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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this circular and the accompanying Form of Proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**FIRST PACIFIC COMPANY LIMITED****第一太平有限公司***(Incorporated with limited liability under the laws of Bermuda)*Website: <http://www.firstpacific.com>**(Stock Code: 00142)****CONTINUING CONNECTED TRANSACTIONS****(1) RENEWAL OF INDOFOOD GROUP'S NOODLES BUSINESS TRANSACTIONS
AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019****(2) RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS
AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019****(3) RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS
TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019****Independent Financial Adviser to the Independent Board Committee
and to the Independent Shareholders****SOMERLEY CAPITAL LIMITED**

A letter from the Board is set out on pages 8 to 67 of this circular.

A letter from the Independent Board Committee is set out on pages 68 to 69 of this circular.

A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 70 to 146 of this circular.

A notice convening the SGM to be held at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen's Road Central, The Landmark, Central, Hong Kong on Monday, 23 January 2017 at 3:00 p.m. is set out on pages 158 to 159 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

Hong Kong, 30 December 2016

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DEFINITIONS

In this circular and the appendix to it, the following expressions have the following meanings unless the context requires otherwise:

“2014-2016 Distribution Business Transactions”	the existing continuing connected transactions relating to the Distribution Business entered into by members of the Indofood Group and associates of Mr. Salim, as described in the Company’s announcements dated 9 December 2013, 9 May 2014, 15 October 2014, 10 November 2016, and 5 December 2016;
“2014-2016 Noodles Business Transactions”	the existing continuing connected transactions relating to the Noodles Business entered into by members of the Indofood Group and associates of Mr. Salim, as described in the Company’s announcements dated 9 December 2013, 15 October 2014 and 10 November 2016;
“2014-2016 Plantations Business Transactions”	the existing continuing connected transactions relating to the Plantations Business entered into by members of the Indofood Group and associates of Mr. Salim, as described in the Company’s announcements dated 9 December 2013, 9 May 2014, 15 October 2014 and 10 November 2016;
“2017-2019 Beverages Business – Salim Transactions”	the continuing connected transactions relating to the Beverages Business proposed to be entered into by members of the Indofood Group and associates of Mr. Salim;
“2017-2019 Distribution Business Transactions”	the continuing connected transactions relating to the Distribution Business proposed to be entered into by members of the Indofood Group and associates of Mr. Salim, as referred to in Table C on page 43 of the “Letter from the Board” section of this circular;
“2017-2019 Noodles Business Transactions”	the continuing connected transactions relating to the Noodles Business proposed to be entered into by members of the Indofood Group and associates of Mr. Salim, as referred to in Table A on pages 11 to 12 of the “Letter from the Board” section of this circular;
“2017-2019 Plantations Business Transactions”	the continuing connected transactions relating to the Plantations Business proposed to be entered into by members of the Indofood Group and associates of Mr. Salim, as referred to in Table B on pages 21 to 23 of the “Letter from the Board” section of this circular;
“ADS”	PT Adithya Suramitra, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;

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“Annual Cap(s)”	the estimated maximum annual value in relation to a continuing connected transaction, as required by Rule 14A.53 of the Listing Rules;
“ASP”	PT Agrosibur Permai, a joint venture plantation company between SIMP and the Salim Group and a member of the IGER Group;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Beverages Business”	the consumer branded products business in respect of beverages carried on by the Indofood Group;
“Board”	the board of Directors;
“Bogasari”	Bogasari, the flour mills division of Indofood;
“Bye-laws”	the Bye-laws of the Company, as amended from time to time;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;
“CSNJ”	PT Cipta Subur Nusa Jaya, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;
“Director(s)”	the director(s) of the Company;
“Distribution Business”	the distribution business carried on by the Indofood Group;
“Dufil”	Dufil Prima Foods Plc, a company in which Mr. Salim has an aggregate effective interest of 50.0% and an associate of Mr. Salim;
“FFI”	PT Fast Food Indonesia Tbk, a company in which Mr. Salim has an aggregate effective interest of approximately 36.0% and an associate of Mr. Salim;
“Group”	the Company and its subsidiaries from time to time;
“GS”	PT Gunta Samba, a joint venture plantation company between SIMP and the Salim Group and a member of the IGER Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IAK”	PT Inti Abadi Kemasindo, a member of the Indofood Group;
“IAP”	PT Indomarco Adi Prima, a member of the Indofood Group;
“IASB”	PT Indofood Asahi Sukses Beverage, a member of the Indofood Group;
“IASB-FFI Beverages Transaction”	the continuing connected transaction between IASB and its subsidiaries on the one hand and FFI on the other hand in relation to the sale of drinking products by IASB and its subsidiaries to FFI, being the transaction numbered (6) in Table C in this circular;
“ICBP”	PT Indofood CBP Sukses Makmur Tbk, a member of the Indofood Group;
“IGER”	IndoInternational Green Energy Resources Pte. Ltd.;
“IGER Group”	IGER, MSA, SBN, MCP, LPI, ASP, GS and MPI;
“IKU”	PT Indotek Konsultan Utama, a company in which Mr. Salim has an aggregate effective interest of approximately 52.0% and an associate of Mr. Salim;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and making a recommendation to the Independent Shareholders as to how to vote at the SGM;
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to (i) advise the Independent Board Committee and the Independent Shareholders in respect of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM; and (ii) opine on the duration of the framework agreement in relation to the IASB-FFI Beverages Transaction;

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“Independent Shareholders”	shareholders of the Company who do not have a material interest in the 2017-2019 Distributions Business Transactions, the 2017-2019 Noodles Business Transactions and/or the 2017-2019 Plantations Business Transactions (as applicable);
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Group and which has its shares listed on the Indonesia Stock Exchange;
“Indofood Group”	Indofood and its subsidiaries from time to time;
“Indogrosir”	PT Inti Cakrawala Citra, a company in which Mr. Salim has an aggregate effective interest of approximately 78.2% and an associate of Mr. Salim;
“Indomaret”	PT Indomarco Prismatama, a company in which Mr. Salim has an aggregate effective interest of approximately 23.0% and an associate of Mr. Salim;
“Indomobil”	PT Indomobil Sukses Internasional Tbk, a company in which Mr. Salim has an aggregate effective interest of approximately 57.1% and an associate of Mr. Salim;
“Latest Practicable Date”	23 December 2016, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LPI”	PT Lajuperdana Indah, a joint venture plantation company within the IGER Group between SIMP and the Salim Group;
“LS”	PT Lion Superindo, a company in which Mr. Salim has an aggregate effective interest of approximately 49.0% and an associate of Mr. Salim;
“MCP”	PT Mega Citra Perdana, a joint venture plantation company within the IGER Group between SIMP and the Salim Group;
“MPI”	PT Multi Pacific International, a joint venture plantation company between SIMP and the Salim Group;
“Mr. Salim”	Mr. Anthoni Salim, the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood;

