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GOLDEN AGRI-RESOURCES LTD  
(Incorporated in the Republic of Mauritius on 15 October 1996)

## PROPOSED UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE OF SHARES WITH WARRANTS

### 1. Introduction

- 1.1 The Board of Directors ("**Board**") of Golden Agri-Resources Ltd (the "**Company**") wishes to announce that the Company is proposing to carry out an underwritten renounceable rights issue ("**Rights Issue**") of up to 1,763,739,384 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S\$0.18 for each Rights Share ("**Issue Price**"), on the basis of 17 Rights Shares for every 100 existing ordinary shares ("**Shares**") held by the Entitled Shareholders (as defined below) as at a time and date to be determined and announced by the Board for the purpose of determining Shareholders' (as defined below) entitlements under the Rights Issue ("**Books Closure Date**"), fractional entitlements to be disregarded.

The Rights Shares shall be issued with up to 705,495,753 free detachable warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share ("**New Share**") at an exercise price of S\$0.54 for each New Share ("**Exercise Price**"), on the basis of two (2) Warrants for every five (5) Rights Shares subscribed, fractional entitlements to be disregarded.

- 1.2 The Company has appointed BNP Paribas, Singapore Branch, Credit Suisse (Singapore) Limited and UBS AG, acting through its business division, UBS Investment Bank (together the "**Joint Lead Managers and Joint Underwriters**") as the Joint Lead Managers and Joint Underwriters for the Rights Issue, pursuant to the terms of a management and underwriting agreement entered into between the Company and the Joint Lead Managers and Joint Underwriters on 27 May 2009 ("**Management and Underwriting Agreement**").
- 1.3 To demonstrate their commitment to the Company, Massingham International Ltd ("**Massingham**") and Flambo International Limited ("**Flambo**" and together with Massingham, the "**Undertaking Shareholders**"), which together with their respective nominees and custodians directly hold in aggregate 48.59% of the issued share capital of the Company as at the date hereof, have undertaken with the Company and the Joint Lead Managers and Joint Underwriters that they will, *inter alia*, subscribe for their respective entitlements under the Rights Issue in full. The balance of the Rights Shares with Warrants under the Rights Issue will be underwritten by the Joint Lead Managers and Joint Underwriters. Please refer to paragraph 5.1 below for further details of the undertakings of the Undertaking Shareholders.

- 1.4 An application will be made to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Official List of the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST. Following the receipt of such in-principle approval, the offer information statement to be issued by the Company in connection with the Rights Issue (“**OIS**”) will be lodged with the Monetary Authority of Singapore (“**MAS**”) and despatched to Entitled Shareholders.

## **2. Rationale for the Rights Issue and Use of Proceeds**

### **2.1 Rationale**

The Rights Issue is undertaken to pro-actively strengthen the balance sheet, financial flexibility and competitive position of the Company and its subsidiaries (“**Group**”) to support the Group’s growth, both internally and externally. In addition, the issue of Warrants will provide the Group with additional liquidity three (3) years in the future if the Warrants are exercised on the Exercise Date (as defined below) and will better equip the Group to continue to expand organically as well as undertake any acquisition opportunities should they arise.

### **2.2 Use of Proceeds**

Based on the Rights Issue of up to 1,763,739,384 Rights Shares with Warrants, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$6.4 million, is expected to be approximately S\$311.1 million.

Assuming all the Warrants are exercised, the estimated gross proceeds arising from the exercise of the Warrants (the “**Warrants Proceeds**”) will be approximately S\$381.0 million.

The net proceeds could be allocated to the following purposes:

- (a) to support the Group’s on-going organic growth and capital expenditure, including but not limited to the acquisition of land, planting of oil palm trees, and construction of mills and refineries;
- (b) to pursue value-creating mergers and acquisitions and expansion opportunities as and when they arise, including but not limited to acquiring, financing or re-financing the acquisition of any asset and/or business; and
- (c) for general corporate and working capital purposes, including but not limited to the repayment of borrowings.

The Group intends to allocate up to 20% of the net proceeds for the purposes set out in paragraph (c) above and the balance of the net proceeds for the purposes set out in paragraphs (a) and (b) above.

Pending the deployment of the net proceeds from the Rights Issue and the Warrants Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short-term money markets or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of such proceeds, as the funds are materially disbursed and provide a status report on the use of such proceeds in the Company’s annual report.

### 3. Value Proposition for Shareholders

The Rights Issue is structured to give all shareholders of the Company (“**Shareholders**”) the opportunity to subscribe for the Rights Shares on a pro-rata basis. The Rights Shares are priced at an Issue Price of S\$0.18 that represents a discount of:

- (a) 60.0% to the closing price on 26 May 2009 (being the last trading day prior to the date of this Announcement) of S\$0.45 per Share; and
- (b) 56.2% to the theoretical ex-rights trading price (“**TERP**”) of S\$0.411 per Share.<sup>1</sup>

### 4. Summary of the Terms of the Rights Issue of Shares with Warrants

The Company is proposing to issue up to 1,763,739,384 Rights Shares with up to 705,495,753 Warrants, which are exercisable into up to 705,495,753 New Shares, pursuant to the Rights Issue, on the basis of 17 Rights Shares for every 100 existing Shares held as at the Books Closure Date and two (2) Warrants for every five (5) Rights Shares subscribed, fractional entitlements to be disregarded.

