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**FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

Website: <http://www.firstpacco.com>

(Stock Code: 00142)

**CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders of  
First Pacific Company Limited**



**Quam Capital Limited**

A letter from the board of directors of First Pacific Company Limited is set out on pages 7 to 28 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 29 to 30 of this circular. A letter from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 54 of this circular.

A notice convening a special general meeting ("SGM") of the Company to be held at 10:30 a.m. on Wednesday, 20th June 2007 at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong is set out on pages 63 to 65 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of First Pacific Company Limited (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

30th May 2007

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## DEFINITIONS

*In this circular, the following terms and expressions shall have the following meanings, unless the context otherwise requires:*

“2009 Distribution Business Transactions Caps”	the proposed Annual Caps in respect of the Existing Distribution Business Transactions and the New Distribution Business Transactions for the financial year ending 31 December 2009, as set out in Table C below in this circular;
“2009 Noodles Caps”	the proposed Annual Caps in respect of the Existing Noodles Business Transactions and the New Noodles Transactions for the financial year ending 31 December 2009 as set out in Table B below in this circular;
“Announcement”	the announcement of the Company dated 18 April 2007;
“Annual Cap”	the estimated maximum annual value in relation to each respective continuing connected transaction, as required by Rule 14A.35(2) of the Listing Rules;
“April 2006 Announcement”	the announcement of the Company dated 28 April 2006;
“AS”	PT Adithya Suramitra, an Associate of Mr. Anthoni Salim;
“ASP”	PT Agrosibur Permai, a 99.51% owned subsidiary of MSA;
“Associate”	has the meaning ascribed thereto under the Listing Rules;
“August 2006 Announcement”	the announcement of the Company dated 23 August 2006;
“Board”	board of Directors;
“BD”	PT Buana Distrindo, an Associate of the Salim Group;
“CKA”	PT Ciptakemas Abadi, a member of the Indofood Group;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Exchange;

## DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Distribution Business”	the distribution business carried on by the Indofood Group;
“DUFIL”	De United Food Industries Ltd., an Associate of Mr. Anthoni Salim;
“Exchange”	the Stock Exchange of Hong Kong Limited;
“Existing Distribution Business Transactions”	each of the continuing connected transactions relating to the Indofood Group’s distribution business described in the April 2006 Announcement, which are the transactions numbered (1) and (2) in Table C below in this circular;
“Existing Noodles Business Transactions”	each of the continuing connected transactions relating to the Noodles Business described in the May 2006 Circular, which are the transactions numbered (1) to (7) inclusive in Table B below in this circular;
“Existing Noodles Caps”	the separate Annual Cap assigned to each continuing connected transaction relating to the Noodles Business in respect of which members of the Indofood Group are parties, particulars of which are set out in the May 2006 Circular and in Table B below in this circular;
“FID”	the food ingredients division of Indofood;
“Group”	the Company and its subsidiaries from time to time;
“GS”	PT Gunta Samba, a 99.99% owned subsidiary of MCP;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“IAP”	PT Indomarco Adi Prima, a member of the Indofood Group;
“Increased Existing Noodles Caps”	the Revised Noodles Caps which are being increased, as compared to the Annual Caps disclosed in the May 2006 Circular, which are the Annual Caps in respect of the transactions numbered (4), (5) and (7) in Table B below in this circular, but excluding the Revised Noodles Caps (as applicable to the New Noodles Transactions) and the 2009 Noodles Caps;

## DEFINITIONS

“Independent Board Committee”	the independent committee of the board of directors of the Company established by the Company as required by Rule 14A.21 of the Listing Rules, to consider the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps, and to opine as to whether the terms of those transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole, such independent board committee comprising the Independent Non-executive Directors;
“Independent Non-executive Directors”	Graham L. Pickles, Edward K.Y. Chen and David W.C. Tang;
“Independent Shareholders”	the shareholders of the Company other than First Pacific Investments Limited and First Pacific Investments (BVI) Limited;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, and a 51.5% owned subsidiary of the Company;
“Indofood Group”	Indofood and its subsidiaries from time to time;
“Latest Practicable Date”	28th May 2007;
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange;
“LS”	PT Lion Superindo, an Associate of Mr. Anthoni Salim;
“May 2006 Circular”	the shareholders circular of the Company dated 22 May 2006;
“MCP”	PT Mega Citra Perdana, one of the Plantation Companies;
“MPI”	PT Multi Pacific International, a 99.97% owned subsidiary of MCP;
“MSA”	PT Mentari Subur Abadi, one of the Plantation Companies;

## DEFINITIONS

“Model Code”	the Model Code for securities transactions by directors of companies listed on the Stock Exchange;
“New Distribution Business Transactions”	those new continuing connected transactions in respect of the Distribution Business involving the distribution of consumer products by PDU to LS, and the distribution of beverages products from BD to TSM, listed as transactions numbered (3) and (4) in Table C below in this circular;
“New Noodles Transactions”	those Existing Noodles Business Transactions which are due to expire in 2008, which it is proposed to renew for a further period of 3 years, listed as transactions numbered (1), (2), (4) and (5) in Table B below in this circular;
“Noodles Business”	the consumer branded products businesses in respect of noodles carried on by the Indofood Group;
“Noodles Supply and Services Agreement”	the supply and services agreement to be entered into between Indofood and SWGL in relation to certain continuing connected transactions between those parties and/or members of their respective groups in respect of the Noodles Business;
“PDU”	PT Putri Daya Usahatama, a member of the Indofood Group;
“Pinehill”	Pinehill Arabian Food Ltd., an Associate of Mr. Anthoni Salim;
“PIPS”	PT Prima Inti Pangan Sejati, a member of the Indofood Group;
“Plantations Business”	the plantations business carried on by the Indofood Group;
“Plantations Business Transactions”	each of the continuing connected transactions relating to the Plantations Business, listed in Tables (D)(i) to (iv) below in this circular;
“Plantation Companies”	SBN, MSA and MCP (all of which are limited liability companies incorporated in Indonesia and currently 60% owned subsidiaries of SIMP) together with their respective subsidiaries from time to time;

## DEFINITIONS

“Quam Capital”	Quam Capital Limited, a corporate licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company under Rule 14A.21 of the Listing Rules to make recommendations to the Independent Board Committee as to whether the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders how to vote at the Shareholders’ Meeting in respect of the resolutions to be proposed to approve those transactions;
“Revised Noodles Caps”	the revised estimated Annual Caps of the continuing connected transactions relating to the Existing Noodles Business Transactions in respect of the financial years ending 31 December 2007 and 2008, which are set out in Table B below in this circular;
“RMK”	PT Rimba Mutiara Kusuma, an Associate of Mr. Anthoni Salim;
“SAIN”	PT Sarana Inti Pratama, a member of the Indofood Group;
“Salim Group”	Mr. Anthoni Salim, his father, Mr. Soedono Salim, and his brother, Mr. Andree Halim;
“SAWAB”	Salim Wazaran Brinjikji Limited, an Associate of Mr. Anthoni Salim;
“SAWAB Agreements”	the SAWAB Licensing Agreements and the SAWAB Materials and Packaging Agreements, collectively;
“SAWAB Licensing Agreements”	the agreements relating to the provision of related technical services and the licensing of related trademarks by the Indofood Group to SAWAB;
“SAWAB Materials and Packaging Agreements”	the agreements relating to the provision of raw materials or finished and packaging products by the Indofood Group to SAWAB;

## DEFINITIONS

“SBN”	PT Swadaya Bhakti Negaramas, one of the Plantation Companies;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholders’ Meeting”	the special general meeting of the Independent Shareholders to be convened by the notice set out on pages 63 to 65 in this circular, at which resolutions will be proposed to consider and, if thought fit, approve the SAWAB Agreements and their respective Annual Caps, the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps and the terms of the Noodles Supply and Services Agreement and its Annual Caps;
“SIMP”	PT Salim Ivomas Pratama, a 64% owned subsidiary of Indofood;
“Snack Food Business”	the consumer branded products business in respect of snack food carried on by the Indofood Group;
“Snack Food Supply and Services Agreement”	the supply and services agreement to be entered into between Indofood and SWGL in relation to certain continuing connected transactions between those parties and/or members of their respective groups in respect of the Snack Food Business;
“STP”	PT Sarana Tempa Perkasa, an Associate of Mr. Anthoni Salim;
“SWGL”	Salim Wazaran Group Limited, an Associate of Mr. Anthoni Salim;
“SWGL Group”	SWGL and its direct and/or indirect subsidiaries from time to time;
“TSM”	PT Tristara Makmur, a wholly owned subsidiary of Indofood;
“US\$”	the lawful currency of United States of America; and
“%”	percentage.

*In this circular, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.8 = 9,000 Indonesian Rupiah. Percentages and figures expressed in millions have been rounded.*



## LETTER FROM THE BOARD



### FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

*Website: <http://www.firstpacco.com>*

**(Stock Code: 00142)**

*Chairman:*  
Anthoni Salim

*Executive Directors:*  
Manuel V. Pangilinan (*Managing Director and CEO*)  
Edward A. Tortorici  
Robert C. Nicholson

*Non-Executive Directors:*  
Ambassador Albert F. del Rosario  
Sutanto Djuhar  
Tedy Djuhar  
Ibrahim Risjad  
Benny S. Santoso

*Independent Non-Executive Directors:*  
Graham L. Pickles  
Professor Edward K.Y. Chen, *GBS, CBE, JP*  
David W.C. Tang,  
*OBE, Chevalier de L'Ordre des Arts et des Lettres*

*Registered Office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Hong Kong Principal Office:*  
24th Floor  
Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

30th May 2007

*To the shareholders of the Company*

Dear Sir or Madam,

- (1) NEW CONTINUING CONNECTED TRANSACTIONS**
- (2) REVISION OF CAPS FOR EXISTING NOODLES BUSINESS TRANSACTIONS,  
RENEWAL OF CERTAIN EXISTING NOODLES  
BUSINESS TRANSACTIONS AND ANNUAL CAPS FOR 2009  
IN RESPECT OF NOODLES BUSINESS TRANSACTIONS**
- (3) NEW DISTRIBUTION BUSINESS TRANSACTIONS AND  
ANNUAL CAPS FOR 2009 IN RESPECT OF DISTRIBUTION  
BUSINESS TRANSACTIONS**
- (4) CLOSING OF CONNECTED TRANSACTION**
- (5) PLANTATIONS BUSINESS TRANSACTIONS**
- (6) NOODLES SUPPLY AND SERVICES AGREEMENT IN RESPECT OF THE  
NOODLES BUSINESS**
- (7) SNACK FOOD SUPPLY AND SERVICES AGREEMENT IN RESPECT OF THE  
SNACK FOOD BUSINESS**

## LETTER FROM THE BOARD

### INTRODUCTION

Pursuant to the Announcement, the following were proposed transactions:-

#### (1) NEW CONTINUING CONNECTED TRANSACTIONS

The Company announces that Indofood has, on 6 March 2007, entered into the SAWAB Licensing Agreements, which are conditional upon approval by the Company's Independent Shareholders, relating to Indofood's Noodles Business. No services under the SAWAB Licensing Agreements will be provided by Indofood to SAWAB unless and until approval of the same has been received from the Independent Shareholders.

The SAWAB Licensing Agreements, relate to the provision of trademark licensing services for the non-exclusive use, by SAWAB, of the "Indomie" trademark owned by Indofood, and for the provision of technical services in connection with instant noodles manufacturing operations in Syria.

Following approval of the SAWAB Agreements by the Independent Shareholders at the Shareholders' Meeting, members of the Indofood Group will enter into the SAWAB Materials and Packaging Agreements, which also relate to the Noodles Business. The duration of the SAWAB Agreements will not exceed three years.

SAWAB is a joint venture company newly incorporated and established in Syria, for the purposes of establishing an instant noodles business in that jurisdiction. SAWAB is owned as to 80% by SWGL and as to 20% by a third party local partner. SWGL and SAWAB are both Associates of Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company and also President Director and CEO of Indofood. Accordingly, continuing transactions between members of the Indofood Group and SAWAB are continuing connected transactions of the Company under the Listing Rules.

Under Rule 14A.35(2) of the Listing Rules, the Company is required to set an Annual Cap for each continuing connected transaction. A description of the continuing connected transactions under the SAWAB Agreements and the Annual Caps for each of those continuing connected transactions for the financial years ending 31 December 2007, 2008 and 2009 are specified in Table A below.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Annual Caps in respect of the SAWAB Agreements have been aggregated with the Annual Caps in respect of the Existing Noodles Business Transactions (inclusive of the Revised Noodles Caps and the 2009 Noodles Caps set out below). On that basis, the relevant percentage ratios (as defined in the Listing Rules) applicable to the Annual Caps in respect of the SAWAB Agreements, when aggregated with the other Annual Caps referred to above, exceed 2.5%. Accordingly, the SAWAB Agreements are conditional upon approval by the Independent Shareholders at the Shareholders' Meeting, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

## LETTER FROM THE BOARD

**TABLE A – Details of the SAWAB Agreements**

Parties to the Agreement/Arrangement		Nature of Agreement/ Arrangement	Annual Cap for the Year Ending 31 December 2007	Annual Cap for the Year Ending 31 December 2008	Annual Cap for the Year Ending 31 December 2009
Name of member of the Indofood Group	Name of Connected Party		(US\$ millions)	(US\$ millions)	(US\$ millions)
FID	SAWAB	Sale and supply of food ingredients and noodles seasonings from FID to SAWAB for the production of instant noodles	2.4	1.9	2.4
CKA	SAWAB	Sale and supply of flexible packaging from CKA to SAWAB for the production of instant noodles	0.7	1.0	1.3
Indofood	SAWAB	Trademark licence for the non-exclusive use by SAWAB of the “Indomie” trademark owned by Indofood in the Syria market	0.3	0.5	0.7
Indofood	SAWAB	Technical assistance in connection with the instant noodle manufacturing operations of SAWAB in Syria	0.3	0.5	0.7
<b>Aggregate Annual Cap Amount</b>			<b>3.7</b>	<b>3.9</b>	<b>5.1</b>

*Note:* In respect of the period covered by the SAWAB Agreements, each of such agreements will come into effect upon approval by the Independent Shareholders and each of such agreements will expire on 31 December 2009.