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“MSA”	PT Mentari Subur Abadi, a joint venture plantation company within the IGER Group between SIMP and the Salim Group;
“NIC”	PT Nippon Indosari Corpindo Tbk, a company in which Mr. Salim has an aggregate effective interest of approximately 40.0% and an associate of Mr. Salim;
“Noodles Business”	the consumer branded products businesses in respect of noodles business carried on by the Indofood Group;
“PDU”	PT Putri Daya Usahatama, a member of the Indofood Group;
“Pinehill”	Pinehill Arabian Food Ltd., a company in which Mr. Salim has an aggregate effective interest of approximately 59.0% and an associate of Mr. Salim;
“Plantations Business”	the plantations business carried on by the Indofood Group;
“RAP”	PT Rumah Asri Perdanaindo, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;
“RMK”	PT Rimba Mutiara Kusuma, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;
“S\$”	Singapore dollars, the lawful currency of Singapore;
“Salim Group”	Mr. Salim, and companies controlled by him;
“SAWAB”	Salim Wazaran Brinjikji Co., a company in which Mr. Salim has an aggregate effective interest of approximately 47.2% and an associate of Mr. Salim;
“SAWABAS”	Salim Wazaran Bashary Food Co. Ltd., a company in which Mr. Salim has an aggregate effective interest of approximately 44.3% and an associate of Mr. Salim;
“SAWAHI”	Salim Wazaran Hilaby Co. Ltd., a company in which Mr. Salim has an aggregate effective interest of approximately 47.2% and an associate of Mr. Salim;
“SAWATA”	Salim Wazaran Abu Elata Co., a company in which Mr. Salim has an aggregate effective interest of approximately 50.2% and an associate of Mr. Salim;

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“SAWAZ Group”	those counterparties to the 2017-2019 Noodles Business Transactions which operate in the Middle East and Africa, and which comprise SAWAB, SAWABAS, SAWAHI, SAWATA and the joint venture entities relating to Algeria, Serbia, Iraq, Morocco, Turkey, Ethiopia and Kenya;
“SBN”	PT Swadaya Bhakti Negaramas, a joint venture plantation company within the IGER Group between SIMP and the Salim Group;
“SDM”	PT Sumberdaya Dian Mandiri, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“SGM”	the special general meeting of the Company to be convened by the SGM Notice and to be held at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen’s Road Central, The Landmark, Central, Hong Kong on Monday, 23 January 2017 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, among other things, the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps;
“SGM Notice”	notice of the SGM as set out on pages 158 to 159 of this circular;
“Shanghai Resources”	Shanghai Resources International Trading Co. Ltd., a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim;
“SIMP”	PT Salim Ivomas Pratama Tbk, a member of the Indofood Group;
“SRC”	PT Surya Rengo Containers, a 60% owned subsidiary of ICBP;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“STP”	PT Sarana Tempa Perkasa, a company in which Mr. Salim has an aggregate effective interest of 100.0% and an associate of Mr. Salim; and
“%”	per cent.

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Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Rupiah 13,000 = HK\$7.80 = S\$1.36. Percentages and figures expressed in millions have been rounded.

LETTER FROM THE BOARD



FIRST PACIFIC COMPANY LIMITED

第一太平洋有限公司

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

Non-executive Chairman:

Anthoni Salim

Executive Directors:

Manuel V. Pangilinan *(Managing Director and CEO)*

Edward A. Tortorici

Robert C. Nicholson

Non-executive Directors:

Benny S. Santoso

Tedy Djuhar

Ambassador Albert F. del Rosario

Independent Non-executive Directors:

Prof. Edward K.Y. Chen, *GBS, CBE, JP*

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin

Principal Office:

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8 Connaught Place

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Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

30 December 2016

To the Shareholders of First Pacific Company Limited

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

(1) RENEWAL OF INDOFOOD GROUP'S NOODLES BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

(2) RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

(3) RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

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INTRODUCTION

Reference is made to the Company's announcement dated 10 November 2016 in relation to certain continuing connected transactions of the Indofood Group and to the Company's announcement dated 5 December 2016 in relation to revisions to the 2016 Annual Caps in respect of certain existing Distribution Business transactions.

The purpose of this circular is to provide you with (i) further information on the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps; (ii) the recommendation of the Independent Board Committee in respect of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM; (iii) the advice of the Independent Financial Adviser in respect of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM; (iv) the views of the Independent Financial Adviser on the duration of the framework agreement in respect of the IASB-FFI Beverages Transaction; (v) the SGM Notice; and (vi) other information as required to be disclosed under the Listing Rules.

RENEWAL OF INDOFOOD GROUP'S NOODLES BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

The agreements in respect of the existing 2014-2016 Noodles Business Transactions will expire on 31 December 2016. The Indofood Group will enter into new framework agreements in respect of the transactions numbered (1) to (4) in Table A below relating to the 2017-2019 Noodles Business Transactions on substantially the same terms as those of the existing agreements. No new agreement will be entered into in respect of the transaction numbered (5) in Table A below.

In relation to the transaction numbered (5) in Table A below, which is not being renewed in respect of 2017-2019, the Indofood Group had previously projected that Indofood and its subsidiaries would need to use human resources outsourcing services of SDM for the Noodles Business during the period from 1 January 2014 to 31 December 2016. However, because the Noodles Business decided to hire new employees on a permanent basis and because the Noodles Business decided to use the human resources outsourcing services of an independent third party rather than the services of SDM (on account of better expertise and better terms of the independent third party vis-a-vis SDM), no transactions for such services were in fact entered into between Indofood and SDM during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016. Neither the Company and Indofood has paid any compensation to SDM or any person in this connection.

The arrangements under the new framework agreements described in Table A below will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon

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expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

A summary of each of the 2017-2019 Noodles Business Transactions, their respective historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016, their respective Annual Caps for the year ending 31 December 2016, their respective remaining Annual Cap for the year ending 31 December 2016 and the proposed Annual Caps for 2017, 2018 and 2019 in respect of the new framework agreements is set out in Table A below.

