

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP  
SHARE CAPITAL OF FLORENTINA INTERNATIONAL HOLDINGS LIMITED**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Golden Agri-Resources Ltd (the “**Company**” or “**GAR**”) wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 17 June 2010 (the “**Agreement**”) with Asia Food & Properties Limited (the “**Seller**” or “**AFP**”), pursuant to which the Company has agreed to purchase the entire issued and paid-up share capital of Florentina International Holdings Limited (“**FIH**”), from the Seller for a cash consideration of RMB976,000,000 (or US\$142,838,000) (the “**Acquisition**”).

**2. INFORMATION ON FIH GROUP**

The food business of AFP is operated through FIH and its subsidiaries (the “**FIH Group**”), which are manufacturers of snack noodles, instant noodles and ice sticks in the People’s Republic of China (the “**PRC**”). The FIH Group has eight production plants in seven provinces throughout the PRC, with a total of 29 noodle production lines and two ice stick production lines which are capable of manufacturing up to 5 billion packets of noodles and up to 112 million ice sticks per annum respectively.

The FIH Group also has an extensive distribution network of sales and liaison offices located in the Northern, North-western, North-eastern, Eastern, Central and Southern parts of the PRC. Its products are sold through approximately 26,500 distributors, approximately 4,600 supermarkets and chain stores, approximately 600 hypermarkets, as well as schools, internet cafes and other special outlets.

**3. INFORMATION ON SELLER**

The Seller is incorporated in the Republic of Singapore, and is currently listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Seller and its subsidiaries (the “**AFP Group**”) are involved in the property and food businesses, through its investments in Indonesia, China, Malaysia and Singapore.

The property division in Indonesia is a leading developer and is engaged in the development and construction of commercial, residential and industrial properties, townships, hotels and resorts. The property division has long term investments in major commercial buildings, hotels and resorts and is involved in the property sales, leasing and management of its real estate development and investments in Indonesia, China, Singapore and Malaysia.

The directors of the Seller are Franky Oesman Widjaja, Muktar Widjaja, Frankle (Djafar) Widjaja, Simon Lim, Rafael Buhay Concepcion, Jr., Foo Meng Kee, Kunihiro Naito and Rodolfo Castillo Balmater. The controlling shareholders of the Seller and their respective shareholding interests are set out below:

	<b>Direct interest</b>	<b>Deemed interest</b>
Flambo International Limited	60.80%	4.75% <sup>1</sup>
The Widjaja Family Master Trust(2)	-	65.55% <sup>2</sup>

**Notes:**

1. The deemed interest of Flambo International Limited (“**FIL**”) arises from its interest in 144,587,854 shares held by its wholly-owned subsidiary, Golden Moment Limited in the Seller.
2. The deemed interest of The Widjaja Family Master Trust(2) (“**WFMT(2)**”) arises from its interest in 1,994,129,854 shares held by FIL in the Seller.

#### **4. PRINCIPAL TERMS OF PROPOSED ACQUISITION**

##### **Consideration**

Pursuant to the Agreement, the Company has agreed to purchase the entire issued and paid-up share capital of FIH (the “**FIH Shares**”) from the Seller, free from any charge, pledge, lien or other encumbrances and together with all rights, benefits and entitlements attaching thereto, for a cash consideration of RMB976,000,000 (or US\$142,838,000).

The consideration for the FIH Shares was determined at arm’s length and on a willing-buyer willing-seller basis after taking into account, *inter alia*, the independent valuation undertaken on the FIH Shares.

For the purposes of the proposed Acquisition, the Company and the Seller had respectively commissioned PricewaterhouseCoopers LLP (“**PwC**”) and Jones Lang LaSalle Sallmanns Limited to undertake separate valuations on the equity value of the FIH Group.

The independent directors of the Company (“**Independent Directors**”) have engaged PwC to carry out an indicative desktop fair valuation as at 1 April 2010 for their internal reference purposes. Fair value is defined as the amount at which a shareholding of a business or a company would be transferred at arm’s length terms between a willing buyer and a willing seller, both having reasonable knowledge of the relevant facts and neither being compelled to buy or sell.

The valuation analysis was conducted according to certain terms of reference, principal assumptions and limitations. Subject to these terms of reference, principal assumptions and limitations, the resulting indicative fair value range is between S\$196 million (US\$140 million) and S\$238 million (US\$170 million). The consideration for the FIH Shares is within the value range as estimated by PwC.

The value analysis is intended for the Company and the Independent Directors for their internal reference only and does not represent PwC’s opinion on the commercial merits of the proposed Acquisition. Accordingly the analysis may not be used or relied upon in any other connection by, and are not intended to confer any benefit on, any other person.

##### **Conditions Precedent**

Completion of the proposed Acquisition is conditional on the following:

- (a) the approval for the proposed divestment of the FIH Shares (“**Divestment**”) being obtained from the shareholders of AFP other than FIL, WFMT(2), their associates and their respective nominees at an extraordinary general meeting to be convened;
- (b) the results of the due diligence review conducted in respect of the FIH Group being satisfactory to the Company;

- (c) AFP obtaining all other necessary corporate and regulatory approvals and authorisations for the proposed Divestment; and
- (d) GAR obtaining all other necessary corporate and regulatory approvals and authorisations for the proposed Acquisition.