The Annual Caps in respect of the SAWAB Agreements described above are estimated transaction values based on projected activity levels between the relevant parties for the financial years ending 31 December 2007, 2008 and 2009.

## LETTER FROM THE BOARD

### **(2) REVISION OF CAPS FOR EXISTING NOODLES BUSINESS TRANSACTIONS, RENEWAL OF CERTAIN EXISTING NOODLES BUSINESS TRANSACTIONS AND ANNUAL CAPS FOR 2009 IN RESPECT OF EXISTING NOODLES BUSINESS TRANSACTIONS**

Shareholders are referred to the section headed "DETAILS OF THE NOODLES BUSINESS TRANSACTIONS" in the May 2006 Circular which sets out a series of related continuing connected transactions relating to Indofood's Noodles Business which were estimated to amount in aggregate to approximately US\$60.8 million for the financial year ending 31 December 2007 and US\$30.9 million for the financial year ending 31 December 2008 on a pro-rata basis.

The Directors have been monitoring the amounts of the Existing Noodles Business Transactions, having regard to internal estimates of demand and operating conditions.

Since the approval of the Existing Noodles Business Transactions and the related Existing Noodles Caps, the Directors note that in respect of the Existing Noodles Caps for the financial years ending 31 December 2007 and 2008:-

- Certain of the Existing Noodles Caps relating to continuing connected transactions between each of FID, CKA and PIPS (each of which are members of the Indofood Group) and Pinehill (which is an Associate of Mr. Anthoni Salim) will not be sufficient to meet Pinehill's requirements. Those transactions are the transactions numbered (4), (5) and (7) in Table B below.
- Certain of the Existing Noodles Caps relating to continuing connected transactions between each of FID, CKA and Indofood (on the one hand) and DUFIL (on the other hand) require revisions as in respect of DUFIL, the expected sales volume was not met due to increased competition in the noodles business in Nigeria. Those transactions are the transactions numbered (1), (2) and (3) in Table B below.
- The Existing Noodles Caps in respect of transaction numbered (6) for the financial years ending 31 December 2007 and 2008 do not require revision.

Accordingly, it is proposed that those Existing Noodles Caps be revised in accordance with the Revised Noodles Caps in respect of the relevant transactions set out in Table B below.

Furthermore, the Annual Caps relating to certain of the Existing Noodles Business Transactions for the financial year ending 31 December 2008 as set out in the May 2006 Circular were approved by the Independent Shareholders on a pro-rata basis due to the relevant agreements/arrangements expiring part way through the 2008 calendar year. It is now proposed that, subject to approval by the Independent

## LETTER FROM THE BOARD

Shareholders at the Shareholders' Meeting, those Existing Noodles Business Transactions which are due to expire in 2008 be renewed for a further period of three years upon expiry and that the Annual Caps in respect of the entire financial year ending 31 December 2008 be revised as proposed in Table B below. The relevant transactions are those numbered (1), (2), (4) and (5) in Table B below.

The Board also announces the proposed 2009 Noodles Caps in respect of the Existing Noodles Business Transactions and the New Noodles Transactions for the financial year ending 31 December 2009, as set out in Table B below.

**TABLE B – Revised Noodles Caps and 2009 Noodles Caps**

Transaction number	Parties to the Agreement/Arrangement		Nature of Agreement/Arrangement	Existing Noodles Caps (US\$ millions) – as set out in May 2006 Circular		Revised Noodles Caps (US\$ millions)		2009 Noodles Caps (US\$ millions)
	Name of the entity of the Indofood Group	Name of Connected Party		For the Year Ending 31 December 2007	For the Year Ending 31 December 2008 (pro rata)	For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
(1)	FID	DUFIL	Sale and supply of ingredients and seasoning used for instant noodle products	26.0	8.1	17.4	21.9	27.5
(2)	CKA	DUFIL	Sale and supply of flexible packaging used for instant noodle products	8.4	8.0	7.1	8.8	11.1
(3)	Indofood	DUFIL	An exclusive license to use "Indomie" brand in the Nigerian market and the provision of technical assistance services in connection with instant noodle manufacturing operations in Nigeria <sup>1</sup>	4.7	6.1	4.1	5.0	6.3
(4)	FID	Pinehill	Sale and supply of ingredients and seasonings	14.9	4.3	16.7	16.1	19.8
(5)	CKA	Pinehill	Sale and supply of flexible packaging for instant noodle products	4.0	1.2	5.3	6.8	8.0
(6)	Indofood	Pinehill	An exclusive right and license to use "Indomie" and "Supermi" brand in Saudi Arabia and the Middle East	0.9	1.1	0.9 (Not Revised)	1.1 (Not Revised)	1.2

## LETTER FROM THE BOARD

Transaction number	Parties to the Agreement/Arrangement		Nature of Agreement/Arrangement	Existing Noodles Caps (US\$ millions) – as set out in May 2006 Circular		Revised Noodles Caps (US\$ millions)		2009 Noodles Caps (US\$ millions)
	Name of the entity	Name of Connected Party		For the		For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
				For the Year Ending 31 December 2007	Year Ending 31 December 2008 (pro rata)			
(7)	Indofood Group	Pinehill	The provision of technical assistance in connection with instant noodle manufacturing operations in Saudi Arabia and the Middle East	1.9	2.1	2.0	2.4 <sup>2</sup>	2.7 <sup>2</sup>
<b>Aggregate Annual Cap Amount</b>				<b>60.8</b>	<b>30.9</b>	<b>53.5</b>	<b>62.1</b>	<b>76.6</b>

*Note:*

1. Shareholders should note that although the agreement for provision of technical assistance services and use of licence entered into between Indofood and DUFIL (Transaction numbered (3) in Table B above) is for a term for four years (expiring in 2010), the said agreement expressly provides that such renewal is subject to the relevant Nigerian authority's approval. At present, the relevant Nigerian authority's has only granted its approval for the renewal of the agreement for a period of one year. DUFIL has made an application to the relevant Nigerian authority for approval of the renewal of agreement for the entire contract term and is awaiting its final approval. Assuming the extension application is successful, the Annual Caps for transaction numbered (7) are as set out in Table B, above.
2. Shareholders should note that the Annual Caps in respect of the years 2008 and 2009 in respect of Transaction numbered (7) in Table B, above are different from those previously announced in the Announcement and have been changed from US\$2.3 million to US\$2.4 million and US\$2.6 million to US\$2.7 million, respectively.

Each of the Noodles Business Transactions set out above constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because:–

- (i) Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood; and
- (ii) each of DUFIL and Pinehill are Associates of Mr. Anthoni Salim.

Under Rule 14A.36(1) of the Listing Rules, where a previously approved annual cap is exceeded or proposed to be exceeded or a relevant agreement is renewed, the Company must re-comply with Rules 14A.35(3) and 14A.35(4) by re-complying with the reporting, announcement and Independent Shareholders' approval requirements, as appropriate. Therefore, it is necessary for the Independent Shareholders to approve the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps and the 2009 Noodles Caps.

## LETTER FROM THE BOARD

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Revised Noodles Caps (including the Increased Existing Noodles Caps) and the 2009 Noodles Caps have been aggregated with the applicable Annual Caps in respect of the SAWAB Agreements. On this basis, the percentage ratios in respect of each of the financial years ending 31 December 2007, 2008 and 2009 exceed 2.5% and, therefore, the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps and the 2009 Noodles Caps are conditional upon approval by the Independent Shareholders at the Shareholders' Meeting, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The Revised Noodles Caps (including the Increased Existing Noodles Caps) and the 2009 Noodles Caps specified above are estimated transaction values based on projected activity levels between the relevant parties for the financial years ending 31 December 2007, 2008 and 2009, taking into account substantial growth and significant increase over recent years in respect of the various regional markets.

### **(3) NEW DISTRIBUTION BUSINESS TRANSACTIONS AND ANNUAL CAPS FOR 2009 IN RESPECT OF DISTRIBUTION BUSINESS TRANSACTIONS**

Shareholders are referred to the section headed "DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS" in the April 2006 Announcement which sets out a series of related continuing connected transactions relating to Indofood's Distribution Business. Those transactions are the transactions numbered (1) and (2) in Table C below.

The Board announces that the Indofood Group proposes to enter into new continuing connected transactions in respect of the Distribution Business involving the distribution of consumer products by PDU (a subsidiary of Indofood) to LS (an Associate of Mr. Anthoni Salim) and the distribution of beverages products from BD (an Associate of Mr. Anthoni Salim) to TSM (a subsidiary of Indofood). Those transactions are the transactions numbered (3) and (4) in Table C below. Accordingly, new Annual Caps in respect of those new continuing connected transactions relating to the Distribution Business are proposed, as set out in Table C below.

In addition, Annual Caps in respect of the financial year ending 31 December 2009 are proposed for both the Existing Distribution Business Transactions and the New Distribution Business Transactions. Those 2009 Distribution Business Transactions Caps are also set out in Table C below.

## LETTER FROM THE BOARD

**TABLE C – Distribution Business Transactions**

Transaction number	Parties to the Agreement/ Arrangement		Nature of Agreement/ Arrangement	Annual Caps (US\$ millions)		
	Name of member of the Indofood Group	Name of Connected Party		For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
(1)	IAP	LS	Distribution of consumer products	9.5	11.5	14.3
(2)	IAP	BD	IAP, as sub-distributor of BD, purchases canned Pepsi products (and PET packaging) for sale in trade outlets in Indonesia	11.0	13.5	15.8
(3)	PDU	LS	Distribution of consumer products	0.7	0.8	0.9
(4)	TSM	BD	TSM, as sub-distributor of BD, purchases Pepsi products for sale in trade outlets in Indonesia	0.1	0.1	0.1
<b>Aggregated Annual Caps</b>				<b>21.3</b>	<b>25.9</b>	<b>31.1</b>

Each of the Distribution Business Transactions set out above is a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules because:–

- (i) Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood; and
- (ii) each of LS and BD are Associates of Mr. Anthoni Salim.

Under Rule 14A.25 of the Listing Rules, for the purposes of determining the applicable reporting, disclosure and shareholders approval requirements under the Listing Rules in respect of the New Distribution Business Transactions and the 2009 Distribution Business Transactions Caps, the New Distribution Business Transactions have been aggregated with the Existing Distribution Business Transactions.



## LETTER FROM THE BOARD

The highest of the relevant percentage ratios in respect of all of the Distribution Business transactions taken together on an aggregated basis for each of the financial years ending 31 December 2007, 2008 and 2009 is less than 2.5%. Accordingly, the New Distribution Business Transactions and the Existing Distribution Business Transactions, on an aggregated basis, are subject to the reporting and announcement requirements, but not the Independent Shareholders' approval requirements, of Chapter 14A of the Listing Rules.

The Annual Caps in respect of the Existing Distribution Business Transactions and the New Distribution Business Transactions set out in Table C above are estimated transaction values and are based on the projected activity levels between the relevant parties for the financial years ending 31 December 2007, 2008 and 2009.

#### **(4) CLOSING OF CONNECTED TRANSACTION**

Shareholders are referred to the August 2006 Announcement pursuant to which it was announced that on 16 August 2006, SIMP, a 64% owned subsidiary of Indofood, as purchaser, entered into a conditional sale and purchase agreement with Rascal Holdings Limited as vendor, in relation to the sale and purchase of a 60% shareholding interest in the Plantation Companies.

The Board is pleased to announce that the acquisition of that 60% interest in the Plantation Companies was completed on 9 March 2007.

#### **(5) PLANTATIONS BUSINESS TRANSACTIONS**

As a result of the completion of the acquisition of a 60% interest in the Plantation Companies, the following transactions are now or will when entered into be (as applicable) continuing connected transactions of the Company under the Listing Rules:

- (i) those existing transactions specified in Table D(i) below, which were entered into between the Plantation Companies (which are now subsidiaries of the Company) and Associates of Mr. Anthoni Salim, prior to the completion of the acquisition by the Indofood Group of a 60% interest in the Plantation Companies;
- (ii) those transactions specified in Table D(ii) below proposed to be entered into between the Plantation Companies and a member of the Indofood Group;
- (iii) those financial assistance transactions specified in Table D(iii) below proposed to be entered into between members of the Indofood Group and the Plantation Companies; and
- (iv) those financial assistance transactions referred to in the Note to Table D (iii) proposed to be entered into between the Plantation Companies and Associates of Mr. Anthoni Salim.

## LETTER FROM THE BOARD

Under Rule 14A.35(2) of the Listing Rules, the Company is required to set an Annual Cap for each continuing connected transaction. The Annual Caps for each of the Plantations Business Transactions for the financial years ending 31 December 2007, 2008 and 2009 are specified in Tables D(i) to (iv) below.