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Table A – 2017-2019 Noodles Business Transactions, proposed Annual Caps, historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016, Annual Caps for the year ending 31 December 2016 and remaining Annual Cap for the year ending 31 December 2016

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016			For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(1)	Indofood/ICBP	Dufil	Indofood/ICBP: (1) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and (2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil.	29.1	32.8	23.3	51.6	28.3	48.4	56.2	64.2
(2)	Indofood/ICBP	Pinehill	Indofood/ICBP: (1) grants an exclusive licence in respect of the "Indomie", "Supermi" and "Pop Mie" trademarks in certain countries in the Middle East; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Pinehill.	75.9	74.4	58.7	122.4	63.7	116.3	135.5	157.9

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016			For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(3)	Indofood/ICBP	SAWAZ Group	Indofood/ICBP: (1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ Group.	9.8	9.2	12.3	48.9	36.6	35.8	51.6	68.1
(4)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	0.8	1.0	1.2	5.8	4.6	3.3	3.3	3.4
(5)	Indofood and its subsidiaries	SDM	Indofood and its subsidiaries use human resources outsourcing services from SDM.	-	-	-	0.1	0.1	-	-	-
Aggregated actual transaction amounts/Annual Caps:				115.6	117.4	95.5	228.8	133.3	203.8	246.6	293.6

As at 31 October 2016, in respect of each of the 2014-2016 Noodles Business Transactions, the transaction amount during the period from 1 January 2016 to 31 October 2016 was below the applicable previously announced Annual Cap for the year ending 31 December 2016.

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Each of the 2017-2019 Noodles Business Transactions referred to in Table A above constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules because:

- (i) Mr. Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood; and
- (ii) each of the counterparties is an associate of Mr. Salim.

The 2017-2019 Noodles Business Transactions are conducted in the ordinary and usual course of business of the Indofood Group and are entered into on an arm's length basis with terms fair and reasonable to the relevant parties. The framework agreements will provide that the pricing/fee chargeable in respect of each of the 2017-2019 Noodles Business Transactions in Table A above will reflect normal commercial terms and will be on an arm's length basis and based on normal market conditions. The consideration under the 2017-2019 Noodles Business Transactions is payable in accordance with credit terms to be agreed between the parties, in cash. Details of the pricing policy are set out in the section headed "Pricing Policies and Reasons for and Benefits of Entering into the Transactions" below in this circular.

The proposed Annual Caps for the 2017-2019 Noodles Business Transactions specified in Table A are estimated transaction values based on projected activity levels between the relevant parties for the relevant periods, taking into account the historical values of the relevant transactions and the need to accommodate expansion of the noodles market in the Middle East and Africa. The planned expansion of the noodles market includes plans to, among other things (a) commence business in new markets such as Algeria and Iraq, (b) resume business in Syria and Yemen following conclusions of the civil wars in these respective countries, (c) expand business in Morocco and Serbia (which commenced in 2016), and (d) increase production line in Sudan and Egypt.

The principal factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Noodles Business Transactions specified in Table A are summarised in Table A2 below:

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Table A2 – Principal Factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Noodles Business Transactions (Transaction numbers correspond to the transaction numbers in Table A above)

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(1)	Indofood/ICBP	Dufil	<p>Indofood/ICBP:</p> <p>(1) grants an exclusive licence in respect of the “Indomie” trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and</p> <p>(2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil.</p>	48.4	56.2	64.2	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by approximately 12.6% in 2015 as compared to 2014 and was roughly comparable in 2016 (on an annualised basis) as compared to 2015. The transaction amount in US\$ in 2016 (on an annualised basis) represents a decrease of approximately 14.6% as compared to 2015. The sales volume of instant noodle products by Dufil increased in 2016, but the technical and royalty fees charged by the Indofood Group is calculated based on the local currency (Nigerian Naira) and, taking into account the sharp depreciation of the Nigerian Naira against US\$ by approximately 30% from June 2016 to September 2016, such technical and royalty fees have translated into a lower amount of US\$.</p> <p>– Dufil’s projection of increase in annual demand for ingredients, noodles seasonings and flexible packaging, in particular, the additional supply of premix to Dufil due to new product with new seasoning formula to be introduced in 2017 to enhance its competitive advantages and market shares in its targeted markets.</p> <p>– The 2017, 2018 and 2019 Annual Caps embedded an estimated annual growth of approximately 17.8% in 2017 from the 2016 annualised transaction amount and annual growth of 16.0% and 14.2% in 2018 and 2019, respectively.</p> <p>– The unit prices of the ingredients, noodle seasonings and packaging materials to be sold to Dufil, which is expected to increase in line with domestic inflation.</p>

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Transaction No.	Parties to the agreement/arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(1) cont'd	Indofood/ICBP	Dufil	<p>Indofood/ICBP:</p> <p>(1) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and</p> <p>(2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil.</p>	48.4	56.2	64.2	<p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate in view of the volatility in the spot exchange rate of Rupiah to US\$ and for the uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s); approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s).</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(2)	Indofood/ICBP	Pinehill	<p>Indofood/ICBP:</p> <p>(1) grants an exclusive licence in respect of the “Indomie”, “Supermi” and “Pop Mie” trademarks in certain countries in the Middle East;</p> <p>(2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and</p> <p>(3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Pinehill.</p>	116.3	135.5	157.9	<p>– The transaction amount under this continuing connected transaction decreased by approximately 2.0% in 2015 as compared to 2014, mainly due to the depreciation of Rupiah against US\$ during 2015, and further decreased in 2016 (on an annualized basis) by approximately 5.4% as compared to 2015, mainly because the SAWAZ Group sourced more ingredients directly from the Indofood Group instead of from Pinehill in 2016.</p> <p>– Pinehill’s projection of increase in annual demand for ingredients, and seasoning oil and flexible packaging due to new product with new seasoning formula to be introduced in 2017 to enhance its competitive advantages and market shares in its targeted market.</p> <p>– The 2017, 2018 and 2019 Annual Caps embedded an estimated annual growth of approximately 25.8% in 2017 from the 2016 annualised transaction amount and annual growth of 16.9% and 16.4% in 2018 and 2019, respectively.</p> <p>– The unit prices of ingredients, seasoning oil and packaging materials to be sold to Pinehill which is expected to increase in line with domestic inflation.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate in view of the volatility in the spot exchange rate of Rupiah to US\$ and for the uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s); approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s).</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(3)	Indofood/ICBP	SAWAZ Group	<p>Indofood/ICBP:</p> <p>(1) grants a non-exclusive licence in respect of the “Indomie” trademark in certain countries in the Middle East and Africa;</p> <p>(2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and</p> <p>(3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ Group.</p>	35.8	51.6	68.1	<p>– SAWAZ Group’s projection of increase in sales volume of instant noodle products to be manufactured and sold by SAWAZ Group in their markets (including Syria, Egypt, Yemen, Kenya, Ethiopia, Morocco, Turkey and Serbia) for each of the three years ending 31 December 2019 was attributable to (a) the expected increase in demand for instant noodle products in the targeted markets of the SAWAZ Group based on projected growth in consumption per capita in its targeted markets in the Middle East and Africa; (b) the expected expansion in the market coverage to Algeria and Iraq in 2018; (c) resumption of business in Syria and Yemen following conclusion of the civil war in these respective countries; and (d) expansion in Morocco and Serbia which commenced business in 2016.</p> <p>– The construction of a number of factories and production lines from 2017 to 2019 to accommodate the increasing local demand for its targeted markets including Sudan and Egypt.</p> <p>– The projected increase in annual supply of ingredients and noodle seasonings and packaging materials to the SAWAZ Group for the manufacturing of instant noodle products, based on projected increase in sales volume of instant noodle products.</p> <p>– The unit prices of the ingredients, noodle seasonings and packaging materials which is expected to increase in line with domestic inflation.</p> <p>– The corresponding increase in royalty and technical service fees to be charged to the SAWAZ Group based on the projected sales amount of the instant noodle products and the fixed royalty and technical service rates for the three years ending 31 December 2019.</p> <p>– The 2017, 2018 and 2019 Annual Caps embedded an estimated annual growth of approximately 109% in 2017 from the 2016 annualised transaction amount and annual growth of 44% and 32% in 2018 and 2019, respectively.</p>

