

OLAM INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199504676H)

GRANT OF WAIVER FROM COMPLIANCE WITH RULE 1014 OF THE LISTING MANUAL

1. INTRODUCTION

The Board of Directors of Olam International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Company had applied to the SGX-ST for a waiver (the "**Waiver**") of the requirement to seek shareholders' approval in connection with a proposed acquisition (the "**Proposed Acquisition**") of certain cocoa business and assets (the "**ADM Cocoa Business**") of an unrelated third party vendor (the "**Vendor**"), and that the SGX-ST has granted the Waiver on 15 December 2014.

The Proposed Acquisition is the proposed acquisition of the global cocoa business of Archer-Daniels-Midland Company ("**ADM**"), the Vendor, which is the subject of a separate announcement released by the Company today (the "**Chapter 10 Announcement**").

The Proposed Acquisition is in line with the Company's strategy as stated in the 2014 Annual Report, to prioritise cocoa as one of the platforms for accelerated investment and growth.

2. WAIVER GRANTED BY THE SGX-ST

2.1 Grant of Waiver and Waiver Conditions

Under Chapter 10 of the Listing Manual, where any of the Rule 1006 relative figures exceeds 20%, the transaction will be considered a "major transaction" and must be made conditional upon approval by shareholders of the issuer in general meeting. Based on the calculations of the Company and its financial adviser, the Company anticipates that the relative figure for Rule 1006(c) will likely be in excess of 20%, and the Proposed Acquisition will therefore constitute a "major transaction" under Chapter 10 of the Listing Manual.

The Company has applied to the SGX-ST for a Waiver of the requirement under Rule 1014 of the Listing Manual such that the Company shall not be required to seek shareholders' approval for the Proposed Acquisition and to make the relevant sale and purchase documentation conditional upon prior shareholders' approval.

The conditions of the Waiver granted by the SGX-ST are:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (b) the Company announcing the information as required under Rule 1010; and
- (c) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

This announcement is for compliance with item (a) above. The release of the Chapter 10 Announcement meets the condition in item (b) above. The Company has submitted the written confirmation to the SGX-ST as referred to item (c) above.

2.2 Rationale for Waiver Application

The Company submitted to the SGX-ST that the Proposed Acquisition should be regarded as in being the ordinary course of the Company's business and therefore outside of the shareholders' approval requirements under Chapter 10 of the Listing Manual. The key reasons given include:

(a) Expansion of core business

The Company has been in the business of cocoa origination and sourcing, marketing and trading for over 20 years. At present, the Company has an integrated cocoa business, including cocoa plantations, sourcing and origination across all key producing countries, cocoa processing and cocoa products manufacturing plants in Africa, cocoa butter refining and milling capacity and cocoa products manufacturing plants in Europe, and a recently announced investment in a cocoa processing facility in Indonesia, which will grind beans sourced from the Company's cocoa plantation and sourcing operations in Indonesia and farmgate networks in Africa.

The Company considers cocoa to be one of its core businesses, and the Company has specifically identified its cocoa business as one of the core businesses prioritised for future investments and growth.

The Proposed Acquisition is effectively an expansion of one of the Company's existing core businesses, and thus, shareholders' approval should not be required.

(b) No change in risk profile of the Company

The Company is of the view that the Proposed Acquisition will not result in a material change to the risk profile of the Company. In making its submissions to the SGX-ST, each of the relevant considerations raised by the SGX-ST in Practice Note 10.1 of the Listing Manual was addressed in turn:

- Taking into consideration all of the Company's various businesses and operations, while the Proposed Acquisition will be a material expansion of the Company's cocoa business, the scale of the Company's existing operations in aggregate will not increase that significantly as a result of the Proposed Acquisition.
- There will be no change in control of the Company resulting from the Proposed Acquisition.
- The Company expects the Proposed Acquisition to have a favourable impact on the Group's financial position. The Company expects to fund the Proposed Acquisition through cash and existing debt facilities that the Company already has in place. In the first full year post-closing, the Proposed Acquisition is expected to be earnings, cash flow and returns accretive. While the nominal gearing levels will be higher at the time of closing, the Company expects the gearing to revert within the Company's target levels by the Company's financial year ending 30 June ("**FY**") 2016, even after assuming there is no growth in earnings beyond the Group's operational earnings for FY2014.

- The Proposed Acquisition will not result in an expansion of the Company's business into any new geographical markets, and neither will it be a new business sector for the Company, which is already an established participant in the cocoa business. The Company's existing core businesses already have a presence in all the geographical markets in which the ADM Cocoa Business is located, including Brazil, Ghana, Ivory Coast, Singapore, various parts of Europe and the United States of America. While the ADM Cocoa Business will give the Company a new presence for its cocoa business in markets like Brazil, the Company is already familiar with the business conditions and environment in all the aforementioned geographical locations, given its long-established business presence for its other businesses.
- The Proposed Acquisition has been foreshadowed in that the Company has made it clear on several occasions that it intends to grow its cocoa business and other prioritised businesses both through greenfield investments and by strategic acquisitions, and has in fact done so recently. The Company has communicated to shareholders on multiple occasions through public statements and strategy discussions that it will make strategic investments and acquisitions to expand its core businesses, which has been borne out by the acquisitions that the Company has regularly made as part of its strategy. Thus, shareholders have come to expect the Company to continue to make such strategic acquisitions.

As the SGX-ST has granted the Waiver, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Acquisition.

BY ORDER OF THE BOARD

Shekhar Anantharaman
Executive Director

16 December 2014