**TABLE D (i) – Existing transactions entered into between the Plantation Companies and Associates of Mr. Anthoni Salim prior to the acquisition of a 60% interest in the Plantation Companies by the Indofood Group**

Name of member of the Indofood Group	Name of Connected Party	Nature of Agreement/Arrangement	Annual Cap (US\$ millions)		
			For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
GS	RMK	Purchases of spare parts	0.1	0.2	0.2
GS	RMK	Lease of heavy equipment	0.4	0.4	0.4
GS	RMK	Rental of office space	0.1	0.1	0.1
MPI	RMK	Lease of heavy equipment	0.1	0.1	0.1
<b>Aggregate Annual Cap</b>			<b>0.7</b>	<b>0.8</b>	<b>0.8</b>

**TABLE D (ii) – Plantations Business transactions proposed to be entered into between members of the Indofood Group and the Plantation Companies**

Name of member of the Indofood Group	Name of Connected Party	Nature of Agreement/Arrangement	Annual Cap (US\$ millions)		
			For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
SAIN	MSA	Sale of seedlings for operations	1.3	1.0	0.7
SAIN	SBN	Sale of seedlings for operations	0.6	0.7	0.7
SAIN	ASP	Sale of seedlings for operations	0.4	0.6	0.6
SAIN	GS	Sale of seedlings for operations	0.9	0.8	–
SAIN	MPI	Sale of seedlings for operations	0.4	0.4	0.5
SAIN	MSA	Provision of services for research	0.1	0.1	0.1
SAIN	SBN	Provision of services for research	0.1	0.1	0.1
SAIN	ASP	Provision of services for research	0.1	0.1	0.1
<b>Aggregate Annual Cap</b>			<b>3.9</b>	<b>3.8</b>	<b>2.8</b>

## LETTER FROM THE BOARD

**TABLE D (iii) – Financial assistance transactions proposed to be entered into between members of the Indofood Group and the Plantation Companies**

Name of member of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	Annual Cap (US\$ millions)		
			For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
SIMP	ASP	Granting Loans	9.6	9.6	9.6
SIMP	SBN	Granting Loans	1.2	1.2	1.2
SIMP	MPI & GS	Granting Loans	10.5	10.5	10.5
<b>Aggregate Annual Cap – Financing Transactions</b>			<b>21.3</b>	<b>21.3</b>	<b>21.3</b>

*Note:* The financial assistance to be provided to the Plantation Companies by SIMP referred to in Table D(iii) above is an amount representing 60% of the total financial assistance proposed to be provided to each of those Plantation Companies by their shareholders and is proportionate to the 60% shareholding of SIMP in each of those Plantation Companies. The provision of financial assistance by SIMP to the Plantation Companies referred to in Table D(iii), above is a connected transaction for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules as it is a provision of financial assistance by a listed issuer to a connected person, therefore is subject to reporting, announcement but is exempt from independent shareholders' approval requirements under Rule 14A.66(2) of the Listing Rules. The remaining 40% of the financial assistance to be provided to each of those Plantation Companies is proposed to be provided by the Associates of Mr. Anthoni Salim which respectively own the remaining 40% of each of the Plantation Companies. The provision of that financial assistance is a connected transaction for the Company under Rule 14A.13(2)(b)(i) of the Listing Rules as it is a provision of financial assistance by connected persons of the Company to a subsidiary of the Company, but is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

In addition, prior to the acquisition of a 60% interest in the Plantation Companies by the Indofood Group, there were two existing transactions between members of the Indofood Group and Associates of Mr. Anthoni Salim relating to the Indofood Group's existing plantations business. The percentage ratios applicable to those transactions, details of which are set out in Table D(iv), on an aggregate basis, were less than 0.1% and, accordingly, those transactions were exempt from the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. Following the acquisition of a 60% interest in the Plantation Companies by the Indofood Group, those transactions will be aggregated with the transactions referred to above in Tables D(i), D(ii) and D(iii) relating to the Plantation Companies, in order to determine the applicable requirements under Chapter 14A of the Listing Rules in respect of any further transactions relating to the Indofood Group's plantation business.

## LETTER FROM THE BOARD

**TABLE D (iv) – Existing transactions between members of the Indofood Group and Associates of Mr. Anthoni Salim relating to the Indofood Group’s existing plantations business as it was carried on prior to the acquisition of a 60% interest in the Plantation Companies**

Name of member of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	Annual Cap (US\$ millions)		
			For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
SIMP	AS	20 year lease for use of factory property	0.1	0.1	0.1
SIMP	STP	Pump and loading services to vessels	0.5	0.6	0.7
		<b>Aggregate Annual Cap</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
		<b>Aggregate Plantations Business Transactions set out in Tables D(i) – D(iv)</b>	<b>26.5</b>	<b>26.6</b>	<b>25.7</b>

The Plantations Business Transactions referred to above constitute continuing connected transactions under Rule 14A.14 of the Listing Rules because:-

- (i) the Plantation Companies are owned as to 60% by SIMP, being a 64% owned subsidiary of Indofood and as to 40% by Mr. Anthoni Salim or his Associates;
- (ii) Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood; and
- (iii) accordingly, each of the Plantation Companies is an Associate of Mr. Anthoni Salim and a connected person of the Company and transactions between other members of the Indofood Group and the Plantation Companies are connected transactions for the Company.

The provision of financial assistance by Mr. Anthoni Salim and/or his Associates to the Plantation Companies, as referred to in the Note to Table D(iii) above, is also a connected transaction for the Company under Listing Rule 14A.13(2)(b)(i), but is exempt from the reporting, announcement and Independent Shareholders’ approval requirements under Rule 14A 65(4) of the Listing Rules on the basis that the financial assistance is provided by a connected person for the benefit of a subsidiary of the Company on normal commercial terms (or better to the relevant subsidiary), i.e., interest on the amounts advanced will be charged based on prevailing market rates and no security over the assets of the Company or any of its subsidiaries is granted in respect of the financial assistance.

## LETTER FROM THE BOARD

The Plantations Business Transactions are and will be conducted in the ordinary and usual course of business. These transactions are and will be entered into on an arm's length basis with terms that are fair and reasonable to the parties.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Plantations Business Transactions have been aggregated. Based on the maximum aggregate annual values of the Plantations Business Transactions for each of the financial years ending 31 December 2007, 2008 and 2009, each of the percentage ratios (as defined in the Listing Rules) is less than 2.5%. Accordingly, the Plantations Business Transactions for the financial years ending 31 December 2007, 2008 and 2009 are subject to the reporting and announcement, but not the Independent Shareholders' approval, requirements of Chapter 14A of the Listing Rules.

The Annual Caps in respect of the Plantations Business Transactions set out in Tables D(i) to (iv) are estimated transaction values based on projected activity levels between the relevant parties for the financial years ending 31 December 2007, 2008 and 2009, in the case of the transactions referred to in Tables D(i) and D(iv) taking into account the historical values of the relevant transactions and in the case of the transactions referred to in Tables D(ii) and D(iii) taking into account the continuing development of raw land into planted areas. In relation to financing such development, the Plantation Companies need sufficient funds either from their shareholders or from financial institutions or other sources.

### **(6) NOODLES SUPPLY AND SERVICES AGREEMENT IN RESPECT OF THE NOODLES BUSINESS**

Indofood intends to enter into a Noodles Supply and Services Agreement with SWGL pursuant to which members of the Indofood Group will from time to time provide certain raw materials, ingredients, packaging products, technology and know how and provide certain trademark licensing in respect of the Noodles Business to the SWGL Group in connection with the SWGL Group's noodles business in Egypt, Sudan and Yemen. The Noodles Supply and Services Agreement is for a term not exceeding three years and will constitute a continuing connected transaction for the Company.

### **DESCRIPTION OF MAIN TERMS OF THE NOODLES SUPPLY AND SERVICES AGREEMENT**

Parties: (1) Indofood

(2) SWGL

Transaction: Indofood and SWGL intends to enter into the Noodles Supply and Services Agreement for the supply of certain raw materials, ingredients, packaging products, technology and know how and the provision of certain trademark licensing by members of the Indofood Group to the SWGL Group's noodles business in Egypt, Sudan and Yemen.

## LETTER FROM THE BOARD

- Scope of Services: From time to time during the term of the Noodles Supply and Services Agreement, members of the Indofood Group may provide the following services to members of the SWGL Group:
- (i) the sale and supply of food ingredients and noodle seasonings for instant noodles products;
  - (ii) the sale and supply of flexible packaging for the production of instant noodles products;
  - (iii) trademark licensing for the use of related trademarks owned by Indofood; and
  - (iv) the provision of technical assistance services for instant noodles manufacturing.
- Terms of the Provision of Services: The Noodles Supply and Services Agreement provides that, except in relation to the consideration payable, the raw materials, ingredients, packaging products, technology, know how and trademark licensing to be provided under the Noodles Supply and Services Agreement will be provided substantially on the same terms as the Indofood Group's standard documents used by the relevant members of the Indofood Group to document the Existing Noodles Business Transactions described in the May 2006 Circular. The forms of those documents are annexed to the Noodles Supply and Services Agreement.
- Consideration: The Noodles Supply and Services Agreement provides that the consideration payable under the Noodles Supply and Services Agreement in respect of the provision of raw materials, ingredients, packaging products, technology and know how trademark licensing and the provision of certain services shall be separately agreed in each individual case of the provision of raw materials, ingredients, packaging products, technology, know how or trademark licensing (as the case may be) based on the principles set out in the Noodles Supply and Services Agreement and reflecting normal commercial terms.

## LETTER FROM THE BOARD

Annual Caps: The proposed Annual Caps in respect of the Noodles Supply and Services Agreement are set out in Table E below:

**TABLE E – Noodles Supply and Services Agreement**

Country	Nature of Agreement/Arrangement	Annual Cap (US\$ millions)		
		For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
Egypt	Supply of food ingredients and noodle seasoning products	–	1.6	2.3
	Supply of flexible packaging of instant noodle products	–	0.9	1.3
	Granting non-exclusive license of Indomie brand	–	0.4	0.5
	Provision of technical assistance for instant noodle manufacturing operations	–	0.4	0.5
	<b>Aggregate Annual Caps – Egypt</b>	<b>–</b>	<b>3.3</b>	<b>4.6</b>
Sudan	Supply of food ingredients and noodle seasoning products	–	–	1.2
	Supply of flexible packaging of instant noodle products	–	–	0.7
	Granting non-exclusive license of Indomie brand	–	–	0.2
	Provision of technical assistance for instant noodle manufacturing operations	–	–	0.2
	<b>Aggregate Annual Caps – Sudan</b>	<b>–</b>	<b>–</b>	<b>2.3</b>
Yemen	Supply of food ingredients and noodle seasoning products	–	0.3	0.5
	Supply of flexible packaging of instant noodle products	–	0.4	0.5
	Granting non-exclusive license of Indomie brand	–	0.1	0.2
	Provision of technical assistance for instant noodle manufacturing operations	–	0.1	0.2
	<b>Aggregate Annual Caps – Yemen</b>	<b>–</b>	<b>0.9</b>	<b>1.4</b>
	<b>Aggregate Annual Caps in respect of SWGL's noodles business</b>	<b>–</b>	<b>4.2</b>	<b>8.3</b>

## LETTER FROM THE BOARD

When aggregated with the Existing Noodles Business Transactions, (including the SAWAB Agreements), the Annual Caps in respect of the Noodles Supply and Services Agreement exceed 2.5% of the relevant percentage ratios. Accordingly, the Noodles Supply and Services Agreement and its Annual Caps are subject to approval by the Independent Shareholders at the Shareholders' Meeting in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The Noodles Supply and Services Agreement is a continuing connected transaction for the Company because SWGL, the counterparty to the Noodles Supply and Services Agreement, is an Associate of Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company and the President Director and CEO of Indofood.

The Annual Caps in respect of the Noodles Supply and Services Agreement set out above are arrived at based on feasibility study of the projects.

### **(7) SNACK FOOD SUPPLY AND SERVICES AGREEMENT IN RESPECT OF THE SNACK FOOD BUSINESS**

Indofood intends to enter into the Snack Food Supply and Services Agreement with SWGL, pursuant to which members of the Indofood Group will from time to time supply certain raw materials, ingredients, packaging products, technology and know how and provide certain trademark licensing in respect of the Snack Food Business to the SWGL Group in connection with the SWGL Group's Snack Food Business in Syria.

The Snack Food Supply and Services Agreement is for a term not exceeding three years and will constitute a continuing connected transaction for the Company.

### **DESCRIPTION OF MAIN TERMS OF THE SNACK FOOD SUPPLY AND SERVICES AGREEMENT**

- Parties:
- (1) Indofood
  - (2) SWGL
- Transaction: Indofood and SWGL intends to enter into the Snack Food Supply and Services Agreement for the supply of certain raw materials, ingredients, packaging products, technology and know how and the provision of certain trademark licensing by members of the Indofood Group to the SWGL Group's Snack Food in Syria.
- Scope of Services: From time to time during the term of the Snack Food Supply and Services Agreement, members of the Indofood Group may provide the following services to members of the SWGL Group:
- (i) the supply of snack ingredients products;
  - (ii) the supply of flexible packaging of snack products;



## LETTER FROM THE BOARD

- (iii) trademark licensing for the use of related trademarks owned by Indofood; and
- (iv) the provision of technical assistance in connection with snack manufacturing operations.

**Terms of the Provision of Services:** The Snack Food Supply and Services Agreement provides that, except in relation to the consideration payable, the raw materials, ingredients, packaging products, technology, know how and trademark licensing to be provided under the Snack Food Supply and Services Agreement will be provided substantially on the same terms as the Indofood Group's standard documents used by the relevant members of the Indofood Group to document the Existing Noodles Business Transactions described in the April 2006 Announcement. The forms of those documents are annexed to the Snack Food Supply and Services Agreement.