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Transaction No.	Parties to the agreement/arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(3) cont'd	Indofood/ICBP	SAWAZ Group	<p>Indofood/ICBP:</p> <p>(1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa;</p> <p>(2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and</p> <p>(3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ Group.</p>	35.8	51.6	68.1	<p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate in view of the volatility in the spot exchange rate of Rupiah to US\$ and for the uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s); approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s).</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(4)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/ rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	3.3	3.3	3.4	<p>– The transaction amount under this continuing connected transaction increased by 25% in 2015 as compared to 2014 and by 44% in 2016 (on an annualised basis) as compared to 2015.</p> <p>– The expected increase in noodles sale volume in Indonesia following the addition of approximately 100 stock points per annum in the coming three years in order to further expand the distribution network of instant noodle products in the rural regions of Indonesia.</p> <p>– The 2017 Annual Cap embedded an estimated annual growth of approximately 120% in 2017 from the 2016 annualised transaction amount and an expected stabilization in 2018 and 2019.</p> <p>– Replacement of old vehicles by the Indofood Group.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the US\$/Rupiah exchange rate and for the uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil group; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil group.</p>

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RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

The agreements in respect of the existing 2014-2016 Plantations Business Transactions will expire on 31 December 2016. The Indofood Group will enter into new framework agreements in respect of the transactions numbered (1) to (15) in Table B below relating to the 2017-2019 Plantations Business Transactions on substantially the same terms as those of the existing agreements. No new agreements will be entered into in respect of the transactions numbered (16) to (20) in Table B below.

In relation to the transaction numbered (5) in Table B below, the Indofood Group had previously projected that Indofood and its subsidiaries would require consulting services from IKU during the period from 1 January 2014 to 31 December 2016. However, as a result of tendering, Indofood and its subsidiaries decided to engage an independent third party for such services, and therefore no transactions were in fact entered into under such continuing connected transaction during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016. LPI, which is a non-wholly owned subsidiary of Indofood, plans to engage professional consultants to further improve the quality of its sugar cane products and IKU remains a possible option as a professional consultant in this regard and therefore this continuing connected transaction will be renewed for 2017-2019.

In relation to the transaction numbered (6) in Table B below, Indofood and its subsidiaries had previously projected that Indofood and its subsidiaries would have demand for sugar from LPI during the period from 1 January 2014 to 31 December 2016. However, because the sugar produced by LPI during this period has not met the specifications and quality requirements of Indofood, no transactions were in fact entered into under such continuing connected transaction during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016. It is anticipated that from 2017 the sugar produced by LPI will commence to meet the specifications and quality requirements of Indofood and will be supplied to Indofood.

In relation to the transaction numbered (19) in Table B below, which is not being renewed in respect of 2017-2019, the Indofood Group had previously projected that MSA would have demand for seedings sold, and trucks leased, by SIMP and its subsidiaries to MSA for MSA's operations during the period from 1 January 2014 to 31 December 2016. However, due to reasons that MSA were not able to meet SIMP's quoted selling price for seedings, that MSA's demand for seedings were less than originally anticipated and that MSA purchased trucks from independent third parties rather than leased them from SIMP, no transactions were in fact entered into under such continuing connected transaction during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016.

In relation to the transaction numbered (20) in Table B below, which is not being renewed in respect of 2017-2019, the Indofood Group had previously projected that LPI would have demand for management services (relating to the supply and selling of sugar products) of Bogasari during the period from 1 January 2014 to 31 December 2016. However, LPI were ultimately able to handle the supply and selling of sugar products with its own internal resources and did not require the management services of Bogasari in this regard and, therefore, no transactions were in fact entered into under such continuing connected transaction during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016.

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The arrangements under the new framework agreements described in Table B below will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

A summary of each of the 2017-2019 Plantations Business Transactions, their respective historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016, their respective Annual Caps for the year ending 31 December 2016, their respective remaining Annual Cap for the year ending 31 December 2016 and the proposed Annual Caps for 2017, 2018 and 2019 in respect of the new framework agreements is set out in Table B below.

Table B – 2017-2019 Plantations Business Transactions, proposed Annual Caps, historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016, Annual Caps for the year ending 31 December 2016 and remaining Annual Cap for the year ending 31 December 2016

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016			For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(1)	SIMP	ADS	ADS grants a lease to SIMP for use of factory properties.	0.0	0.0	0.4	0.7	0.3	1.3	1.3	1.3
(2)	SIMP and its subsidiaries	STP	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels.	0.4	0.4	0.5	1.0	0.5	1.2	1.3	1.5
(3)	SIMP and its subsidiaries	RMK	SIMP and its subsidiaries lease heavy equipment and buy building materials; rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK.	0.6	0.4	0.5	1.5	1.0	5.6	6.2	6.8

