

OLAM INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number 199504676H

GENERAL OFFER FOR QUEENSLAND COTTON HOLDINGS LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Olam International Limited (“**Olam**”) is pleased to announce that Olam has on 6 March 2007 entered into a takeover bid implementation agreement (the “**Implementation Agreement**”) with Queensland Cotton Holdings Limited (“**QCH**”) in relation to an offer (the “**Offer**”) by Olam or any of its subsidiaries to acquire 100 per cent. of the outstanding shares (the “**QCH Shares**”) in the capital of QCH.

2. THE OFFER

2.1 **Principal Terms.** Pursuant to the Implementation Agreement, the Offer will be made in connection with and pursuant to a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) (Australia) (the “**Corporations Act**”) and implemented through an off-market takeover process in Australia. The terms of the Offer will be as follows:

- (a) in the event Olam receives acceptances representing more than 50 per cent. but less than 90 per cent. of the QCH Shares, the offer price for such QCH Shares shall be A\$4.75 (the “**Offer Price**”) in cash for each QCH Share; and
- (b) in the event Olam receives acceptances representing more than 90 per cent. of the QCH Shares, Olam becomes entitled to compulsorily acquire any outstanding QCH Share and the Offer Price shall be increased to A\$5.05 (the “**Revised Offer Price**”) in cash for each QCH Share.

2.2 **Conditions.** The Offer will be conditional upon, *inter alia*, Olam receiving, during or at the end of the period of the Offer, acceptances representing a relevant interest in at least 50 per cent. by number of all the QCH Shares (the “**50 per cent. minimum acceptances Condition**”), the approval of the Foreign Investment Review Board, Hart-Scott-Rodino approval in the United States of America (“**USA**”) and other regulatory approvals, and there being no material adverse change in the business, assets, liabilities, financial position and performance, material contracts (taken as a whole) or profitability of the QCH group.

Should Olam receive acceptances representing less than 50 per cent. of the QCH Shares, the Offer will lapse and Olam will not hold any interest in QCH unless the 50 per cent. minimum acceptances Condition is waived.

The conditions of the Offer are set out in full in the Appendix to this Announcement.

2.3 **Consideration.** If the Offer becomes or is capable of being declared unconditional as to acceptances:

- (a) assuming that Olam receives acceptances representing more than 50 per cent. but less than 90 per cent. of the QCH Shares, based on the Offer Price Olam will pay in total approximately A\$134 million (US\$103 million) in cash for the QCH Shares; and
- (b) assuming that Olam receives acceptances representing not less than 90 per cent. of the QCH Shares, based on the Revised Offer Price Olam will pay in total approximately A\$142 million (US\$110 million) in cash for the QCH Shares, and would be entitled to compulsorily acquire any outstanding QCH Share at the Revised Offer Price.

Olam will be funding the Offer through internal accruals and borrowings.

- 2.4 **Recommendation by QCH Directors.** QCH has announced that its board of directors (the “**QCH Directors**”) has unanimously recommended that the shareholders of QCH (the “**QCH Shareholders**”) accept the Offer and that they will be accepting the Offer in respect of any QCH Shares that they own or control, subject to in each case only to there being no superior proposal.

In the event that at any time following the Announcement of the Offer by Olam, that any QCH Director fails to recommend that QCH Shareholders accept the Offer, or having made such a recommendation, makes a public statement which withdraws, revises, revokes, or qualifies their recommendation, or any QCH Director recommends, promotes or otherwise endorses a competing proposal which would materially prejudice the prospects of success of the Offer, QCH will pay an amount of A\$1.34 million (the “**Break Fee**”) to Olam. The Break Fee will also be payable by QCH to Olam if (a) a third party directly or indirectly acquires a legal or beneficial interest in or control of 50 per cent. or more of QCH’s share capital or the share capital of any of its subsidiaries; or (b) acquires an interest in all or a substantial part of the assets of QCH and its subsidiaries; or (c) QCH materially breaches any material provision in the Implementation Agreement.