**Consideration:** The Snack Food Supply and Services Agreement provides that the consideration payable under the Snack Food Supply and Services Agreement in respect of the provision of raw materials, ingredients, packaging products, technology and know how and the provision of trademark licensing shall be separately agreed in each individual case of the provision of raw materials, ingredients, packaging products, technology, know how or trademark licensing (as the case may be) based on the principles set out in the Snack Food Supply and Services Agreement and reflecting normal commercial terms.

**Annual Caps:** The proposed Annual Caps in respect of the Snack Food Supply and Services Agreement are set out in Table F below:

**TABLE F – Snack Food Supply and Services Agreement**

Country	Nature of Agreement / Arrangement	Annual Cap (US\$ millions)		
		For the Year Ending 31 December 2007	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009
Syria	Supply of snack ingredient products	–	0.5	0.9
	Supply of flexible packaging of snack products	–	0.9	1.5
	Granting non exclusive license	–	0.2	0.2
	Provision of technical assistance for snack manufacturing operations	–	0.2	0.2
	<b>Aggregate Annual Caps in respect of SWGL's snack food business</b>	–	1.8	2.8

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The Annual Caps in respect of the Snack Food Supply and Services Agreement are less than 2.5%. Accordingly, the Snack Food Supply and Services Agreement is subject to the reporting and announcement, but not the Independent Shareholders' approval, requirements of Chapter 14A of the Listing Rules.

The Snack Food Supply and Services Agreement is a continuing connected transaction for the Company because SWGL, the counterparty to the Snack Food Supply and Services Agreement, is an Associate of Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company and the President Director and CEO of Indofood.

The Annual Caps in respect of the Snack Food Supply and Services Agreement set out above are arrived at based on feasibility study of the projects.

### **LISTING RULES IMPLICATIONS**

Each of the continuing connected transactions described in this circular constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because the counterparties to the relevant transactions with the Indofood Group are Associates of Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company, and also President Director and CEO of Indofood.

### **APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER AND DESPATCH OF SHAREHOLDERS' CIRCULAR**

The Company has established the Independent Board Committee consisting of the Independent Non-executive Directors to advise the shareholders of the Company as to whether the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the Noodles Supply and Services Agreement and its Annual Caps are fair and reasonable, whether such transactions are in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders as to how to vote at the Shareholders' Meeting to be convened to consider those continuing connected transactions.

The Company has appointed an Quam Capital to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps and the terms of the Noodles Supply and Services Agreement and its Annual Caps are fair and reasonable and whether those transactions are in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders as to how to vote at the Shareholders' Meeting.

## LETTER FROM THE BOARD

Under Rule 14A.18 of the Listing Rules, any connected persons of the Company with a material interest in the SAWAB Agreements, the New Noodles Transactions, the Existing Noodles Business Transactions in respect of which the Annual Caps are proposed to be increased or the Noodles Supply and Services Agreement are required to abstain from voting at the Shareholders' Meeting on the resolutions approving the relevant matters. Accordingly, First Pacific Investments Limited and First Pacific Investments (BVI) Limited, both being Associates of Mr. Anthoni Salim and which in aggregate hold shares of the Company representing approximately 44.23% of the issued share capital of the Company will abstain from voting at the Shareholders' Meeting on each of those resolutions.

### **REASONS FOR THE ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

The relevant members of the Indofood Group have entered into the continuing connected transactions as part of their regular ongoing business arrangements in relation to the business and operations of the Indofood Group as set out below:-

#### **(i) SAWAB Agreements**

Following the success in recent years of the Noodles Business, Indofood envisages that there is considerable potential for market growth and the capture of future market development opportunities in the Syrian market and therefore, by proposing to enter into the SAWAB Agreements, Indofood is making positive decisions in relation to its operations in this market in order to capitalise on such opportunities.

#### **(ii) The New Noodles Transactions, the Increased Existing Noodles Caps, the Revised Noodles Caps (as applicable to the New Noodles Transactions) and the 2009 Noodles Caps**

The Indofood Group has benefited from the transactions numbered (1), (2), (4) and (5) in Table B, which are to be renewed on their respective expiry dates on the same terms for a further period of three years. The sale and supply of food ingredients, noodle seasoning and flexible packaging, the licensing of the "Indomie" brand name and the provision of technical assistance to Associates of Mr. Salim are on normal commercial terms and in the interests of the relevant members of the Indofood Group which are parties to those agreements and their respective shareholders. Accordingly, the Directors consider that it is in the interests of the Company and its shareholders as a whole for the relevant members of the Indofood Group to renew those agreements for a further three year period on the same terms.

The Directors have been monitoring the Indofood Group's continuing connected transactions. Having regard to the continued development and expansion of the business of the Indofood Group and internal estimates of the future needs of the relevant markets, the Existing Noodles Caps will not be sufficient to meet projected requirements in relation to certain of the Existing Noodles Business Transactions. Accordingly, certain of the Existing Noodles Caps should be revised

## LETTER FROM THE BOARD

to take into account the Indofood Group's latest internal projections and estimates. Conversely, a number of the previously announced Annual Caps in respect of the Existing Noodles Business Transactions now appear to be excessive and can be reduced.

### **(iii) New Distribution Business Transactions and Annual Caps for 2009 in respect of Distribution Business Transactions**

Due to continued development and expansion of the Indofood Group's distribution business, the new continuing connected transactions in respect of the Distribution Business are entered into to increase sales turnover and to earn additional margins on the products sold by the Indofood Group, as well as to diversify the product portfolio of the Indofood Group.

### **(iv) Plantations Business Transactions**

A number of the Plantations Business Transactions are transactions which were entered into by the Plantation Companies with Associates of Mr. Anthoni Salim before the completion of the acquisition of a 60% interest in the Plantation Companies by the Indofood Group. On completion of that acquisition, those pre-existing transactions became continuing connected transaction for the Company under the Listing Rules.

In relation to the new Plantations Business Transactions proposed to be entered into among the Plantation Companies, members of the Indofood Group and Associates of Mr. Anthoni Salim, these are transactions entered into the ordinary course of business, principally for the sale of seedlings, which can then be planted to develop raw land into planted areas. The sale of seedlings by the Indofood Group to the Plantation Companies can be expected to increase turnover and profits for the Indofood Group.

### **(v) Noodles Supply and Services Agreement and Snack Food Supply and Services Agreement**

In respect of the Noodles Business and Snack Food Business, following success in recent years due to (amongst other things) increased product awareness, sales volumes and distribution networks, Indofood envisages there will be considerable growth in respect of its Noodles Business and Snack Food Business, particularly in view of anticipated future market opportunities in Syria, Egypt, Sudan, Yemen and other territories in the Middle East and North Africa.

The benefits which are expected to accrue to the Indofood Group and the Company as a result of the above transactions are the expansion of the Indofood Group's business operations into previously unventured jurisdictions, the enhancement of facilities, assets and resources utilisation with profitable margins and increases in market share, revenue and operational profitability of the Indofood Group's major businesses.

## LETTER FROM THE BOARD

### VIEWS OF THE DIRECTORS

The Directors (other than members of the Independent Board Committee, who will express their opinion in a separate letter to the Independent Shareholders) consider that the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps, are fair and reasonable and that they are in the best interests of the Company and its shareholders as a whole.

The Directors (including the Independent Non-executive Directors of the Company) consider that the New Distribution Business Transactions, the Existing Distribution Business Transactions, the Plantations Business Transactions and the terms of the Snack Food Supply and Services Agreement in respect of each of the financial years ending 31 December 2007, 2008 and 2009 are fair and reasonable and that they are in the best interests of the Company and its shareholders as a whole.

### INFORMATION IN RESPECT OF THE COUNTERPARTIES

SAWAB, being the counterparty to the SAWAB Agreements, will be engaged in the manufacturing and marketing of instant noodles in Syria.

Each of DUFIL and Pinehill, being counterparties to the Existing Noodles Business Transactions, are engaged in the manufacturing of instant noodles; in the case of DUFIL, in Nigeria and, in the case of Pinehill, in Saudi Arabia and the Middle East.

LS and BD, being the counterparties to the New Distribution Business Transactions, are engaged in, in the case of LS, operating supermarkets in certain major cities in Indonesia, and, in the case of BD, in the distribution of Pepsi bottler products in Indonesia.

SWGL is an investment company.

In respect of the Plantation Companies and the counterparties to the Plantations Business Transactions:–

- (a) SBN is a limited liability company incorporated in Indonesia which owns 14,000 hectares of plantation land, located in South Sumatra, Indonesia;
- (b) MSA is a limited liability company incorporated in Indonesia which owns, directly or indirectly, 19,000 hectares of plantation land, located in South Sumatra, Indonesia and 16,500 hectares of plantation land, located in Central Kalimantan, Indonesia;
- (c) MCP is a limited liability company incorporated in Indonesia which owns indirectly 36,041 hectares of plantation land, located in East Kalimantan, Indonesia;

## LETTER FROM THE BOARD

- (d) ASP is a 99.51% owned subsidiary of MSA; GS is a 99.99% owned subsidiary of MCP; and MPI is a 99.97% owned subsidiary of MCP; and
- (e) RMK and AS are 100% owned by Salim Group, while STP is 50% owned by Salim Group.

As at the date of this circular, the plantation land owned by the Plantation Companies is anticipated to be utilized for oil palm plantation.

### INFORMATION IN RESPECT OF THE COMPANY AND INDOFOOD

The Company is a Hong Kong based investment and management company with operations located in Asia. The Company's principal business interests relate to telecommunications and consumer food products and infrastructure.

Indofood is the premier processed-foods company in Indonesia. It is based in Jakarta, and is listed on the Jakarta and Surabaya Stock Exchanges. Through its four strategic business groups, Indofood offers a wide range of food products: Consumer Branded Products (Noodles, Nutrition and Special Foods, Snack Foods and Food Seasonings), Bogasari (flour and pasta), Edible Oils and Fats (Plantations, Cooking Oils, Margarine and Shortening) and Distribution. Indofood is one of the world's largest instant noodles manufacturer by volume, and the largest flour miller in Indonesia. Indofood's flourmill in Jakarta is one of the largest in the world in terms of production capacity in one location. It also has an extensive distribution network in the country.

### GENERAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,  
By Order of the Board  
**FIRST PACIFIC COMPANY LIMITED**  
**Manuel V. Pangilinan**  
*Managing Director and CEO*

# LETTER FROM THE INDEPENDENT BOARD COMMITTEE



## FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

*Website: <http://www.firstpacco.com>*

**(Stock Code: 00142)**

30th May 2007

*To the Independent Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of even date with this letter issued by the Company (the "Circular") to the shareholders of the Company of which this letter forms part. Terms defined in the Circular shall have the same meaning in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps, details of which are set out in the letter from the Board contained in the Circular.

Having considered the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps and the advice and opinion of the Quam Capital in relation thereto as set out on pages 31 to 54 of the Circular, the Independent Board Committee considers the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps are in the ordinary course of business of the Group and the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps taken as a whole are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the shareholders of the Company as a whole.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps, the terms of the Noodles Supply and Services Agreement and its Annual Caps.

The Independent Board Committee draws the attention of the Independent Shareholders to the letter from the Board and the letter from the Quam Capital to the Independent Board Committee and the Independent Shareholders which sets out the considerations and factors taken into account in arriving at its recommendations, each as contained in the Circular.

Yours faithfully,

**Independent Board Committee**

**Graham L. Pickles**

*Independent Non-executive Director*

**Edward K.Y. Chen**

*Independent Non-executive Director*

**David W.C. Tang**

*Independent Non-executive Director*



## LETTER FROM QUAM CAPITAL

*The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the SAWAB Agreements and their respective Annual Caps, the terms of the New Noodles Transactions, the Revised Noodles Caps (as applicable to the New Noodles Transactions), the Increased Existing Noodles Caps, the 2009 Noodles Caps and the terms of the Noodles Supply and Services Agreement and its Annual Caps.*



**Quam Capital Limited 華富嘉洛企業融資有限公司**

A Member of The Quam Group

30 May 2007

To the Independent Board Committee and the Independent Shareholders  
First Pacific Company Limited  
24th Floor, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SAWAB Agreements and their respective Annual Caps (the "**SAWAB Caps**"), the Noodles Supply and Services Agreement and its Annual Caps (the "**SWGL Caps**"), the New Noodles Transactions and their respective Revised Noodles Caps (the "**New Noodles Caps**"), the Increased Existing Noodles Caps and the 2009 Noodles Caps. Details of the terms of the SAWAB Agreements, the Noodles Supply and Services Agreement and the New Noodles Transactions are set out in the "Letter from the Board" contained in the circular issued by the Company to its shareholders (the "**Shareholders**") dated 30 May 2007 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Messrs. Graham L. Pickles, Edward K.Y. Chen and David W.C. Tang, the Independent Non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether each of the SAWAB Agreements, the Noodles Supply and Services Agreement and the New Noodles Transactions has been entered into by the Group within its ordinary and usual course of business based on normal commercial terms; and their respective terms and conditions together with the SAWAB Caps, the SWGL Caps, the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps (collectively, the "**Noodles Caps**") are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the SAWAB Agreements, the Noodles Supply and Services Agreement and the New Noodles Transactions and the adoption of the Noodles Caps. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders.

## LETTER FROM QUAM CAPITAL

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the SAWAB Agreements, the Noodles Supply and Services Agreement, the New Noodles Transactions and the Noodles Caps.