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016			For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(4)	SIMP and its subsidiaries	IGER Group	SIMP and its subsidiaries provide operational services, sell seedlings, sell prefabricated housing materials, sell fertilizer products, lease office space to IGER Group; and buy palm oil and its derivative products from IGER Group.	71.1	38.8	24.3	115.5	91.2	109.7	134.6	155.7
(5)	Indofood and its subsidiaries	IKU	IKU provides consulting services for project development to Indofood and its subsidiaries.	-	-	-	0.1	0.1	0.2	0.2	0.2
(6)	Indofood and its subsidiaries	LPI	Indofood and its subsidiaries buy sugar from LPI.	-	-	-	0.3	0.3	0.2	0.2	0.2
(7)	SIMP	FFI	SIMP sells deep frying oil to FFI.	3.9	3.5	3.2	5.6	2.4	5.2	5.8	6.4
(8)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	5.4	1.7	1.5	4.8	3.3	8.4	6.5	7.4
(9)	SIMP	Shanghai Resources	SIMP sells palm oil and its derivative products to Shanghai Resources.	16.8	14.6	15.4	18.6	3.2	35.0	44.7	56.3
(10)	SIMP	NIC	SIMP sells margarine to NIC.	0.3	0.2	0.5	0.9	0.4	0.7	0.8	1.0
(11)	Indofood	LPI	Indofood grants an exclusive license of its "Indosugar" trademark related to sugar to LPI.	0.5	0.4	0.5	0.9	0.4	0.9	1.0	1.0
(12)	IAK	LPI	IAK sells packaging materials to LPI.	0.1	0.4	0.3	1.0	0.7	0.8	0.9	1.0
(13)	SIMP and its subsidiaries	CSNJ	SIMP and its subsidiaries rent infrastructure from CSNJ and vice-versa.	0.0	0.0	0.0	0.1	0.1	0.4	0.4	0.4
(14)	SIMP and its subsidiaries	Indomaret	SIMP and its subsidiaries sell finished goods to Indomaret.	34.8	31.9	35.6	52.4	16.8	54.7	71.7	94.0
(15)	SIMP and its subsidiaries	Indogrosir	SIMP and its subsidiaries sell finished goods to Indogrosir.	15.9	12.6	19.0	22.8	3.8	31.4	41.3	54.2

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016			For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(16)	SIMP and its subsidiaries	RAP	RAP provides services to SIMP and its subsidiaries in connection with prefabricated housing.	1.3	0.3	-	0.3	0.3	-	-	-
(17)	PT Indoagri Inti Plantation	CSNJ	PT Indoagri Inti Plantation rents infrastructure from CSNJ.	-	0.0	0.0	0.1	0.1	-	-	-
(18)	PT Samudera Sejahtera Pratama	MSA	MSA leases tug boats from PT Samudera Sejahtera Pratama.	-	0.1	-	0.2	0.2	-	-	-
(19)	SIMP and its subsidiaries	MSA	SIMP and its subsidiaries sell seedlings to MSA to be used for its operations, and leases trucks to MSA.	-	-	-	0.5	0.5	-	-	-
(20)	Bogasari	LPI	Bogasari provides management services to LPI.	-	-	-	2.7	2.7	-	-	-
Aggregated actual transaction amounts/Annual Caps:				151.1	105.3	101.7	230.0	128.3	255.7	316.9	387.4

As at 31 October 2016, in respect of each of the 2014-2016 Plantations Business Transactions, the transaction amount during the period from 1 January 2016 to 31 October 2016 was below the Annual Cap for the year ending 31 December 2016.

Each of the 2017-2019 Plantations Business Transactions referred to in Table B above constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules because:

- (i) Mr. Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood;
- (ii) except as referred to in (iii) below, each of the counterparties is an associate of Mr. Salim; and

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- (iii) each of and the members of the IGER Group, including LPI and MSA, is a connected person of the Company by virtue of Rule 14A.16, because each is a non-wholly owned subsidiary of Indofood (and, therefore, of the Company) and Mr. Salim and companies controlled by him control 10% or more of the voting power of each of them.

The 2017-2019 Plantations Business Transactions are conducted in the ordinary and usual course of business of the Indofood Group and are entered into on an arm's length basis with terms fair and reasonable to the relevant parties. The framework agreements will provide that the pricing/fee chargeable in respect of each of the 2017-2019 Plantations Business Transactions in Table B above will be determined from time to time based on the written mutual agreement between the parties, with due regard to prevailing market conditions. The consideration under the 2017-2019 Plantations Business Transactions is payable in accordance with credit terms to be agreed between the parties, in cash. Details of the pricing policy are set out in the section headed "Pricing Policies and Reasons for and Benefits of Entering into the Transactions" below in this circular.

The proposed Annual Caps for the 2017-2019 Plantations Business Transactions specified in Table B are estimated transaction values based on projected activity levels between the relevant parties for the relevant periods, taking into account the historical values of the relevant transactions and the continuing development of raw land into planted areas. The projected activity level is based on an estimate of the requirements of each plantation company in respect of its respective planting activities and operations. The Indofood Group will continue to focus on (i) upstream expansion by prioritizing capital expenditure on immature plantings and the expansion of milling facilities for organic growth and building 3 new mills in South Sumatra and Kalimantan respectively, (ii) expansion of oil palm and sugar plantation area with new planting of approximately 5,000 hectares per annum, and (iii) downstream expansion by expansion of Surabaya refinery to cater for increasing demand for cooking oil and margarine brands.

The principal factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Plantations Business Transactions specified in Table B are summarised in Table B2 below:

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Table B2 – Principal Factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Plantations Business Transactions (Transaction numbers correspond to the transaction numbers in Table B above)

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(1)	SIMP	ADS	ADS grants a lease to SIMP for use of factory properties.	1.3	1.3	1.3	<ul style="list-style-type: none"> - Fixed annual rental fee of Rupiah 12 billion (equivalent to US\$0.9 million or Rupiah 50,000 per square meter). - The prevailing rental rates of similar properties in similar geographical location in Indonesia. - The transaction amounts remained at approximately US\$0.04 million during 2014 and 2015 then increased to US\$0.3 million for the ten months ended 31 October 2016, mainly due to the entering into of a supplemental agreement on 30 June 2016, pursuant to which the rental fee was adjusted to reflect the then prevailing market rent. - A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible additional land to be rented by the Indofood Group from ADS due to unexpected growth in the operations of the Indofood Group; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible additional land to be rented by the Indofood Group from ADS due to unexpected growth in the operations of the Indofood Group.