Entitlements to subscribe for the Rights Shares with Warrants (“**Rights**”) will be renounceable and are expected to be tradable on the Main Board of the SGX-ST over a period to be determined by the Board in compliance with the rules of the SGX-ST Listing Manual. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares and with each other for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the Rights Shares.

Each Warrant carries the right to subscribe for one (1) New Share at the exercise price of S\$0.54 for each New Share, on the date falling on the third (3<sup>rd</sup>) anniversary of the date of issue of the Warrants (“**Exercise Date**”) provided that if such date falls on a day on which the Register of Members of the Company and/or the Register of Warrantheolders are closed or is not a Business Day, the relevant date shall be the next Business Day on which the Register of Members and the Register of Warrantheolders are open. The Warrants will be detached from the Rights Shares on allotment and issue and subject to, *inter alia*, there being a sufficient spread of holdings for the Warrants, upon the listing and quotation of the Warrants on the SGX-ST, the Warrants will be traded on a book-entry (scripless) settlement basis on the SGX-ST.

The New Shares will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the New Shares.

The Rights Shares and Warrants will be issued under the share issue mandate and rights issue mandate approved by Shareholders at the Annual Meeting of the Company held on 28 April 2009.

Fractional entitlements to the Rights Shares with Warrants, if any, will be disregarded and will, together with the provisional allotments of Rights Shares with Warrants

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<sup>1</sup> The TERP is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on the following but not limited to the closing price of S\$0.45 per Share on the SGX-ST on 26 May 2009, being the last trading day of the Shares on the SGX-ST prior to the date of this announcement, and the number of Shares following the completion of the Rights Issue.

TERP = (Market capitalisation of the Company on 26 May 2009 + gross proceeds from rights issue) / total Shares outstanding post Rights Issue.

which are not taken up for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any) or be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given for the rounding of odd lots and substantial Shareholders and the Directors of the Company will rank last in priority.

The terms and conditions of the Rights Issue may be subject to such changes as the Directors may, in consultation with the Joint Lead Managers and Joint Underwriters, deem fit. The final terms and conditions of the Rights Issue will be contained in the OIS and its accompanying documents to be lodged with the MAS and despatched by the Company to Entitled Shareholders in due course.

## 5. Irrevocable Undertakings and Underwriting

### 5.1 Irrevocable Undertakings

As at the date of this Announcement, (i) Flambo, together with its nominees and custodians, directly holds interests in 3,009,798,600 Shares, representing approximately 29.01% of the total issued share capital of the Company, and (ii) Massingham, together with its nominees and custodians, directly holds interests in 2,031,718,287 Shares representing approximately 19.58% of the total issued share capital of the Company.

The Undertaking Shareholders, together with their respective nominees and custodians, directly hold an aggregate of 5,041,516,887 Shares, representing in aggregate approximately 48.59% of the total issued share capital of the Company.

To demonstrate their commitment to the Company, each of the Undertaking Shareholders had on 27 May 2009, irrevocably undertaken with the Company and the Joint Lead Managers and Joint Underwriters, *inter alia*, to subscribe and pay in full for the whole of their entitlements of Rights Shares with Warrants under the Rights Issue on or before the last day for acceptance and/or excess application and payment for the provisional allotments of the Rights Shares with Warrants.

### 5.2 Underwriting

Pursuant to the terms of the Management and Underwriting Agreement, the Joint Lead Managers and Joint Underwriters have agreed to act as the Joint Lead Managers and Joint Underwriters of the Rights Issue and, subject to certain conditions, to subscribe and/or procure subscriptions for up to 906,681,515 Rights Shares, being the balance of Rights Shares with Warrants not subject to the Irrevocable Undertakings (the “**Underwritten Rights Shares**”).

In consideration of the Joint Lead Managers and Joint Underwriters’ agreement to underwrite the Underwritten Rights Shares, the Company will pay to the Joint Lead Managers and Joint Underwriters an underwriting, management and selling fee of (a) 2.5% of the Issue Price multiplied by the total number of Rights Shares to be issued in the Rights Issue less the total number of Rights Shares which the Undertaking Shareholders have undertaken to subscribe for pursuant to the Irrevocable Undertakings, plus any applicable GST, plus (b) 0.5% of the Issue Price multiplied by the total number of Rights Shares which the Undertaking Shareholders have undertaken to subscribe for pursuant to the Irrevocable Undertakings, plus any applicable GST.