In formulating our recommendation, we have relied on the information, facts supplied by the Group and its advisers, and the opinions expressed by and the representations of the Directors and management of the Group. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true at the date thereof. We have relied on the confirmation from the Directors that the SAWAB Materials and Packaging Agreements and the Noodles Supply and Services Agreement will contain the same terms and conditions stipulated under the respective drafts of such agreements supplied by the Group. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, DUFIL, Pinehill, SAWAB and SWGL or any of their respective subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of (1) the New Noodles Transactions, the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps; (2) the SAWAB Agreements and the SAWAB Caps; and (3) the Noodles Supply and Services Agreement and the SWGL Caps, we have taken into consideration the following principal factors and reasons:

**1. Background of and reasons for (1) the New Noodles Transactions, the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps; (2) the SAWAB Agreements and the SAWAB Caps; and (3) the Noodles Supply and Services Agreement and the SWGL Caps**

*(a) The New Noodles Transactions, the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps*

*(i) The principal business of Indofood and expansion strategy*

Indofood, a processed-foods company, is principally engaged in the provision of total food solutions in Indonesia. It is based in Jakarta and its shares are listed on the Jakarta and Surabaya Stock Exchanges.

## LETTER FROM QUAM CAPITAL

Its principal products are noodles, flour and edible oils and fats; while “Indomie” and “Supermi” are among the principal brands for its noodle products. It also has interests in food seasonings, snack foods, nutrition and special foods and distribution businesses.

As stated in the Company’s annual report for the year ended 31 December 2006 (the “**2006 Annual Report**”), Indofood is the market leader in Indonesia and the largest instant noodle producer in the world. One of Indofood’s stated objectives is to continue to strengthen its market position by leveraging its industry competence. Up to the date of the Circular, most of the Group’s existing noodles businesses outside Indonesia have been conducted through business co-operations with local partners in the relevant markets. We concur with the view of the management of Indofood that such expansion strategy is beneficial to both the Company and the Shareholders, in view of its cost effectiveness in terms of savings on the required advertising and promotion expenses in developing new markets and the initial setting-up cost of production facilities and distribution networks in the relevant markets; and the benefits derived by capitalising on the local expertise of its business partners in the relevant markets.

### (ii) The New Noodles Transactions

We were advised that DUFIL and Pinehill, the Group’s counter parties to the Existing Noodles Business Transactions, have been principally engaged in the manufacture, sale and distribution of instant noodles products in the Western Africa and the Middle East respectively for more than 11 years. We are also advised that as at the Latest Practicable Date, save for the instant noodles products under the trademark of “Indomie”, DUFIL had not conducted any manufacture, sale and distribution of instant noodles products under other trademarks; while the instant noodles products under the trademark of “Indomie” or “Supermi” manufactured by Pinehill in aggregate accounted for over 90% of its total sales volume.

It is noted that certain Existing Noodles Business Transactions with either DUFIL or Pinehill are due to expire in 2008. As the Group intends to continue its business co-operations with DUFIL or Pinehill (as the case may be) in connection with their respective production and distribution of instant noodles products in the Nigerian, Saudi Arabian and Middle East markets after the expiry of the related agreements entered by the Indofood Group in 2005, the Directors propose to extend the tenure of the related contractual arrangements upon similar terms and conditions for a further period of three years upon the expiry of the relevant sales and supply agreements. We were advised that new agreements in relation to the sales and supply of flexible packaging materials between CKA and DUFIL or Pinehill will be entered into

## LETTER FROM QUAM CAPITAL

between the relevant contracting parties upon the expiry of the existing ones; while the agreements related to the sales and supply of food ingredients and noodles seasonings entered into between FID and DUFIL or Pinehill will be automatically renewed upon their expiry pursuant to their respective terms stipulated thereunder.

We were advised that the Existing Noodles Business Transactions have long been a revenue contributor to the Group. As disclosed in the 2006 Annual Report, the Group's aggregate annual income derived from the Existing Noodles Business Transactions for the last financial year amounted to about US\$31.5 million, of which about US\$27.7 million was attributable to the New Noodles Transactions. Furthermore, the management of Indofood confirmed that the gross profit margins of Indofood generated from the Existing Noodles Business Transactions or the New Noodles Transactions for the financial year ended 31 December 2006 and the three months ended 31 March 2007 respectively was higher than those derived from Indofood's own sales of its instant noodles products manufactured in the domestic market of Indonesia for the relevant periods.

In view of the foregoing and that the entering of the New Noodles Transactions is consistent with the stated business objective and the adopted expansion policy of the Indofood Group as discussed in subsection (i) above, we consider that the New Noodles Transactions facilitate the Indofood Group's ability to sustain the Group's presence in the Nigerian, Saudi Arabian and Middle East markets through its partnership with DUFIL and Pinehill, which in turn would reinforce the geographical diversification of the Group's Noodles Business.

Furthermore, given the Group's business nature, and the respective principal activities of DUFIL and Pinehill, it is reasonable to expect that the New Noodles Transactions will continue to take place on a regular and frequent basis in the Group's ordinary and usual course of business in future. As such, we are of the view that it would be impractical for the Company to strictly comply with the Listing Rules requirements regarding "connected transactions" on each occasion when they arise.

### (iii) The Other Existing Noodles Business Transactions

We were advised that the Group also intends to continue its business co-operations with DUFIL or Pinehill (as the case may be) in respect of the Existing Noodles Business Transactions besides the New Noodles Transactions (the "**Other Existing Noodles Business Transactions**") including, but not limited to, the provision of technical services to Pinehill beyond the financial year ending 31 December 2008, the agreements related to which are due to expire in 2010.

## LETTER FROM QUAM CAPITAL

As these transactions also constitute “continuing connected transactions” under the Listing Rules, they are subject to the reporting and approval requirements as in the case of the New Noodles Transactions. As discussed in the sub-section (ii) above, we are of the opinion that the adoption of the 2009 Noodles Caps, which includes the Annual Caps for the Other Existing Noodles Business Transactions, will be imperative in ensuring the continued smooth business operations of the Indofood Group in the markets mentioned above.

- (iv) The Annual Caps for the New Noodles Transactions and the Other Existing Noodles Business Transactions as required by the Listing Rules

As disclosed in the May 2006 Circular, the aggregate Annual Caps in respect of the Existing Noodles Business Transactions for each of the three financial years ending 31 December 2008 previously approved by the then Independent Shareholders amounted to US\$47.3 million, US\$60.8 million and US\$30.9 million (on a pro-rata basis) respectively. It should be noted that the 3-year conditional waiver granted by the Stock Exchange to the Company from strict compliance with the relevant requirements of the Listing Rules in relation to the Existing Noodles Business Transactions will expire on 31 December 2008 (the “**Existing Waiver**”). Furthermore, no Annual Caps are set for any of the Other Existing Noodles Business Transactions for the financial year ending 31 December 2009.

We were advised that based on the Group’s recent internal forecast of the respective business volumes from DUFIL and Pinehill and the prevailing operating conditions in their respective markets, the Directors anticipate that there would be deviations in the expected demand from DUFIL and Pinehill respectively for the supply of food ingredients, noodle seasonings, flexible packaging materials and technical assistance services for their respective instant noodle manufacturing operations for each of the two financial years ending 31 December 2008 respectively, from what they originally envisaged in the application for the Existing Waiver mentioned above.

Given the aforesaid and for reasons discussed in sub-sections (ii) and (iii) above, we believe the adoption of the New Noodles Caps and the Increased Existing Noodles Caps, which reflects the expected changes in the business volumes in the relevant markets based on the projection by the management of Indofood, are essential for the Group’s continued business development and to fully capitalise the growth potential of the respective markets of DUFIL and Pinehill.

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(v) Conclusion

Based on the foregoing, we are of the view that entering into the New Noodles Transactions together with the adoption of the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps are conducted in the ordinary and usual course of the Group's business; and in the interests of both the Company and the Shareholders as a whole in that respect.

(b) *The SAWAB Agreements, the Noodles Supply and Services Agreement, the SAWAB Caps and the SWGL Caps*

We were advised that SAWAB is a newly established company, and principally engaged in the production, sale and distribution of instant noodles products in Syria; while certain members of the SWGL Group will engage in the production, sale and distribution of instant noodles products in Egypt, Sudan and Yemen.

It is noted that under the SAWAB Agreements and the Noodles Supply and Services Agreement, a series of inter-related contractual arrangements relating to SAWAB's or the SWGL Group's instant noodles manufacturing operations in Syria, Egypt, Sudan or Yemen (as the case may be), which are principally of the same nature as those of the Existing Noodles Business Transactions, will be undertaken between the relevant contracting parties.

We were advised that as at the date of the Circular, the Group has no major market presence in relation to its Noodles Business in Syria, Egypt, Sudan or Yemen, the major target markets of SAWAB or the SWGL Group (as the case may be). As such, we concur with the Directors' view that the respective business partnership with SAWAB and SWGL formalised by the SAWAB Agreements and the Noodles Supply and Services Agreements respectively will play a significant role in helping the Group in the implementation of its growth strategy in the aforementioned areas, and hence, further enhance the geographical expansion and diversification of its Noodles Business, which is in line with the Group's stated business strategy as discussed in section (1)(a)(i) above.

Moreover, given the Group's business nature, and the respective principal activities of SAWAB and the SWGL Group, it is reasonable to expect that each of the transactions contemplated under the SAWAB Agreements (the "**SAWAB Transactions**") and the Noodles Supply and Services Agreement (the "**SWGL Transactions**") will continue to take place on a regular and frequent basis in the Group's ordinary and usual course of business in future. It would be impractical for the Company to strictly comply with the Listing Rules requirements regarding "connected transactions" on each occasion when they arise.

## LETTER FROM QUAM CAPITAL

As such, we are of the view that the entering of the SAWAB Agreements and the Noodles Supply and Services Agreement and the adoption of the SAWAB Caps and the SWGL Caps are essential for the Indofood Group in relation to its expansion in the aforementioned new markets, as that would ensure a smooth business development and operations in those areas for the next three financial years ending 31 December 2009.

Given the above, we consider that the entering into the SAWAB Agreements and the Noodles Supply and Services Agreement together with the adoption of the SAWAB Caps and the SWGL Caps are conducted in the ordinary and usual course of the Group's business and are in the interests of both the Company and the Shareholders as a whole.

### **2. Principal terms of the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions**

The management of Indofood has confirmed to us that each category of transactions of similar nature contemplated under the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions will be conducted in accordance with similar terms and conditions as those of the Existing Noodles Business Transactions and on normal commercial terms, and particularly, the price/fees to be charged by the Indofood Group will be in line with the current pricing/fee structure adopted for the existing transactions with DUFIL or Pinehill of similar nature. It should be noted that it was stated in the 2006 Annual Report that, pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors have confirmed that for the financial year ended 31 December 2006, each of the Existing Noodles Business Transactions has been entered into (1) in accordance with the terms thereof that are fair and reasonable and in the interests of the Shareholders as a whole; and (2) on normal commercial terms or on terms no less favourable to Indofood than terms available to independent third parties.

It should also be noted that the purpose of the Noodles Supply and Services Agreement is to provide a framework of the agreed general terms and conditions governing the SWGL Transactions, and each of the SWGL Transactions to be undertaken by the Group will be subject to specific terms and conditions (including the payment terms) under the applicable implementing agreements to be entered into between the Indofood Group and the SWGL Group (the "**Implementing Agreements**"). We were advised that the Implementing Agreements will be in the form of the standard supply or licensing or services agreement used by the Indofood Group for its contractual arrangements with overseas partners. Pursuant to the Noodle Supply and Services Agreement, the terms and conditions of the Implementing Agreements will be determined based on the principles contained therein and is subject to mutual agreement between the relevant parties. It is also stated that all the Implementing Agreements shall be entered into based on normal commercial terms and, except in special circumstances, for a fixed term of not more than three years.

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Set out below are the principal terms of each category of transactions contemplated under the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions:

(a) *Sales and supply of food ingredients and noodle seasonings*

(i) Nature of the transactions

The Indofood Group agrees to supply noodle seasoning materials (including seasoning powder, seasoning oil and ingredients) to each of DUFIL, Pinehill, SAWAB and the SWGL Group to be used for their respective production of instant noodles products for an initial term of not more than three years commencing from the effective or expiration date of the relevant agreements.

The Directors have confirmed that all noodle seasoning materials to be supplied by the Indofood Group to DUFIL, Pinehill, SAWAB and the SWGL Group will be solely used for their production of instant noodles products for sale in their respective markets.

(ii) Pricing basis

The selling prices of the noodle seasoning materials shall be determined by and mutually agreed between the relevant contracting parties from time to time. The Directors confirmed that the final selling prices will be determined by the parties involved through arm's length negotiations with reference to the predetermined quotations set out in the relevant seasoning materials supply agreements and the prevailing rates for the relevant markets. We have reviewed the respective predetermined quotations contained in the seasoning materials supply agreements with DUFIL, Pinehill and SAWAB respectively, and noted that the unit selling prices of the seasoning materials are the same.