- 2.5 **Non-Solicitation by QCH.** Pursuant to the Implementation Agreement, until the end of the period of the Offer or the date which is six months after the date of the Implementation Agreement, QCH must not and must ensure that each of its related companies, officers, employees, agents, consultants, investment bankers, lawyers and other advisers, does not, directly or indirectly:

- (a) solicit or initiate (including, without limitation, by the provision of non-public information) any inquiries, expression of interest, offer, proposal or discussions by any person to make a competing proposal (whether from a person with whom QCH has previously been in discussions or not);
- (b) participate in any negotiations or discussions or provide any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person to make a competing proposal;
- (c) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a competing proposal; or
- (d) disclose any non-public information about the business or affairs of QCH to a third party (other than a government agency) with a view to obtaining or which may

reasonably be expected to lead to receipt of a competing proposal, other than in the ordinary course of business or as required by law,

save that, the obligations of QCH in paragraphs 2.5(b), (c) and (d) above do not prohibit any action or inaction by QCH or any of its related companies, officers, employees, agents, consultants, investment bankers, lawyers and other advisers, if compliance with such obligations would constitute a breach of any of the statutory or fiduciary duties of the QCH Directors and provided that the approach by a third party was not facilitated or as a result of a breach of QCH's obligations set out in paragraph 2.5(a) above.

- 2.6 **Post-Offer.** Should the Offer become or is capable of being declared fully unconditional, upon completion of the Offer, QCH will become a subsidiary of Olam. Should Olam receive acceptances representing not less than 90 per cent. of the QCH Shares and proceeds to compulsorily acquire all remaining QCH Shares, on the completion of such compulsory acquisition, Olam will own 100 per cent. of QCH and QCH will be a wholly-owned subsidiary of Olam.

3. INFORMATION ON QCH

- 3.1 **QCH.** Established in 1921, QCH is one of Australia's largest and oldest cotton companies. It is ranked as one of the top ten cotton companies globally with operations in Australia, the United States and Brazil. QCH accounts for approximately 25 per cent. of Australia's cotton exports and is the largest non-government owned cotton processor in the world. QCH is publicly listed on the Australian Stock Exchange (the "ASX") since 1992 with its head office based in Brisbane, Queensland, Australia.

- 3.2 **Asset Value.** As at 28 February 2006, the net tangible asset value of the QCH Shares was approximately A\$144 million. Based on the weighted average share price of the QCH Shares on the ASX on 6 March 2007 (being the last market day on which QCH Shares were traded on the ASX preceding the date of this Announcement), the market value of the QCH Shares is approximately A\$95 million.

- 3.3 **Net Profit.** For the financial year ended 28 February 2006, the net profit (after tax) of QCH is approximately A\$13.05 million.

4. FINANCIAL EFFECTS

- 4.1 **Assumptions.** The proforma financial effects of the Offer on the earnings per share ("EPS"), the net tangible assets ("NTA") per share of Olam and its subsidiaries ("Olam Group") and the share capital of Olam as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of the Olam Group after the Offer. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Olam Group for the financial year ended 30 June 2006 ("FY2006"), the unaudited consolidated financial statements of the Olam Group for the second quarter and half year ended 31 December 2006 ("2Q 2007"), and the audited consolidated financial statements for QCH for the financial year ended 28 February 2006 and the unaudited consolidated financial statements for QCH for the half year ended 31 August 2006.

- 4.2 **NTA.** For illustrative purposes only and assuming that the Offer had been effected on 30 June 2006 and 31 December 2006, the proforma financial effects on the consolidated NTA of the Olam Group for FY2006 and 2Q 2007 respectively are as follows:

			As at 30 June 2006		As at 31 December 2006	
	As at 30 June 2006	As at 31 December 2006	After the Offer as at the Offer Price	After the Offer as at the Revised Offer Price	After the Offer as at the Offer Price	After the Offer as at the Revised Offer Price
NTA (S\$ million)	488	473	573	658	558	643
NTA per share (cents)	31.39	30.42	36.86	42.32	35.89	41.35

- 4.3 **EPS.** For illustrative purposes only and assuming that the Offer had been effected on 1 July 2005 and 1 July 2006, the proforma financial effects on the consolidated earnings of the Olam Group for FY2006 and 2Q 2007 are as follows:

			As at 30 June 2006		As at 31 December 2006	
	FY2006	2Q 2007	After the Offer as at the Offer Price	After the Offer as at the Revised Offer Price	After the Offer as at the Offer Price	After the Offer as at the Revised Offer Price
Profit after Tax and Minority Interest (S\$ million)	87	38	95	103	41	44
EPS (cents)	5.58	2.43	6.07	6.57	2.61	2.79

- 4.4 **Share Capital.** The Offer will not have any impact on the issued share capital of Olam.