Under the Management and Underwriting Agreement the Company has agreed, other than in connection with the Rights Issue, *inter alia*, that the Company and its listed subsidiaries will not (without the prior written consent of the Joint Lead Managers and Joint Underwriters) directly or indirectly offer, issue, sell, contract to issue or sell, or grant any option to purchase any Shares or convertible securities from the date of the

Management and Underwriting Agreement to the date falling 3 months after the date on which the Rights Shares are allotted and issued, save in the case of the issuance of new Shares pursuant to the vesting and delivery of awards pursuant to the Group Restricted Share Plan.

Each of the Joint Lead Managers and Joint Underwriters are entitled under the Management and Underwriting Agreement to terminate the Management and Underwriting Agreement in relation to itself upon the occurrence of certain events, including a breach of warranties, representations and undertakings contained in the Management and Underwriting Agreement and a Material Adverse Effect (as defined in the Management and Underwriting Agreement). Under the Management and Underwriting Agreement, a Joint Lead Manager and Joint Underwriter may not terminate the Management and Underwriting Agreement upon the occurrence of certain force majeure events as stipulated in the Management and Underwriting Agreement on or after commencement of the ex-rights trading.

## 6. Approvals

The implementation of, and the offer of Rights Shares with Warrants under, the Rights Issue is subject to, *inter alia*:

- (a) the in-principle approval having been granted by the SGX-ST for the permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Official List of the Main Board of the SGX-ST; and
- (b) the lodgment of the OIS, together with all other necessary accompanying documents (if applicable) by the Company with the MAS.

## 7. Eligibility to participate in the Rights Issue

**Entitled Depositors.** Shareholders whose securities accounts with The Central Depository (Pte) Limited (“**CDP**”) are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (“**Depositors**”) will be provisionally allotted Rights Shares with Warrants entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotment of Rights Shares with Warrants entitlements.

**Entitled Scripholders.** Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (“**Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company’s share registrar, B.A.C.S. Private Limited (the “**Share Registrar**”), at 63 Cantonment Road, Singapore 089758, in order to be registered to determine the transferee’s provisional allotment of Rights Shares with Warrants entitlements under the Rights Issue.

To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered

addresses outside Singapore must provide the Share Registrar, at 63 Cantonment Road, Singapore 089758 with an address in Singapore for the service of notices or documents no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants entitlements.

Entitled Depositors and Entitled Scripholders shall be collectively referred to as “**Entitled Shareholders**” in this Announcement.

Persons who bought their Shares previously using CPF Funds (as defined below) should use their CPF account savings (“**CPF Funds**”) for the payment of the Issue Price to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with the OIS. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market.

Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, Rights and Rights Shares with Warrants to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of Rights to any securities account with CDP, the receipt of any Rights, or receipt of the OIS and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be prohibited. The Company reserves absolute discretion in determining whether any Shareholder located or resident outside Singapore may participate in the Rights Issue.

**Foreign Shareholders.** For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not at least three (3) market days prior thereto provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing (“**Foreign Shareholders**”).

To the extent it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold nil-paid on the SGX-ST as soon as practicable after commencement of trading of nil-paid Rights. The net proceeds of such sales (after deducting any applicable brokerage, commissions and expenses, including GST) will be aggregated and paid to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10 to a single or joint Foreign Shareholders, which amounts will be aggregated and will ultimately accrue to the benefit of the Company.

By Order of the Board of  
**GOLDEN AGRI-RESOURCES LTD**

Rafael B. Concepcion, Jr.  
Director  
27 May 2009

## **Important Notice**

This Announcement is for information purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire Rights, Rights Shares, Warrants or New Shares or to take up any entitlements to the Rights Shares with Warrants in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights Shares with Warrants except on the basis of the information contained in the OIS. The information contained in this Announcement is not for release, publication or distribution to persons in the United States of America and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The issue, exercise or sale of Rights and the acquisition or purchase of the Rights Shares with Warrants are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this Announcement, the OIS, the provisional allotment letters and/or the application forms for Rights Shares with Warrants and excess Rights Shares with Warrants into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

The OIS may be accessed online at the website of the MAS at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf> when it is lodged with the MAS. The MAS assumes no responsibility for the contents of the OIS. The availability of the OIS on the MAS website does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the investment merits of the Company. This Announcement is qualified in its entirety by, and should be read in conjunction with the full text of the OIS when it is lodged with the MAS.

This Announcement contains or incorporates by reference "forward-looking statements" regarding the belief or current expectations of the Company, the Board and other members of its senior management about the Group's businesses and the transactions described in this Announcement. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which the Group operates, and other factors affecting the level of the Group's business activities and the costs and availability of financing for the Group's activities. Any forward-looking statement contained in this Announcement based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this Announcement is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed the historical or published earnings of the Company. Each forward-looking statement speaks only as of the date of the particular statement. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.