The Company advised that as at the Latest Practicable Date, save for DUFIL and Pinehill, the Group had not in the past conducted any similar transactions with other parties as the Indofood Group will not supply noodle seasoning materials to other party without a parallel trademark licence agreement to preserve secrecy of the unique recipe for its noodle seasonings or technical service agreement to provide the technical know-how for manufacturing instant noodles products incorporated with its noodle seasonings. As such, there are no independent relevant transactions available for direct comparison. Notwithstanding this, in order to assess the reasonableness of the prices of noodle seasonings supplied to DUFIL and Pinehill, we have reviewed the gross profit margin of similar transactions of sale of seasoning products undertaken by another Hong Kong listed company, namely Vedan International (Holdings) Limited ("**Vedan**"), which is principally



## LETTER FROM QUAM CAPITAL

engaged in the manufacture and sale of seasoning products. Under our review, it is noted that Vedan recorded a gross profit margin of about 18.4% in the financial year ended 31 December 2006 based on its 2006 annual report. It was confirmed by the Directors that Indofood's gross profit margins derived from the sales of noodle seasonings to each of DUFIL and Pinehill for the year ended 31 December 2006 and the three months ended 31 March 2007 respectively was in excess of 18.4%.

(b) *Sales and supply of flexible packaging materials*

(i) Nature of the transactions

The Indofood Group agrees to supply flexible packaging materials to each of DUFIL, Pinehill, SAWAB and the SWGL Group for their respective production of instant noodles products for an initial term of not more than three years commencing from the effective or expiration date of the relevant agreements.

The Directors have confirmed that all flexible packaging materials to be supplied by the Indofood Group to DUFIL, Pinehill, SAWAB and the SWGL Group will be solely used for their production of instant noodles products for sale in their respective markets.

(ii) Pricing basis

The selling prices of the flexible packaging materials shall be determined by and mutually agreed between the relevant contracting parties from time to time. The Directors confirmed that the final selling prices will be determined by the parties involved through arm's length negotiations with reference to the predetermined quotations set out in the relevant packaging materials supply agreements and the prevailing rates for the relevant markets. We have reviewed the respective predetermined quotations contained in the packaging materials supply agreements with DUFIL, Pinehill and SAWAB respectively, and noted that the unit selling prices of the packaging materials are the same.

Based on our discussion with Indofood's management, it is our understanding that the packaging materials to be supplied to DUFIL, Pinehill, SAWAB and the SWGL Group will principally be of the same nature with differences in specifications such as size and colour, and that the unit selling prices set out in the aforesaid predetermined quotations will be determined after arm's length negotiations between the relevant parties involved with reference to the then prevailing international market prices for packaging materials.

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The Company advised that as at the Latest Practicable Date, save for DUFIL and Pinehill, the Group had not in the past conducted any similar transactions with other parties as the noodles packaging materials to be manufactured with Indofood's technology and/or licensed trademark are of specific application, and therefore there are no comparable third party transactions available for our analysis. Notwithstanding this, in assessing the reasonableness of the prices of packaging materials, we have reviewed the quotation obtained by DUFIL from an independent supplier in relation to the purchase of similar packaging materials, and noted that the selling prices set out in the aforementioned predetermined quotations are more favourable to the Indofood Group when compared to the price levied by such independent supplier under our review.

- (c) *Granting of trademark licence and provision of technical services (applicable to the SAWAB Licensing Agreements and the Noodles Supply and Services Agreement)*

- (i) Nature of the transactions

To further promote and expand its Noodles Business through trademark licensing for the manufacturing of instant noodles products in the Middle East and Northern African markets, the Indofood Group agrees to grant the right and licence for use of the "Indomie" trademark to SAWAB (in Syria) and the SWGL Group (in Egypt, Sudan and Yemen) on a non-exclusive and non-transferable basis for their respective production, sale, distribution, advertising and promotion of the instant noodles products for an initial term of not more than three years commencing from the effective date of the relevant agreements.

To ensure the quality standard of the instant noodles products to be manufactured by SAWAB and the SWGL Group under the brand names of "Indomie", Indofood agrees to provide technical services and technology licences to SAWAB and the SWGL Group respectively to support them in their manufacturing, packaging and distribution process of the "Indomie" instant noodles products to be undertaken in their respective manufacturing plants. The scope of technical services to be provided by the Indofood Group comprises pre-operation and continuing technical assistance relating to, among others, (1) the selection, procurement, system design and installation of machinery and equipment; (2) the performance of trial run; (3) the process enhancement; and (4) the quality assurance. As stated in the technical services agreement with SAWAB, SAWAB shall not, in manufacturing the instant noodles products, use any materials other than those specified by Indofood nor vary assembly standards nor change the quality standards set by Indofood and SAWAB.

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### (ii) Pricing basis

In respect of the trademark licensing and technical services arrangements with SAWAB, the licensing fees and the technical service fees for the granting of the “Indomie” trademark and the provision of technical services respectively payable by SAWAB on a quarterly basis shall be determined at 1.5% each of the actual sales amount of the instant noodles products to be manufactured by SAWAB under the brand name of “Indomie”. We were advised that the aforementioned pricing basis has been determined by the parties involved after arm’s length negotiations with reference to the prevailing market rates, after taking into account the local tax exposure to SAWAB. We were also advised that in respect of the trademark licensing and technical services arrangements with the SWGL Group, the actual trademark licensing and technical services fees payable by the SWGL Group will be determined by and mutually agreed between the relevant contracting parties through arm’s length negotiations principally based on the same basis of determination adopted for the trademark licensing and technical services arrangements with SAWAB.

For comparison purposes, we have reviewed similar trademark licensing and technical services arrangements between (1) an associated company of Indofood and an independent international noodle manufacturer; (2) a joint venture company of Indofood and an independent international food company; and (3) the Indofood Group and DUFIL or Pinehill. Based on our reviews, we noted that (i) each of the aforementioned comparable transactions adopted similar pricing policy; (ii) the trademark licensing and technical services rates of 1.5% each stipulated under the SAWAB Licensing Agreements are within the range of those levied under the aforementioned comparable transactions, which ranged from 0.5% to 2.5%. We were advised that in respect of the trademark licensing and technical services arrangements with the SWGL Group, it is the current intention of Indofood that each of the trademark licensing and technical services rates is to be set within such range.

In light of the foregoing, we are of the opinion that the respective terms and conditions of the New Noodles Transactions, the SAWAB Agreements and the Noodle Supply and Services Agreement are fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

### **3. Requirements of the Listing Rules**

For each financial year of the Company during the terms of each of the agreements related to the New Noodles Transactions, the SAWAB Agreements and the Noodles Supply and Services Agreement, the subject transactions will be subject to review by the independent non-executive Directors and the Company’s auditors as required by the provisions of the Rules 14A.37 and 14A.38 of the Listing Rules

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respectively. The independent non-executive Directors must confirm in the annual report and accounts that the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions have been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, the Listing Rules require that the Company's auditors must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company), confirming that the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services of services by the Company;
- have been entered into in accordance with the relevant agreement governing the transactions; and
- have not exceeded the cap disclosed in its previous announcement.

Given the above, we are of the opinion that there will be sufficient procedures and arrangements in place to ensure that the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions will be conducted on terms that are fair and reasonable and on normal commercial terms as far as the Independent Shareholders are concerned.

#### **4. The Annual Caps**

(a) *The New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps*

- (i) The historical record of the transaction volumes of the New Noodles Transactions and the Other Existing Noodles Business Transactions

Set out below are the details of the actual transacted amount of each of the New Noodles Transactions for each of the three financial years ended 31 December 2006 and the three months ended

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31 March 2007 respectively; and the comparison of the transacted amount with the relevant Annual Cap under the Existing Waiver for the year ended 31 December 2006 (the “Utilisation Rate”):

**Table One**

Type of the New Noodles Transactions	For the year ended 31 December			For the three months ended
	2004	2005	2006	31 March 2007
	US\$ million	US\$ million	US\$ million	US\$ million
A. Sale and supply of food ingredients and noodle seasoning by FID to DUFIL	3.1	8.2	10.0	0.8
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	18.8	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	53.2%	<i>Note</i>
B. Sale and supply of flexible packaging materials by CKA to DUFIL	1.3	3.3	3.4	0.6
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	6.0	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	56.7%	<i>Note</i>
C. Sale and supply of food ingredients and noodle seasoning by FID to Pinehill	6.4	8.1	11.1	3.7
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	13.5	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	82.2%	<i>Note</i>
D. Sale and supply of flexible packaging materials by CKA to Pinehill	1.9	2.2	3.2	1.3
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	3.3	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	97.0%	<i>Note</i>

*Note:* Due to the seasonal factors in the respective markets of DUFIL and Pinehill, we do not consider it appropriate to estimate the Utilisation Rate for the year ending 31 December 2007 by annualising the actual transacted amount for the first quarter of 2007, as such estimates may not be accurately reflective of the actual Utilisation Rate.

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Set out below are the details of the actual transacted amount of each of the Other Existing Noodles Business Transactions for each of the three financial years ended 31 December 2006 and the three months ended 31 March 2007 respectively; and the relevant Utilisation Rate:

**Table Two**

Type of the Other Existing Noodles Business Transactions	For the year ended 31 December			For the three months ended
	2004	2005	2006	31 March 2007
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
E. Granting of an exclusive right and licence of the "Indomie" brand and provision of technical services in Nigeria by Indofood to DUFIL	0.8	1.6	2.0	0.6
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	3.4	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	58.8%	<i>Note</i>
F. Granting of an exclusive right and licence of the "Indomie" and "Supermi" brands in Saudi Arabia and the Middle East by Indofood to Pinehill	0.4	0.5	0.6	0.2
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	0.8	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	75.0%	<i>Note</i>
G. Provision of technical services in Saudi Arabia and the Middle East by PIPS to Pinehill	0.9	1.0	1.2	0.4
<i>Annual Cap:</i>	<i>n.a.</i>	<i>n.a.</i>	1.5	<i>n.a.</i>
<i>Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	80.0%	<i>Note</i>

*Note:* Due to the seasonal factors in the respective markets of DUFIL and Pinehill, we do not consider it appropriate to estimate the Utilisation Rate for the year ending 31 December 2007 by annualising the actual transacted amount for the first quarter of 2007, as such estimates may not be accurately reflective of the actual Utilisation Rate.

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As illustrated above in Table One and Table Two, there has been a steady annual growth for the New Noodles Transactions and the Other Existing Noodles Business Transactions, and this was generally in line with the respective growth trend in the sales volumes of the instant noodles products by DUFIL and Pinehill for the relevant periods. The only noted exceptions are the transactions between the Indofood Group and DUFIL (transactions typed A and B) for the financial year 2005.

We were advised that the significant increases of about 164.5% and 153.8% in these two types of the New Noodles Transactions respectively were mainly due to (1) the increase in the sales volume of the instant noodles products by DUFIL by about 75% for the year; (2) the increased demand of food ingredients and seasoning as certain new types of noodles packs requiring additional seasoning packs; and (3) that DUFIL has built up its inventory of seasoning and packaging materials in anticipation of sales growth.

It is also noted that the respective Utilisation Rate for the New Noodles Transactions typed A and B for the financial year 2006 was relatively low as compared with those for the New Noodles Transactions typed C and D respectively for the relevant year. We were advised that this was mainly due to the building up of seasoning and packaging materials inventory by DUFIL in 2005 in advance of its anticipation of sales for the following year.

Notwithstanding the above, we are of the view that the generally high Utilisation Rate for each of the New Noodles Transactions and the Other Existing Noodles Business Transactions, to a very large extent, is reflective of the local market expertise of DUFIL and Pinehill and their perceptive operation planning and sales projections related thereto.

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- (ii) The bases of determination of the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps

The following table sets out the details of the relevant New Noodles Caps and the 2009 Noodles Caps for each of the New Noodles Transactions:

**Table Three**

<b>Type of the New Noodles Transactions</b>	<b>The relevant new Noodles Caps* US\$ million</b>
A. Sale and supply of food ingredients and noodle seasoning by FID to DUFIL	2007: 17.4 (26.0) 2008: 21.9 (8.1)** 2009: 27.5
B. Sale and supply of flexible packaging materials by CKA to DUFIL	2007: 7.1 (8.4) 2008: 8.8 (8.0)** 2009: 11.1
C. Sale and supply of food ingredients and noodle seasoning by FID to Pinehill	2007: 16.7 (14.9) 2008: 16.1 (4.3)** 2009: 19.8
D. Sale and supply of flexible packaging materials by CKA to Pinehill	2007: 5.3 (4.0) 2008: 6.8 (1.2)** 2009: 8.0

\* *The figures in parentheses denote the Annual Caps under the Existing Waiver for the relevant financial year.*

\*\* *The Annual Caps under the Existing Waiver for the year ending 31 December 2008 are on a pro rata basis, as the agreement for transaction typed B will expire on 2 October 2008 while those for transactions typed A, C and D will expire on 31 March 2008.*



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Set out below are the details of the relevant new Annual Caps for each of the Other Existing Noodles Business Transactions:

**Table Four**

Type of the Other Existing Noodles Business Transactions	The relevant new Annual Caps* <i>US\$ million</i>
E. Granting of an exclusive right and licence of the "Indomie" brand and provision of technical services in Nigeria by Indofood to DUFIL**	2007: 4.1 (4.7) 2008: 5.0 (6.1) 2009: 6.3
F. Granting of an exclusive right and licence of the "Indomie" and "Supermi" brands in Saudi Arabia and the Middle East by Indofood to Pinehill	2007: 0.9 (0.9) 2008: 1.1 (1.1) 2009: 1.2
G. Provision of technical services in Saudi Arabia and the Middle East by PIPS to Pinehill	2007: 2.0 (1.9) 2008: 2.4 (2.1) 2009: 2.7

\* *The figures in parentheses denote the Annual Caps under the Existing Waiver for the relevant financial year.*

