market - China.



Through this proposed JV, which brings together CTGO's substantial market share and strong relations with oil crushers in China and Olam's global farm gate sourcing, presence in Brazil, Argentina and US and supply chain and risk management expertise, Olam is executing on that strategy.

This partnership envisages an investment by Olam of US\$13.5 million (approximately S\$21.1 million) for acquisition of a 35 per cent stake in CTGO, on a fully diluted basis. CTGO, which is currently a fully owned subsidiary of Chinatex Corporation, shall issue new shares for this purpose. Olam's equity infusion would be used to part-finance the joint venture's plans to expand its presence in the soybean processing sector in China as also to set up the sourcing infrastructure in Brazil.

Under the agreement, Olam would have an option to increase its stake in the joint venture to 45% within two years of the establishment of the Brazil subsidiary, at a pre-agreed valuation. Olam's investment for this incremental stake is estimated to be around US\$7 to 8 million.

Domestic Cotton JV

China is the largest producer, consumer and importer of cotton in the world and accounts for roughly 40% of the total world trade in cotton. China produces approximately 6-7 million tons of cotton annually while consumption is pegged at 10-11 million tons. Growth in production has lagged that in consumption, leading to a substantial increase in imports, from 1.93 million tons in 2003 to an estimated 3.4 million tons in 2006.

Chinatex is the largest player in the cotton industry in China and is present across the entire value chain covering the sourcing, logistics and processing of imported and domestic cotton. Chinatex, which handles aggregate volumes of over 300,000 tons annually, enjoys a market share of around 10% for imported cotton. For the year ended December 31, 2006, Chinatex's cotton business unit is estimated to have recorded revenues of US\$500 million (US\$390 million in 2005) and a net profit of US\$13 million (US\$9.4 million in 2005).



Olam is amongst the Top five suppliers of cotton globally with a presence in over 30 origins and 20 end markets. Olam, which entered the Chinese market two years ago, is now a leading supplier of imported cotton to the textile industry in China.

The current partnership envisages the setting up of a 50:50 joint venture for trading and processing of domestic cotton in China and a preferential purchase agreement for imported cotton. Under this agreement, Olam shall endeavour to supply at least 30% of Chinatex's annual imports, on a competitive basis.

This partnership could develop into a larger co-operation between the partners in the cotton business in China in the future.

This investment is subject to completion of satisfactory due diligence by Olam, signing of definitive agreements, customary closing requirements and regulatory approvals and is expected to be completed over the next six months.

The Oilseed and Cotton joint ventures are expected to be earnings and value accretive from the first year onwards.

About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products with a direct presence in over 52 countries and supplying them to over 3,800 customers in more than 55 destination markets. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, sesame, rice and teak wood.

Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is now a component stock in the benchmark Straits Times Index (STI).



About Chinatex Corporation

Chinatex Corporation, a large and successful state-owned enterprise (SoE) in China, has a leading and established presence in diverse industries including Cotton, Grains and Oil, Wool and Chemical Fibers and Textiles and Apparel in China. Over the years, Chinatex has earned the reputation of being a well managed SoE with a solid competitive position in China.

Chinatex Cotton is the largest player in the cotton market in China with annual volumes of over 300,000 tons. Chinatex G&O is a leading supplier of soybean and other oilseeds as also one of the largest importers of soybeans in China.

ISSUED ON BEHALF OF	:	Olam International Limited
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 OUB Centre SINGAPORE 048616
For Olam		
CONTACT	:	Mr. S. Suresh, GM (Head, Corporate Affairs) / Ms Chow Hung Hoeng, Manager (Investor Relations)
DURING OFFICE HOURS	:	6317-9552 / 6317-9471 (Office)
AFTER OFFICE HOURS	:	9634-1372 / 9834-6335 (Mobile)
EMAIL	:	suresh@olamnet.com / chow.hunghoeng@olamnet.com
For CDRi.MAGE		
CONTACT	:	Ms Dolores Phua
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9750-8237 (Mobile)
EMAIL	:	dolores.phua@citigatedrimage.com