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(2)	SIMP and its subsidiaries	STP	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels.	1.2	1.3	1.5	<p>– The transaction amount under this continuing connected transaction in Rupiah was relatively stable in 2014 and 2015 but increased by approximately 44.0% in 2016 (on an annualised basis) as compared to 2015, mainly due to additional crude palm oil pumped through STP’s pumping facilities.</p> <p>– An annual growth rate of approximately 44.0% on the total transaction amount in Rupiah in 2017 compared to 2016 (on an annualised basis) taking into account the projected increase in the production volume of crude palm oil in 2017 by the Indofood Group and the unit prices of the pumping service provided by STP which is expected to increase in line with the domestic inflation in Indonesia.</p> <p>– Annual growth rate of 16% on the total annual transaction amount in 2018 and 2019 in Rupiah to STP based on approximately 10% annual growth in estimated pumping services required by the SIMP group and the increase in the unit price of the pumping service provided by STP, which is expected to increase in line with domestic inflation in Indonesia.</p> <p>– The amount of crude palm oil expected by the SIMP Group to be transported by STP’s pumping services is projected to increase by approximately 27%, 10% and 10% in 2017, 2018 and 2019, respectively, as compared to the prior year.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(3)	SIMP and its subsidiaries	RMK	SIMP and its subsidiaries lease heavy equipment and buy building materials; rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK.	5.6	6.2	6.8	<p>– The transaction amount under this continuing connected transaction in Rupiah was relatively stable in 2014 and 2015 but increased by approximately 47% in 2016 (on an annualised basis) as compared to 2015, mainly due to additional transportation services and road reinforcement services required by the SIMP Group for the improvement of infrastructures of its existing plantation areas.</p> <p>– An annual growth rate of 6.4 times on the total transaction amount in 2017 taking into account SIMP group's latest expansion plan with (a) the estimated transportation services and purchase of road reinforcement services, and (b) the estimated amount of building materials required for the construction of facilities in the plantation areas.</p> <p>– Whilst the SIMP Group intends to achieve an increase in planted oil palm plantation area by 5,000 hectares or approximately 2% per annum in the coming three years, the SIMP Group also plans to further improve the infrastructure and facilities including clinics and mini stores for plantation workers in its existing plantation areas.</p> <p>– Indofood plans to purchase most of the building material, rental tug boats and trucks, transportation service and road reinforcement services and rental office space required for the expansion of the plantation area in 2017, and will purchase mainly spare parts for maintenance in each of 2018 and 2019.</p> <p>– The expected increase in the purchase price of the building materials, the rental rates of the office space and transportation service fees in line with the domestic inflation in Indonesia (which was approximately 6.4% in 2014 and 2015).</p> <p>– Projected approximately 10% annual growth in 2018 and 2019 on the total annual transaction amount.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(4)	SIMP and its subsidiaries	IGER Group	SIMP and its subsidiaries provide operational services, sell seedlings, sell prefabricated housing materials, sell fertilizer products, lease office space to IGER Group; and buy palm oil and its derivative products from IGER Group.	109.7	134.6	155.7	<ul style="list-style-type: none"> - The transaction amounts in Rupiah decreased by approximately 39% in 2015 as compared to 2014 and further decreased by approximately 26% in 2016 (on an annualised basis) as compared to 2015. The decreases are mainly attributable to decrease in the price of crude palm oil. - Over 90% of each of the Annual Caps and historical transaction amounts are attributable to the purchase of crude palm oil, fresh fruit bunches and palm kernel from the IGER Group by the SIMP Group. - Projected annual growth rate in 2017 of approximately 200% on the total transaction amount based on (a) internal demand for crude palm oil and palm kernel of the SIMP Group for use in its edible oils and fats businesses; (b) the expected substantial increase in the mature area of its palm oil plantations and in the output volume of crude palm oil, fresh fruit bunches and palm kernel in 2017; and (c) the projected increase in the transaction amount of prefabricated housing materials to be provided by the SIMP Group based on the projected plantation program and production plans of the IGER Group for the three years ending 31 December 2019. - Internal demand for crude palm oil and palm kernel of the SIMP group for use in its edible oils and fats business, in particular, in view of the expansion of the capacity of the Surabaya refinery by 1,000 tons per day by 2018. - The IGER Group expects that there will be a substantial increase in the mature area of its palm oil plantations in 2017, and the output volume of crude palm oil, fresh fruit bunches and palm kernel is expected to increase by approximately 90% in 2017 and 13% on average in 2018 and 2019 respectively. - The IGER Group intends to acquire additional prefabricated housing materials for the building of warehouses in its plantations areas to support the expected increase in the output volume of crude palm oil, fresh fruit bunches and palm kernel from 2017 onwards. - Charges for the operational services provided by the SIMP group, which is expected to increase in line with domestic inflation in Indonesia. - Expected rebound in the prices of seedlings, crude palm oil, fresh fruit bunches and palm kernel.

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(4) cont'd	SIMP and its subsidiaries	IGER Group	SIMP and its subsidiaries provide operational services, sell seedlings, sell prefabricated housing materials, sell fertilizer products, lease office space to IGER Group; and buy palm oil and its derivative products from IGER Group.	109.7	134.6	155.7	<p>– Projected annual growth rate on the total annual transaction amount with the IGER Group of 23% in 2018 and 16% in 2019, respectively, based on the expected increase in the IGER Group's production volume of crude palm oil due to the projected mature rate of oil palm plantations.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