\*\* *Pursuant to the letter agreement entered into between Indofood and DUFIL on 13 April 2006, such parties agreed to extend the tenure of the trademark licensing and technical services agreement dated 1 November 2002 in respect of the Other Existing Noodles Business Transaction typed E upon the same terms for a further period of four years up to 29 November 2010 upon its initial expiry on 29 November 2006 (subject to the approval of the National Office for Technology Acquisition and Promotion ("NOTAP") in Nigeria). We were advised that NOTAP has already granted its approval to DUFIL for a one-year extension after the aforementioned initial expiry pending the final approval of the relevant renewal agreement (the "Final Approval").*

*It should be noted that the proposed new Annual Caps in respect of the Other Existing Noodles Business Transaction typed E for the three financial years ending 31 December 2009 respectively are determined based on the assumption that the Final Approval by NOTAP will be obtained.*

We have discussed the above with the management of Indofood; and were advised that the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps were determined after taking into consideration the following bases and assumptions:

- the expected increase in demand for food ingredients, noodle seasonings and flexible packaging materials in view of (1) the continuous growth in the sales of the instant noodles products by DUFIL and Pinehill in the recent years; (2) the anticipation of the continuation of the increased market receptiveness of the instant noodles products under the

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“Indomie” or “Supermi” brand in the Nigerian, Saudi Arabian and Middle East markets, the core markets of DUFIL or Pinehill; and (3) the recent expansion of the respective production capacity of DUFIL in 2006 and Pinehill in 2007 and their respective expansion plans to be implemented in the next three years;

- the sale volume projections in respect of the instant noodles products to be manufactured and sold by DUFIL and Pinehill in their respective markets incorporated in the respective annual operating plans of DUFIL and Pinehill for each of the three financial years ending 31 December 2009, compiled with the assumptions discussed above;
- the projected annual level of supply of seasoning products and packaging materials to be entered into under the relevant supply agreements for the three financial years ending 31 December 2009 based on DUFIL’s and Pinehill’s sale projections mentioned above;
- the unit prices of the existing seasoning products and packaging materials to be sold to DUFIL and Pinehill will be maintained at about the same current level;
- the adoption of general buffers of 10% and 15% for the New Noodles Transactions with DUFIL and Pinehill respectively to accommodate unanticipated future variations in sales volume and price adjustments;
- in respect of the renewal agreement relating to the Other Existing Noodles Business Transaction typed E, it is assumed that DUFIL will obtain the Final Approval by NOTAP;
- a royalty and technical service rates of 1% each will be charged for the granting of an exclusive right and licence of the “Indomie” brand and the provision of technical services in Nigeria by Indofood to DUFIL with a buffer of 10% on the estimated amount based on the projected business volume;
- a royalty rate of 1% will be charged for the granting of an exclusive right and licence of the “Indomie” and “Supermi” brands in Saudi Arabia and the Middle East by Indofood to Pinehill with a buffer of 20% on the estimated amount based on the projected business volume; and
- a technical service rate of 2% will be charged for the provision of technical services in Saudi Arabia and the Middle East by PIPS to Pinehill with a buffer of 20% on the estimated amount based on the projected business volume.

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In our assessment of the respective reasonableness and fairness of the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps, we have reviewed the respective operating plans and the related sales projections for the three years ending 31 December 2009 compiled by DUFIL and Pinehill and the underlying bases and assumptions related thereto as detailed above. We concur with the Directors' view that it will be reasonable and in the interests of both the Company and the Shareholders to set the aforementioned Annual Caps at the proposed levels, after taking into consideration the following:

- the enhanced production capacity of DUFIL with the installation of two production lines in 2006 and its plans to install additional new production lines in 2007, 2008 and 2009 and the establishment of a new production plant; to capture the expected increases in demand in its core market, namely Nigeria which has the highest population in the Western African continent, with population expected to reach about 135.0 million by July 2007;
- the current intention of DUFIL to launch new noodles products to enhance its competitive advantages in its major market;
- the expansion plan of Pinehill to enhance its production capacity in 2007, 2008 and 2009 by installing several new production lines and setting up an additional noodle manufacturing plant; in order to accommodate (1) the increasing local demand for its existing instant noodles products in its markets; and (2) the launch of new instant noodles products with an aim to enhance its competitive advantages in the local market, namely Saudi Arabia which is the second largest country in terms of population within the Middle East region with population expected to reach about 27.6 million by July 2007, and hence to increase its market share;
- that the respective average sales volume ratio (i.e. the sale volume of packaging materials over that of the instant noodles products) for DUFIL and Pinehill for the three years ending 31 December 2009 is in line with that for the preceding three years; and
- the slight decrease in the proposed new Annual Cap in respect of the sale of food ingredients and noodles seasonings by Indofood to Pinehill for the year ending 31 December 2008 compared to that for the previous year; as a result of the fact that Pinehill will set up its own seasoning blending plant in 2008, and hence, the Indofood Group will cease to supply certain categories of noodle seasoning materials to Pinehill thereafter.

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(iii) Conclusion

Based on the factors and reasons discussed above, we are of the view that the New Noodles Caps, the Increased Existing Noodles Caps and the 2009 Noodles Caps were set by the Group after careful and due consideration and are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

(b) *The SAWAB Caps and the SWGL Caps*

(i) The bases of determination of the SAWAB Caps and the SWGL Caps

Set out below is a summary of the SAWAB Caps for the SAWAB Transactions for each of the three financial years ending 31 December 2009 respectively:

**Table Five**

Type of the SAWAB Transactions	Geographical location of manufacturing operation	For the year ending 31 December		
		2007 <i>US\$ million</i>	2008 <i>US\$ million</i>	2009 <i>US\$ million</i>
Sale and supply of food ingredients and noodle seasoning by FID to SAWAB	Syria	2.4	1.9	2.4
Sale and supply of flexible packaging materials by CKA to SAWAB	Syria	0.7	1.0	1.3
Granting of a non-exclusive and non-transferable licence of "Indomie" trademark by Indofood to SAWAB	Syria	0.3	0.5	0.7
Provision of technical services by Indofood to SAWAB	Syria	0.3	0.5	0.7

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Set out below is a summary of the SWGL Caps for the SWGL Transactions for each of the three financial years ending 31 December 2009 respectively:

**Table Six**

Type of the SWGL Transactions	Geographical location of manufacturing operation	For the year ending 31 December		
		2007 <i>US\$ million</i>	2008 <i>US\$ million</i>	2009 <i>US\$ million</i>
Sale and supply of food ingredients and noodle seasoning by the Indofood Group to the SWGL Group	Egypt	-	1.6	2.3
	Sudan	-	-	1.2
	Yemen	-	0.3	0.5
Sale and supply of flexible packaging materials by the Indofood Group to the SWGL Group	Egypt	-	0.9	1.3
	Sudan	-	-	0.7
	Yemen	-	0.4	0.5
Granting of a non-exclusive and non-transferable licence of "Indomie" trademark by the Indofood Group to the SWGL Group	Egypt	-	0.4	0.5
	Sudan	-	-	0.2
	Yemen	-	0.1	0.2
Provision of technical services by the Indofood Group to the SWGL Group	Egypt	-	0.4	0.5
	Sudan	-	-	0.2
	Yemen	-	0.1	0.2

In respect of setting of the SAWAB Caps and the SWGL Caps, we have discussed with the management of Indofood and were advised that they were determined after taking into consideration the following bases and assumptions:

- the respective sale volume projections prepared by SAWAB and SWGL in respect of the instant noodles products to be manufactured and sold by them in their respective markets for each of the three financial years ending 31 December 2009 (together, the **"SAWAB and SWGL Sale Projections"**);
- the projected annual level of supply of seasoning products and packaging materials to be entered into under the SAWAB Materials and Packaging Agreements and the Noodles Supply and Services Agreement for each of the three financial years ending 31 December 2009 based on the SAWAB and SWGL Sale Projections (together, the **"SAWAB and SWGL Supply Projections"**);

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- the unit prices of seasoning products and packaging materials to be sold to SAWAB and the SWGL Group are to be set at about the similar level as those of transactions of the same nature between the Indofood Group and DUFIL or Pinehill;
- the expected royalty and technical service rates of 1.5% each for the trademark licensing and provision of technical services arrangements under the relevant SWGL Transactions, which are at the same rates as those under the SAWAB Licensing Agreements;
- the adoption of general buffers of 30% and 50% for the SAWAB Transactions and the SWGL Transactions respectively to accommodate (1) future price adjustments; and (2) unanticipated increases in sales volume in view of (i) the possible rapid growth in SAWAB's and the SWGL Group's business development in the early stage of new markets; and (ii) the continuous growth in the sales of DUFIL and Pinehill respectively in the recent years, given their target markets of Syria, Egypt, Sudan and Yemen are likely to share similar market characteristics of those of DUFIL and Pinehill (as the case may be) as they are located in the same geographical regions; and
- in respect of the SWGL Transactions, the operation schedules of the SWGL Group in the Egypt, Yemen and Sudan markets.

In our assessment of the respective reasonableness and fairness of the SAWAB Caps and the SWGL Caps, we have reviewed the SAWAB and SWGL Sale Projections, the SAWAB and SWGL Supply Projections and the operation schedules of the SWGL Group and the underlying reasons related thereto. We concur with the Directors' view that it will be reasonable and in the interests of both the Company and the Shareholders to set the SAWAB Caps and the SWGL Caps at the proposed levels, after taking into consideration the following:

- the growth potential of the Group's Noodles Business in the target markets of both SAWAB and the SWGL Group with Egypt having the highest population, followed by Sudan, in the Northern African continent, with population expected to reach about 80.3 million and 39.4 million respectively by July 2007; and Yemen and Syria, being one of the top five largest countries in terms of population within the Middle East region with population expected to reach about 22.2 million and 19.3 million respectively by July 2007;

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- that the SAWAB and SWGL Sale Projections were prepared by SAWAB and SWGL respectively principally based on their respective projected production capacity and knowledge of the existing market conditions in the relevant countries;
- in respect of the SWGL Transactions, no cap is adopted for each of the SWGL Transactions for (i) both the Egypt and Yemen markets for the year ending 31 December 2007; and (ii) the Sudan market for each of the two years ending 31 December 2008, as the commercial production and sales of instant noodles products of the SWGL Group in Egypt and Yemen are expected to take place in 2008; while it is expected that the SWGL Group's manufacturing plant in Sudan will only start commercial production in 2009; and
- that a relatively higher general buffer is necessary for the SWGL Transactions as compared with that for the SAWAB Transactions as the management of SWGL is currently only at the initial stage of business evaluation with relatively limited knowledge of market conditions and characteristics in the subject countries, given the expected operation schedules of the SWGL Group in its markets as discussed above.

### (ii) Conclusion

Based on the factors and reasons discussed above, we are of the view that the SAWAB Caps and the SWGL Caps were set by the Group after due and careful consideration and are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

## RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- the nature of the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions;
- that the New Noodles Transactions facilitate the Indofood Group's ability to sustain the Group's presence in the Nigerian, Saudi Arabian and Middle East markets, which in turn would reinforce the geographical diversification of the Group's Noodles Business;

## LETTER FROM QUAM CAPITAL

- that both the SAWAB Transactions and the SWGL Transactions, which will be conducted on normal commercial terms, are in line with the Group's adopted business expansion strategy in new markets outside Indonesia and are expected to enhance the growth potential of the Group's Noodles Business in their respective target markets;
- that the respective pricing basis as provided under each of the New Noodles Transactions, the SAWAB Agreements and the Noodles Supply and Services Agreement is fair and reasonable;
- the control and review procedures and arrangements in place to safeguard the interests of the Company and the Shareholders in relation to the New Noodles Transactions, the SAWAB Transactions and the SWGL Transactions; and
- that the Noodles Caps have been set by the Group, after careful and due considerations, at a level which will be in the interests of both the Company and the Shareholders, in view of the positive growth factors as discussed in details above,

we consider that the New Noodles Transactions, the SAWAB Agreements and the SWGL Agreements have been or will be entered into within the ordinary and usual course of the Group's business based on normal commercial terms and their respective terms and conditions together with the Noodles Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Shareholders' Meeting to approve the New Noodles Transactions, the SAWAB Agreements and the SWGL Agreements and the adoption of the Noodles Caps.

Yours faithfully,  
For and on behalf of  
**Quam Capital Limited**  
**Karen C. Wong**  
*Director*



## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code, to be notified to the Company and the Exchange were as follows:

#### (a) Long positions in shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,418,525,963 <sup>(c)(see Note 1)</sup>	44.23	–
Manuel V. Pangilinan	6,026,759 <sup>(p)</sup>	0.19	31,800,000
Edward A. Tortorici	27,252,131 <sup>(p)</sup>	0.85	17,680,000
Robert C. Nicholson	–	–	24,500,000
Ambassador Albert F. del Rosario	–	–	2,840,000
Benny S. Santoso	–	–	2,840,000
Graham L. Pickles	100,000	0.003	–
Edward K. Y. Chen, GBS, CBE, JP	–	–	2,840,000

(p): Personal interest

(c): Corporate interest

*Note 1:* Anthoni Salim owns 100 per cent of First Pacific Investments (BVI) Limited which, in turn, is interested in 628,296,599 ordinary shares in the Company. Of this, 33.334 per cent is held by Anthoni Salim directly, and 66.666 per cent by Salerni International Limited (a company which Anthoni Salim directly holds 100 per cent of the issued share capital). Anthoni Salim also owns 56.8 per cent of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 10 per cent is held by Anthoni Salim directly, and 46.8 per cent by Salerni International Limited.

The remaining 43.2 per cent interest in First Pacific Investments Limited is owned as to 30 per cent by Sutanto Djuhar, 10 per cent by Tedy Djuhar and 3.2 per cent by a company controlled by Ibrahim Risjad, all of whom are Non-executive Directors of the Company.