In the event that the foregoing conditions precedent are not satisfied or waived on or before 31 December 2010 (or such other date as the Company and the Seller may mutually agree), the Agreement shall lapse and cease to have effect, and neither the Company nor the Seller shall have any claim against the other, save in respect of their obligations of confidentiality and any accrued rights or liabilities under the Agreement.

## 5. RATIONALE AND BENEFITS

The Board views that the proposed Acquisition will be beneficial to GAR for the following reasons:

### **Leveraging on market knowledge, customer base and extensive distribution channels of Food Business in China**

Presently, FIH Group has a significant market share in the snack noodle segment and it has established a strong brand recognition and customer base in the Northern, North-western, North-eastern, Eastern, Central and Southern parts of China. While the China agricultural business division of the Company's ("**GAR China Agri Business**") distribution of its consumer pack oil and specialty fats is limited to the Zhejiang and Guangdong province. The proposed Acquisition will allow GAR to tap into the wide spread distribution channels of the FIH Group, covering seven provinces, through approximately 26,500 distributors, approximately 4,600 supermarkets and chain stores, as well as approximately 600 hypermarkets.

### **Share of production base and reduction of logistics cost**

GAR China Agri Business will be able to set up refineries, consumer pack oil filling and margarine and shortening factories in some of FIH Group's existing production plants or adjacent land located in seven provinces in China and other future sites. This will result in lower investment cost as GAR will be able to utilise existing land and/or supporting facilities of the FIH Group.

### **Create business synergies through integration and sharing of human resources**

Palm oil is one of the key ingredients used by FIH Group for its noodles production. Additionally, with this integration and sharing of human capital such as production staff, sales and administrative staff, both businesses can derive potential cost savings and have better competitive strength to capture a larger market share in China.

## 6. INTERESTED PERSON TRANSACTION

FIL is a controlling shareholder of the Company, and also has a direct interest of 60.80% and deemed interest of 4.75% in the Seller. As the Seller is an "associate" of FIL as defined in the listing manual of the SGX-ST (the "**Listing Manual**"), the proposed Acquisition constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

The value of the proposed Acquisition of RMB976,000,000 (or US\$142,838,000) represents approximately 2.69% of the consolidated net tangible assets ("**NTA**") of US\$5,312.25 million as at 31 December 2009 based on the latest audited consolidated financial statements of GAR and its subsidiaries (the "**Group**") for the financial year ended 31 December 2009.

As at 31 March 2010, the aggregate value of all transactions entered into with the AFP Group for the financial year ending 31 December 2010 ("**FY2010**") is approximately US\$1.18 million and

the aggregate value of all interested person transactions entered into by the Group for FY2010 is approximately US\$5.25 million.

As the value of the proposed Acquisition and the aggregate value of all transactions entered into with the AFP Group in FY2010 does not exceed 3% of the Group's NTA, the Listing Manual does not require an announcement of the proposed Acquisition pursuant to Chapter 9 of the Listing Manual and the proposed Acquisition is not subject to the approval of independent shareholders being obtained at an extraordinary general meeting.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company have any interest, direct or indirect, in the proposed Acquisition, save as disclosed below:

- (a) Each of Franky Oesman Widjaja, Muktar Widjaja, Frankle (Djafar) Widjaja, Simon Lim and Rafael Buhay Concepcion, Jr. is a director of both the Company and the Seller; and
- (b) FIL, a controlling shareholder of the Company, has a direct interest of 60.80% in the Seller and a deemed interest of 4.75% held through its wholly owned subsidiary, Golden Moment Limited, while WFMT(2) in turn has a deemed interest in all the shares of the Seller held by FIL.

## **8. STATEMENT FROM AUDIT COMMITTEE**

The Audit Committee of the Company is of the view that the proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

By Order of the Board  
**Golden Agri-Resources Ltd**

Simon Lim  
Director  
18 June 2010

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### **ABOUT GOLDEN AGRI-RESOURCES LTD**

*Golden Agri-Resources Ltd ("GAR") is the world's second largest palm oil plantation with a total planted area of 430,200 hectares located in Indonesia. It has integrated operations focused on the production of palm-based, and edible oil and fat products.*

*Founded in 1996, GAR is listed on the Singapore Exchange since 1999 with a market capitalisation of US\$4.41 billion as at 31 December 2009. GAR's main subsidiaries include PT Sinar Mas Agro Resources and Technology Tbk ("SMART") and PT Ivo Mas Tunggal. SMART is listed on the Indonesia Stock Exchange.*

*GAR is focused on sustainable palm oil production. Its primary activities include the cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil ("CPO") and palm kernel; and refining CPO into value-added products such as cooking oil, margarine and shortening. Through its subsidiaries, GAR operates 34 palm oil mills, three refineries and six kernel crushing plants. It also operates an integrated operation in China including a deep-sea port, soybean crushing plants, and production of refined edible oil products.*

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Submitted by Kimberley Lye Chor Mei, Senior Manager on 18/06/2010 to the SGX