LETTER FROM THE BOARD

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(5)	Indofood and its subsidiaries	IKU	IKU provides consulting services for project development to Indofood and its subsidiaries.	0.2	0.2	0.2	<p>– Although during the period from 1 January 2014 to 31 October 2016 the open tenders conducted by the Indofood Group did not result in IKU successfully obtaining any contract from the Indofood Group, the Indofood Group expects that the Indofood Group will require project management services during 2017-2019.</p> <p>– LPI intends to engage professional consultants to further improve the quality of its sugar cane products through upgrade of production technique.</p> <p>– The expected transaction amount under this continuing connected transaction is determined, based on, among other things, the historical annual spending by the Indofood Group on project management services relating to the improvement of the quality of its sugar cane products. The contracted amount awarded to third party consulting companies by LPI for services similar to those under this continuing connected transaction amounted to over Rupiah 1.6 billion during the ten months ended 31 October 2016 (equivalent to approximately US\$0.12 million).</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(6)	Indofood and its subsidiaries	LPI	Indofood and its subsidiaries buy sugar from LPI.	0.2	0.2	0.2	<p>– Sugar produced by LPI with satisfactory quality is expected to be available starting from 2017 (as the sugar produced by LPI during the period from 2014 to 2016 has not been of satisfactory quality for purchase by the Indofood Group).</p> <p>– Projected constant demand for sugar by the Indofood Group from LPI in 2017, 2018 and 2019.</p> <p>– The prevailing selling prices for sugar.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(7)	SIMP	FFI	SIMP sells deep frying oil to FFI.	5.2	5.8	6.4	<p>– The transaction amount under this continuing connected transaction in Rupiah was relatively stable in 2014 and 2015 but increased by approximately 8% in 2016 (on an annualised basis) as compared to 2015.</p> <p>– Estimated demand for deep frying oil by FFI for each of the three years ending 31 December 2019 – FFI’s projected demand for deep frying oil in 2017, 2018 and 2019 represent increases of approximately 6%, 7% and 7% respectively as compared to the previous year.</p> <p>– Expected increase in the market price of deep frying oil produced by SIMP in the coming three years (by approximately 5% per annum, generally in line with average inflation rate in Indonesia of approximately 6.4% in 2014 and 2015).</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(8)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/ rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	8.4	6.5	7.4	<p>- The transaction amount under this continuing connected transaction in Rupiah exhibited a downward trend for the two years ended 31 December 2015 and the ten months ended 31 October 2016 which was mainly due to limited expansion of the Indofood plantations group, as a result of the decrease in price of crude palm oil in the last three years.</p> <p>- Projected annual growth rate of approximately 2.7 times on the total transaction amount in Rupiah in 2017, taking into account (a) the estimated number and model of vehicles required to be purchased and leased to facilitate the expansion of palm oil and sugar plantation area with new planting of approximately 5,000 hectares per annum in the coming three years; and (b) the estimated number of corresponding spare parts required for the maintenance of the vehicles.</p> <p>- Expected increase in the leasing rate or purchase price of vehicles and spare parts (by approximately 5% per annum, generally in line with average inflation rate in Indonesia of approximately 6.4% in 2014 and 2015).</p> <p>- Most of the vehicles required will be purchased and/or leased in 2017 (the Plantations Business plans to acquire 90 trucks and/or other vehicles in 2017).</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(9)	SIMP	Shanghai Resources	SIMP sells palm oil and its derivative products to Shanghai Resources.	35.0	44.7	56.3	<p>– The transaction amount under this continuing connected transaction in Rupiah decreased in 2015 when compared to 2014, mainly due to the decrease in the price of palm crude oil. The transaction amount under this connected transaction in Rupiah increased in 2016 as compared to 2015 mainly due to the increase in demand from the People’s Republic of China.</p> <p>– The transaction amount in terms of volume of palm oil and its derivative products increased in 2016 (on an annualised basis) by approximately 28% as compared to 2015.</p> <p>– The volume of palm oil and its derivative products purchased by Shanghai Resources from SIMP is expected to further increase by approximately 27%, 20% and 20% in 2017, 2018 and 2019 respectively, as compared to the previous year.</p> <p>– Projected annual growth rate of approximately 52% in 2017, 28% in 2018 and 26% in 2019 on the total transaction amount, taking into account the estimated requirement for palm oil and its derivative products by Shanghai Resources and the expected increase in the prices of palm oil and derivative products in the coming three years.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(10)	SIMP	NIC	SIMP sells margarine to NIC.	0.7	0.8	1.0	<p>– The transaction amount under this continuing connected transaction in Rupiah decreased by approximately 24% in 2015 when compared to 2014, mainly due to the drop in the average selling price of margarine in Indonesia. The transaction amount in Rupiah increased in 2016 (on an annualised basis) by approximately 154% as compared to 2015, as a result of the rapid growth in bread production of NIC due to the increased bread variety.</p> <p>– NIC has an overstock of margarine in 2016 and the expected requirement for margarine will slightly reduce in 2017 (by approximately 9%) as compared to 2016, but the demand is expected to increase by approximately 20% in 2018 and approximately 20% in 2019, as compared to the previous year.</p> <p>– Prevailing market price and expected increase in the prices of margarine in the coming three years.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(11)	Indofood	LPI	Indofood grants an exclusive license of its "Indosugar" trademark related to sugar to LPI.	0.9	1.0	1.0	<p>- The transaction amounts under this continuing connected transaction in 2014 and 2015 in Rupiah were relatively comparable, but increased by approximately 20% in 2016 (on an annualised basis) as compared to 2015, which comprised solely to the royalty fee payment, calculated on a fixed rate of 1% of total sales amount of LPI, mainly due to the increase in the average selling price of sugar in 2016.</p> <p>- The Annual Caps embedded annual growth rates of approximately 9%, 16% and 8% on the transaction amounts in Rupiah in 2017, 2018 and 2019 respectively as compared to the prior year and with an average annual growth rate of approximately 11% (compared to the historical growth in the transaction amount of approximately 10% in 2015).</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(12)	IAK	LPI	IAK sells packaging materials to LPI.	0.8	0.9	1.0	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by approximately 3 times in 2015 when compared to 2014, mainly due to the increased order of packaging materials from LPI in 2015 corresponding to the expected increase in sales of sugar. As it turned out that the actual sales of sugar in 2015 were below the projection by LPI, the overstock of packaging materials by LPI caused the transaction amount in 2016 (on an annualised basis) to decrease by approximately 40% in Rupiah as compared to 2015.</p> <p>– Based on the expected sales volume of sugar in 2017 and the latest stock level of packaging materials of LPI, LPI's demand for packaging materials in 2017 is expected to increase by approximately 122% as compared to 2016 and increase further by approximately 16% and approximately 8% in 2018 and 2019, respectively.</p> <p>– The prevailing and expected increase in selling prices of packaging materials (by approximately 5% per annum, generally in line with average inflation rate in Indonesia of approximately 6.4% in 2014 and 2015).</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(13)	SIMP and its subsidiaries	CSNJ	SIMP and its subsidiaries rent infrastructure from CSNJ and vice-versa.	0.4	0.4	0.4	<p>- There was a negligible amount of transactions for each of 2014, 2015 and 2016 for renting of infrastructure and buildings by CSNJ from the SIMP Group for running of mini stores in plantation areas. The SIMP Group did not rent any office buildings or other properties from CSNJ during the two years ended 31 December 2015 and the ten months ended 31 October 2016.</p> <p>- CSNJ plans to open three additional mini stores in the coming three years.</p> <p>- The expected increase in the leasing rate of building and infrastructure, along with the domestic inflation in Indonesia.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(14)	SIMP and its subsidiaries	Indomaret	SIMP and its subsidiaries sell finished goods to Indomaret.	54.7	71.7	94.0	<p>– The transaction amounts under this continuing connected transaction in Rupiah increased by approximately 4% in 2015 when compared to 2014. The transaction amount in Rupiah increased in 2016 (on an annualised basis) by approximately 25% as compared to 2015. Such increases were principally attributable to increase in sales volume of packaged cooking oil products and oil derivative products in 2015 and 2016 due to price promotion.</p> <p>– Indomaret currently operates approximately 12,000 outlets/mini stores in Indonesia and it intends to achieve an increase of approximately 1,000 outlets/mini stores per annum in the coming three years, representing an average annual growth of approximately 8%.</p> <p>– The prevailing market prices and the expected increase in the market prices of the packaged cooking oil products and oil derivative products (by approximately 5% per annum, generally in line with average inflation rate in Indonesia of approximately 6.4% in 2014 and 2015).</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for possible unexpected increases in transaction amounts due to one-off and/or occasional events; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to possible unexpected increases in transaction amounts due to one-off and/or occasional events.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(15)	SIMP and its subsidiaries	Indogrosir	SIMP and its subsidiaries sell finished goods to Indogrosir.	31.4	41.3	54.2	<p>– The transaction amount under this continuing connected transaction in Rupiah decreased by approximately 10% in 2015 when compared to 2014, due to the decrease in the sales volume of packaged cooking oil products and oil derivative products in the targeted markets of Indogrosir in Indonesia and the drop in average selling price of its products. The transaction amount in Rupiah increased in 2016 (on an annualised basis) by approximately 82% as compared to 2015, as a result of a significant recovery of sales volume attributable to price promotion.</p> <p>– Indogrosir currently operates approximately 21 outlets/ mega stores in Indonesia and it intends to achieve an increase of approximately 2 outlets/mega stores per annum in the coming three years, representing an average annual growth of approximately 9%.</p> <p>– The expected increase in the market prices of the packaged cooking oil products and oil derivative products (by approximately 5% per annum, generally in line with average inflation rate in Indonesia of approximately 6.4% in 2014 and 2015).</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the uncertainty in the growth rate of sales volume of the packaged cooking oil products and oil derivative products; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the uncertainty in the growth rate of sales volume of the packaged cooking oil products and oil derivative products.</p>