(b) *Long positions in shares in associated corporations*

- Manuel V. Pangilinan owned 1,048,064 common shares<sup>(p)</sup> in Metro Pacific Investments Corporation (MPIC), 201,933 common shares<sup>(p)</sup> in Philippine Long Distance Telephone Company (PLDT) and 360 preferred shares<sup>(p)</sup> in PLDT as beneficial owner and a further 15,417 common shares in PLDT as nominee for another person, as well as 3,500,000 common shares<sup>(p)</sup> in Pilipino Telephone Corporation.
- Edward A Tortorici owned 17,399 common shares<sup>(c)</sup> and 165,000 common shares<sup>(p)</sup> in MPIC as well as 52,197 warrants<sup>(c)</sup> and 495,000 warrants<sup>(p)</sup> in MPIC and 104,874 common shares<sup>(p)</sup> in PLDT.
- Sutanto Djuhar owned 15,520,335 shares<sup>(c)</sup> in PT. Indofood Sukses Makmur Tbk. (Indofood).
- Tedy Djuhar owned 15,520,335 shares<sup>(c)</sup> in Indofood.
- Ibrahim Risjad owned 6,406,180 shares<sup>(c)</sup> in Indofood.
- Anthoni Salim owned 632,370 shares<sup>(c)</sup> in Indofood.
- Albert F. del Rosario owned 119,995 common shares<sup>(p)</sup> in PLDT, 1,560 preferred shares<sup>(p)</sup> in PLDT, 32,231,970 preferred shares<sup>(p)</sup> in Prime Media Holdings, Inc. (PMH) as nominee for another person, 4 common shares<sup>(p)</sup> in PMH as beneficial owner, 4,922 common shares<sup>(p)</sup> in Costa de Madera Corporation, 15,000 common shares<sup>(p)</sup> in Metro Pacific Land Holdings Inc., and 80,000 common shares<sup>(p)</sup> in Metro Strategic Infrastructure Holdings, Inc.

*(p) = Personal interest, (c) = Corporate interest*

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Exchange.

**(ii) Interests of Substantial Shareholders in the Company**

As at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, the following parties, other than a Director or chief executive of the Company, have an interest or short position in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

- (a) **Salerni International Limited (“Salerni”)**, which was incorporated in the British Virgin Islands, was interested in 1,418,525,963 ordinary shares of the Company (long position) as at the Latest Practicable Date, representing approximately 44.23 per cent of the Company’s issued share capital, by way of its 46.8 per cent interest in First Pacific Investments Limited (FPIL-Liberia) and its 66.666 per cent interest in First Pacific Investments (BVI) Limited (FPIL-BVI).
- (b) **FPIL-Liberia**, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares as at the Latest Practicable Date, representing approximately 24.65 per cent of the Company’s issued share capital at that date. FPIL-Liberia is owned by the Chairman (Anthoni Salim) and three Non-executive Directors (Sutanto Djuhar; Tedy Djuhar and Ibrahim Risjad) in the proportions specified in Note (1) of the table on page 56. Anthoni Salim is taken to be interested in the shares owned by FPIL-Liberia.
- (c) **FPIL-BVI**, which was incorporated in the British Virgin Islands, beneficially owned 628,296,599 ordinary shares as at the Latest Practicable Date, representing approximately 19.59 per cent of the Company’s issued share capital at that date. Anthoni Salim, the Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

- (d) Brandes Investment Partners, LP (“**Brandes**”), a U.S. company, notified the Company that it held 319,635,932 ordinary shares of the Company in May 2007, representing approximately 9.97 per cent of the Company’s issued share capital by that time. As at the Latest Practicable Date, the Company has not received any other notification from Brandes of any change to such holding.
- (e) Marathon Asset Management Limited (“**Marathon**”), a U.K. incorporated company, notified the Company that it held 204,709,173 ordinary shares of the Company in November 2005, representing approximately 6.41 per cent of the Company’s issued share capital by that time. As at the Latest Practicable Date, the Company has not received any other notification from Marathon of any change to such holding.

### 3. SERVICE CONTRACTS

Mr. Edward A. Tortorici has a service contract with the Company expiring on 31 December 2007. The amount of fixed remuneration payable under the contract, excluding arrangements for pension payments, is currently US\$1,035,000 per annum, payable in arrears over 12 months at a rate of US\$86,250 per month.

The amounts of any variable remuneration payable under the contract include annual discretionary bonus equal to 0% to 50% of the base annual fee, participation in the share option scheme of the Company adopted on 24 May 2004 as well as any other perquisites and benefits customarily provided to senior executive officers of the Company. Upon the expiration of Mr. Tortorici’s employment, he will be granted an augmented retirement benefit calculated based on two months’ pay every completed year of full time service to the Company, starting from August 1987.

Other than as described above, no Director has an unexpired contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### 4. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years preceding the date of this circular which are or may be material:–

- (a) the Share Purchase Agreement dated 9 November 2005 and entered into between Cirio Finanziaria S.p.A. in Amministrazione Straordinaria, Del Monte Holdings Limited (as the Seller) and the Company, in respect of the acquisition of the 428,570,000 Del Monte Shares by the Company or a wholly-owned subsidiary (the proposed acquisition did not proceed to completion as the pre-emption condition was not satisfied);

- (b) the Co-operation Agreement dated 31 January 2006 by and among PLDT, the Company, Metro Pacific Corporation, Metro Asia Link Holdings, Inc., Metro Pacific Resources, Inc., Larouge B.V., Metro Pacific Asset Holdings, Inc. (“MPAH”), NTT Communications Corporation and NTT Docomo, Inc.;
- (c) the Sale and Purchase Agreement dated 23 August 2006 between Indofood, ISG Asia Limited, Yeunh Oi Siong and Kumpulan CityAxis Sdn. Bhd. pursuant to which Indofood Agri Resources Limited (“IndoAgri”) and ISG Asia Limited agreed to purchase from Indofood Singapore Holdings Pte. Ltd. (“ISHPL”) and Indofood agreed to procure the sale by ISHPL of the entire issued share capital of Indofood Oil & Fats Pte. Ltd.;
- (d) the Deed of Ratification and Accession dated 11 September 2006 by ISHPL in favour of Indofood, ISG Asia Limited and Yeunh Oi Siong and Kumpulan CityAxis Sdn. Bhd relating to the Sale and Purchase Agreement dated 23 August 2006 referred to above;
- (e) the placement agreement dated 7 February 2007 by IndoAgri with CIMB-GK Securities Pte. Ltd., Credit Suisse (Singapore) Limited and Kim Eng Securities Pte. Ltd. in relation to the placement by IndoAgri of up to 338,000,000 new consolidated shares of IndoAgri; and
- (f) the Sale and Purchase Agreement dated 14 February 2007 by MPAH with the Philippine Government relating to MPAH’s acquisition of 111,415 issued common shares in Philippine Telecommunications Investment Corporation (“PTIC”), representing approximately 46% of the total common issued shares of PTIC, for a purchase price amounting to Pesos 25,217,556,000 (US\$510,580,198).

## 5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates have a controlling interest in a business which competes either directly or indirectly with the business of the Company.

Other than as disclosed herein, there are no contracts or arrangements subsisting as at the Latest Practicable Date in which a Director is materially interested or which is significant in relation to the business of the Group.

Other than the connected transaction between PT Salim Ivomas Pratama and Rascal Holdings Limited as announced on 23 August 2006, as at the Latest Practicable Date no Director has any interest, direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group.

**7. MATERIAL ADVERSE CHANGES**

The Directors are not aware of any material or adverse change in the financial or trading position of the Group since 31 December 2006 (being the date to which the latest audited financial statements of the Group were drawn up).

**8. PROCEDURE FOR DEMANDING A POLL**

In accordance with bye-law 79 of the Company's Bye-Laws, a poll may be demanded by –

- (i) the chairman; or
- (ii) at least three (3) members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

In accordance with bye-law 80, if a poll is demanded in the manner aforesaid, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman directs. The results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours on any week day (except public holidays) up to and including 30th May 2007:–

- (i) the SAWAB Agreements, as follows:
  - (a) supply agreement between FID and SAWAB in respect of the supply of seasoning materials for the manufacture of instant noodles;
  - (b) supply agreement between CKA and SAWAB in respect of the supply of packaging materials for the manufacture of instant noodles;

- (c) trademark licensing agreement between Indofood and SAWAB; and
- (d) technical services agreement between Indofood and SAWAB.
- (ii) the agreements referred to in Table B in the “Letter from the Board” section in this circular;
- (iii) the Noodles Supply and Services Agreement;
- (iv) the letter from the Board, the text of which is set out on pages 7 to 28 of this circular;
- (v) the letter from the Independent Board Committee, the text of which is set out on pages 29 and 30 of this circular;
- (vi) the letter from Quam Capital, the independent financial adviser, the text of which is set out on pages 31 to 54 of this circular;
- (vii) this circular;
- (viii) Mr. Tortorici’s service contract; and
- (ix) the material contracts referred to in Section 4 above.

#### 10. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinions or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Quam Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Quam Capital had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Quam Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and reference to its name in the form and context in which they appear respectively.

**11. MISCELLANEOUS**

- (i) The Company Secretary of the Company is Ms. Nancy L.M. Li, MSc (Corporate Governance and Directorship, BA, FCS(PE), FCIS.
- (ii) The qualified accountant of the Company is Mr. Richard L. Beacher, BA(Hon) in Economics and Accounting, FCCA, CDA.
- (iii) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (iv) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, at Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.
- (v) The share registrar and transfer office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (vi) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.



# NOTICE OF SPECIAL GENERAL MEETING



## FIRST PACIFIC COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

*Website: <http://www.firstpacco.com>*

**(Stock Code: 00142)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of First Pacific Company Limited (the “**Company**”) will be held at 10:30 a.m. on Wednesday, 20th June 2007 at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong to consider and, if thought fit, approve, with or without modifications, the following resolutions as ordinary resolutions of the Company:–

1. THAT the agreements relating to the provision of related technical services and the licensing of related trademarks by Indofood (as defined in the Circular) from time to time to SAWAB (as more particularly described in Table A set out on page 9 of the Letter from the Board section of the circular issued by the Company on the date hereof to its shareholders (the “**Circular**”) and the agreements relating to the provision of raw materials or finished and packaging products by the Indofood Group to SAWAB (as more particularly described in the Letter from the Board section of the Circular) (together the “**SAWAB Agreements**”) and the Annual Caps (as defined in the Circular) in respect of the years 2007, 2008 and 2009 in respect of the SAWAB Agreements be and are hereby approved;
2. THAT the renewal, for a further term of three years, of the sale and supply agreement entered into between FID (as defined in the Circular) and DUFIL (as defined in the Circular), which is due to expire in 2008, (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) in respect of the financial years ending 31st December 2008 and 2009, applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
3. THAT the renewal, for a further term of three years, of the sale and supply agreement entered into between CKA (as defined in the Circular) and DUFIL (as defined in the Circular), which is due to expire in 2008, (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), the performance of the transactions contemplated by that

## NOTICE OF SPECIAL GENERAL MEETING

- agreement and the Annual Caps (as defined in the Circular) in respect of the financial years ending 31st December 2008 and 2009, applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
4. THAT the Annual Cap in respect of the financial year ending 31st December 2009 in respect of the agreement to be entered into between Indofood (as defined in the Circular) and DUFIL (as defined in the Circular) in respect of trademark licensing and technical assistance services (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), be and is hereby approved;
  5. THAT the renewal, for a further term of three years, of the sale and supply agreement entered into between FID (as defined in the Circular) and Pinehill (as defined in the Circular), which is due to expire in 2008, (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) in respect of the financial years ending 31st December 2007, 2008 and 2009, applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
  6. THAT the renewal, for a further term of three years, of the sale and supply agreement entered into between CKA (as defined in the Circular) and Pinehill (as defined in the Circular), which is due to expire in 2008, (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) in respect of the financial years ending 31st December 2007, 2008 and 2009, applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement;
  7. THAT the Annual Cap in respect of the financial year ending 31st December 2009 in respect of the agreement in respect of trademark licensing entered into between Indofood (as defined in the Circular) and Pinehill (as defined in the Circular) (as more particularly described in Table B set out on page 11 of the Letter from the Board section of the Circular), be and is hereby approved;

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8. THAT the agreement in respect of provision of technical assistance services entered into between PIPS (as defined in the Circular) and Pinehill (as defined in the Circular), which is due to expire in 2008, (as more particularly described in Table B set out on page 12 of the Letter from the Board contained in the Circular), the performance of the transactions contemplated by that agreement and the Annual Caps (as defined in the Circular) in respect of the financial years ending 31st December 2007, 2008 and 2009, applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such agreement; and
  
9. THAT the Noodles Supply and Services Agreement to be entered into between Indofood (as defined in the Circular) and SWGL (as defined in the Circular) in respect of Egypt, Sudan and Yemen, in relation to certain continuing connected transactions between those parties and/or members of their respective groups in respect of the noodles business transactions carried on by the Indofood group of companies (as more particularly described in Table E set out on page 21 of the Letter from the Board section of the Circular), the performance of the transactions contemplated by those agreements and the Annual Caps (as defined in the Circular) applicable to that agreement as set out in the Circular be and are each hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of those agreements.

By Order of the Board  
**FIRST PACIFIC COMPANY LIMITED**  
**Nancy L.M. Li**  
*Company Secretary*

Hong Kong  
30th May 2007