5. RATIONALE

Olam's cotton business has been a key driver of growth for the Group and Olam ranks amongst the top five global cotton companies. It has a presence in all key cotton exporting countries, including Africa, Commonwealth of Independent States ("CIS"), India, USA and Brazil, except for Australia. As part of its strategic plan, Olam has identified Australia as a key origin for cotton given it is one of the world's largest producers of premium cotton. The offer for QCH is in line with this strategic plan. QCH is one of the world's foremost suppliers of premium cotton, with a significant 25 per cent. market share in Australia, a strong position in California and Arizona in the USA, and a growing presence in Texas and Brazil. QCH and Olam complement each other in terms of their product range and origin presence. The acquisition of QCH would allow Olam to expand its cotton product range into the fine / long

staple segment and accelerated access to the high / medium cotton segment enabling Olam to become a “universal” supplier of the full range of qualities to textile customers. QCH’s ginning and logistics capability is also in line with Olam’s strategy to have an integrated supply chain presence in the major cotton supplying geographies. Further, QCH’s strong management team would be a valuable addition to Olam’s global talent pool. The Olam-QCH combination with its comprehensive product range and unmatched origin presence across Africa, CIS, the Americas and Australia will have a unique competitive position in the global cotton industry.

6. DISCLOSEABLE TRANSACTION

The relative figures in relation to the Offer computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual are as follows:

- (a) assuming Olam receives acceptances representing more than 50 per cent. but less than 90 per cent. of the QCH Shares:

Rule 1006	Bases	Offer (\$ million)	Olam Group (\$ million)	Relative Figures (%)
(b)	Net profits attributable to the QCH Shares compared with Olam Group’s net profits	15	87	18
(c)	Consideration given for the QCH Shares at the Offer Price compared with Olam Group’s market capitalisation	158	4,104	4

- (b) assuming Olam receives acceptances representing not less than 90 per cent. of the QCH Shares:

Rule 1006	Bases	Offer (\$ million)	Olam group (\$ million)	Relative Figures (%)
(b)	Net profits attributable to the QCH Shares compared with Olam Group’s net profits	15	87	18
(c)	Consideration given for the QCH Shares at the Revised Offer Price compared with Olam Group’s market capitalisation	168	4,104	4

As the relative figures under Rule 1006(b) above exceed 5 per cent. but do not exceed 20 per cent., the Offer constitutes a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

7. FURTHER INFORMATION

- 7.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of Olam in connection with the Offer. Accordingly no service contract is proposed to be entered into between Olam and any such person.
- 7.2 **Financial Adviser.** Macquarie Bank Limited is Olam's financial adviser in relation to the Offer.
- 7.3 **Interests of Directors and Substantial Shareholders of Olam.** None of the Directors or substantial shareholders of Olam has any interest, direct or indirect, in the Offer.
- 7.4 **Documents for Inspection.** Copies of the Implementation Agreement are available for inspection during normal business hours at the registered office of Olam at 3 Church Street, #08-01, Singapore 049483, for the period commencing from the date of this Announcement up to and including the closing date of the Offer.

BY ORDER OF THE BOARD

Sophia Lim Siew Fay / Tan San Ju
Company Secretary
9 March 2007, Singapore

APPENDIX

Conditions to the Offer

The following provisions are extracted from the Implementation Agreement. All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement.

The Offer is subject to the fulfilment of the following conditions:

1. Minimum acceptance

During, or at the end of, the Offer Period, Olam and its associates have a relevant interest in at least 50% (by number) of all of the Shares.

2. Foreign Investment Review Board approval

One of the following occurring:

- (a) the Treasurer of the Commonwealth of Australia ("**Treasurer**") advising Olam before the end of the Offer Period to the effect that there are no objections to the Takeover Bid constituted by the dispatch of the Offer in terms of the Federal Government's foreign investment policy; or
- (b) no order being made in relation to the Takeover Bid constituted by the dispatch of the Offer under section 22 of the Foreign Acquisition and Takeovers Act 1975 (Cth) within a period of 40 days after Olam has notified the Treasurer that it proposes to acquire Shares under that Takeover Bid, and no notice being given by the Treasurer to Olam during that period to the effect that there are any such objections; or
- (c) where an order is made under section 22 of the Foreign Acquisition and Takeovers Act 1975 (Cth), a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Olam during that period to the effect that there are any such objections.

3. Hart-Scott-Rodino

If required, before the end of the Offer Period, all applicable waiting periods (including any extensions of those waiting periods) under the United States *Hart-Scott-Rodino Antitrust Improvements Act* of 1976 and the regulations made under it have expired, lapsed or been terminated in respect of the Offer without the US Department of Justice or the Federal Trade Commission challenging the acquisition of Shares by Olam or any subsidiary of Olam.

4. Regulatory approvals and actions by Government Agencies

- (a) Before the end of the Offer Period, Olam receives all necessary regulatory approvals or consents in relation to the acquisition of 100% of QCH and its subsidiaries on an unconditional basis and/or all required regulatory waiting periods have expired; and
- (b) Before the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (ii) no action or investigation is instituted by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Olam) or commenced by a Government Agency,

in consequence of, or in connection with, the Offer, which restrains, prohibits or impedes or otherwise materially adversely impacts upon, the making of the Offer or the rights of Olam in respect of its capacity as a shareholder in respect of QCH and the Shares to be acquired under the Offer or otherwise, or seeks to require the divestiture by Olam of any Shares, or the divestiture of any assets of QCH or by any subsidiary of QCH.

- (c) Before the end of the Offer Period, no Government Agency:
 - (i) makes any finding, preliminary or final decision, order or decree against the Company or any of its subsidiaries or fines or otherwise penalises the Company or any of its subsidiaries; or
 - (ii) institutes any action or investigation; or
 - (iii) announces, commences or threatens any action or investigation,

which has or may have a material adverse financial effect (as defined in condition 5) on the business, assets, liabilities, financial or trading position, profitability or prospects of the Company or any of its subsidiaries.

5. No material adverse change

None of the following occurs:

- (a) an event, change, condition, matter or thing occurs;
- (b) information is disclosed or announced by QCH or any of its subsidiaries concerning any event, change, condition, matter or thing; or
- (c) information concerning any event, change, condition, matter or thing becomes known to Olam (whether or not becoming public),

which (either alone or in combination with any other item falling within the above) will have, could reasonably be expected to have or which evidences that there has been a material adverse financial effect on the business, assets, liabilities, financial position and performance, material contracts (taken as a whole) or profitability of QCH or any of its subsidiaries from that existing prior to the Announcement Date.

For the purposes of this condition 5:

- (i) a 'material adverse financial effect' is a reduction in QCH's annual net profit after tax by more than \$600,000 but does not in any case include:
 - (A) any change in rates of corporate taxation, interest rates, commodity prices (including the price of any products traded by QCH) or general economic conditions;
 - (B) any change of law or accounting policy;
 - (C) any event, occurrence or matter which is required to be done or procured by QCH pursuant to this agreement; or
 - (D) any event, occurrence or matter to the extent it is fairly disclosed in the data materials (being those materials contained in the electronic data room established for this transaction as at 5pm Brisbane time on 5 March 2007 as per the index initialled by the parties for this purpose) provided to Olam or has been otherwise fairly disclosed to Olam during site visits or in question and answer sessions with managers of QCH.
- (ii) Olam shall not be taken to know of information concerning any event, change, condition, matter or thing involving or relating to QCH or any of its subsidiaries before the Announcement Date, unless Olam knows or ought to reasonably to have known (having regard to the information actually known by Olam and the information disclosed by QCH in its public filings with the ASX and ASIC before the Announcement Date), of the extent or magnitude of the event, change, condition, matter or thing;
- (iii) condition 5 does not apply in relation to particular information, if that information was previously disclosed by QCH in a public filing with the ASX or ASIC provided that the disclosure was full and fair (including, without limitation, in relation to the extent and magnitude of the event, change, condition, matter or thing, as the case may be) and was not, and is not likely to be, incomplete, incorrect, untrue or misleading;
- (iv) condition 5 is deemed to be breached if:
 - (A) Olam becomes aware prior to the end of the Offer Period, that QCH has materially breached its continuous disclosure obligations under the ASX listing rules; and
 - (B) had Olam known of the information giving rise to such breach prior to the Announcement Date it would have had a material adverse effect on the price at which Olam would have offered under the Takeover Bid.

6. No material acquisitions, disposals or changes in the conduct of business

Neither QCH nor any subsidiary of QCH, other than in the ordinary course of business:

- (a) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$500,000;

- (b) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$500,000;
- (c) enters into, offers to enter into, or announces that it proposes to enter into any joint venture or partnership, involving a commitment of greater than \$500,000;
- (d) incurs, commits to or brings forward the time for incurring or grants to another person a right the exercise of which would involve QCH or a subsidiary of QCH incurring or committing to any capital expenditure or liability in respect of one or more related items of greater than \$500,000; or
- (e) discloses (without having disclosed to ASX or to Olam prior to the date of this agreement) the existence of any matter described in sub-paragraphs (a) to (d) above, or announces an intention or proposal to do anything described in sub-paragraphs (a) to (d) above.

7. No material change of control rights

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person having any rights or being entitled to have any rights as a result of any change of control event in respect of QCH (including Olam acquiring such shares in QCH) or any of its subsidiaries or assets, to:

- (a) terminate or alter any contractual relations between any person and QCH or any of its subsidiaries (for this purpose an alteration includes without limitation an alteration of the operations of a contract, whether or not that altered operation is provided for under the existing terms of the contract);
- (b) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
- (c) accelerate or adversely modify the performance of any obligations of QCH or any of its subsidiaries under any agreements, contracts or other legal arrangement,

provided that this condition 7 will only be breached to the extent that the relevant right or entitlement in paragraphs (a), (b) or (c) if exercised or carried out would have a material adverse financial effect (as defined in condition 5) on QCH or any of its subsidiaries.

8. No untrue statements to ASX or ASIC

Olam does not become aware of any document filed by or on behalf of QCH, or by or on behalf of any person in relation to QCH, with ASX, ASIC or anywhere in the public domain contains a statement which is incorrect or misleading in a material particular or from which there is a material omission.

9. No dividends or distributions

QCH does not recommend, declare, pay or make or announce an intention or propose to recommend, declare, pay or make any dividend, bonus or other distribution (except with the prior written consent of Olam).

10. No legal proceedings

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation or arbitration proceedings or other legal proceedings against QCH or any of its subsidiaries which are commenced, instituted or threatened to be commenced, other than that which is in the public domain as at the Announcement Date, and which if successful would have a material adverse financial effect (as defined in condition 5) on QCH or any of its subsidiaries.

11. No prescribed occurrences

None of the following events happens before the end of the Offer Period:

- (a) QCH converts all or any of its shares into a larger or smaller number of shares;
- (b) QCH or a subsidiary of QCH resolves to reduce its share capital in any way;
- (c) QCH or a subsidiary of QCH:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) QCH or a subsidiary of QCH issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) QCH or a subsidiary of QCH issues, or agrees to issue, convertible notes;
- (f) QCH or a subsidiary of QCH disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) QCH or a subsidiary of QCH charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) QCH or a subsidiary of QCH resolves to be wound up;
- (i) a liquidator or provisional liquidator of QCH or a subsidiary of QCH is appointed;
- (j) a court makes an order for the winding up of QCH or a subsidiary of QCH;
- (k) an administrator of QCH, or a subsidiary of QCH, is appointed under section 436A, 436B or 436C of the Corporations Act;

- (l) QCH or a subsidiary of QCH executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of QCH or a subsidiary of QCH.

Within 5 Business Days of the minimum acceptance, FIRB approval and Hart Scott Rodino conditions to the Offer being satisfied, Olam must waive all other conditions to the Offer or announce that it will be relying on one of the other conditions to lapse the Offer.