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RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

The agreements in respect of the existing 2014-2016 Distribution Business Transactions numbered (1) to (5) and (7) to (11) in Table C below will expire on 31 December 2016. The Indofood Group will enter into new framework agreements in respect of transactions numbered (1) to (3), (5) and (7) to (11) in Table C below on substantially the same terms as those of the existing agreements. No new agreement will be entered into in respect of the transaction numbered (4) in Table C below. The existing 2016 Annual Caps in respect of the existing 2014-2016 Distribution Business Transactions were determined in October 2014 based on projected activity levels between the relevant parties in 2016.

In relation to the transaction numbered (4) in Table C below, which is not being renewed in respect of 2017-2019, the Indofood Group had previously projected that Indofood and its subsidiaries would require consulting services from IKU during the period from 1 January 2014 to 31 December 2016. However, as a result of a tendering, Indofood and its subsidiaries decided to engage an independent third party for such services, and therefore no transactions were in fact entered into under such continuing connected transaction during the periods from 1 January 2014 to 31 December 2014, from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 October 2016.

In relation to the transaction numbered (6) in Table C below, being the IASB-FFI Beverages Transaction, IASB took over the 5-year (1 August 2012 to 31 July 2017) agreement in respect of this transaction in September 2013, subsequent to IASB and AIB completing the acquisition of PT Prima Cahaya Indobeverage (formerly known as PT Pepsi-Cola Indobeverage). Therefore, this agreement has become a continuing connected transaction of the Indofood Group since September 2013. The Indofood Group will enter into a new framework agreement in respect of the IASB-FFI Beverages Transaction, which will take effect on 1 August 2017 and have a term of five years, expiring on 31 July 2022.

The IASB-FFI Beverages Transaction has from September 2013 to 31 December 2016 been classified as and accounted for by the Company as a Distribution Business transaction, as it relates to the distribution of drinking products. However, rather than using a distribution channel within the Distribution Business, this transaction involves the direct sale and distribution of drinking products by IASB, which is engaged in the distribution of non-alcoholic beverages to FFI, the IASB-FFI Beverages Transaction therefore relates more to the direct sale of drinking products than to a distribution via a distributor.

During the review of the classification of the continuing connected transactions of the Indofood Group in preparation for the renewal of the framework agreements for the period 2017-2019, the Company has determined that the IASB-FFI Beverages Transaction would be more appropriately classified as relating to the Beverages Business rather than to the Distribution Business and will reclassify it as a 2017-2019 Beverages Business-Salim Transaction starting from 1 January 2017. Therefore, the IASB-FFI Beverages Transaction will not constitute a 2017-2019 Distribution Business Transaction, and its Annual Caps for 2017, 2018 and 2019 will not be counted towards the aggregated Annual Caps for the 2017-2019 Distribution Business Transactions. The reclassification will not result in any change to the compliance requirements under Chapter 14A of the Listing Rules applicable to the 2017-2019 Distribution Business Transaction. The Company regularly reviews the classification of the continuing connected transactions of the Indofood Group at any time when a new transaction is entered

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into, when any existing Annual Cap needs to be revised, and/or prior to the renewal of framework agreements for new three-year terms. The Company classifies the continuing connected transactions of the Indofood Group by reference to the business division of the Indofood Group to which such transactions has the closest relationship.

In addition, new framework agreements will be entered into in respect of transactions numbered (12) to (15) in Table C below, which will constitute new continuing connected transactions for the Company relating to the Distribution Business.

The arrangements under the new framework agreements described in Table C below will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

A summary of each of the revised Annual Caps in respect of the existing Distribution Business transactions for 2016, the 2017-2019 Distribution Business Transactions, their respective historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016 (where applicable), their respective Annual Caps for the year ending 31 December 2016 (where applicable), their respective remaining Annual Caps for the year ending 31 December 2016 (where applicable, and based on the revised Annual Caps announced by the Company on 5 December 2016) and the proposed Annual Caps for 2017, 2018 and 2019 in respect of the new framework agreements is set out in Table C below.

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Table C – Revised Annual Caps in respect of existing Distribution Business transactions for 2016 as announced by the Company on 5 December 2016, 2017-2019 Distribution Business Transactions, proposed Annual Caps and historical transaction amounts for the years ended 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 31 October 2016

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Actual Transaction Amount (US\$ millions)			Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 15 October 2014 (US\$ millions)	Revised Annual Cap for the year ending 31 December 2016 as set out in the Company's announcement dated 5 December 2016 (US\$ millions)	Remaining Annual Cap for the year ending 31 December 2016, as at 31 October 2016 (US\$ millions)	Proposed Annual Cap (US\$ millions)		
	Name of entity of the Indofood Group	Name of connected party		For the year ended 31 December 2014	For the year ended 31 December 2015	For the period from 1 January 2016 to 31 October 2016				For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
(1)	IAP	LS	IAP distributes various consumer products to LS.	15.8	14.5	15.1	22.1	20.0	4.9	32.5	40.2	48.9
(2)	IAP	FFI	IAP sells chili and tomato sauces, seasonings and dairy products to FFI.	1.9	1.7	1.4	2.7	2.0	0.6	2.5	2.9	3.2
(3)	PDU	LS	PDU distributes various consumer products to LS.	1.4	1.6	1.5	2.2	2.0	0.5	2.5	2.9	3.2
(4)	Indofood and its subsidiaries	IKU	IKU provides consulting services to Indofood and its subsidiaries.	-	-	-	0.3	0.0	0.0	-	-	-
(5)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	6.0	5.0	3.1	10.9	6.0	2.9	7.2	7.9	8.8
(6)	IASB	FFI	IASB sells drinking products to FFI.	8.6	8.2	6.1	11.1	8.0	1.9	-	-	-
(7)	Indofood and its subsidiaries	SDM	Indofood and its subsidiaries use human resources outsourcing services from SDM.	3.9	4.7	5.4	5.3	6.5	1.1	8.0	8.9	9.9
(8)	IAP	Indomaret	IAP sells finished goods to Indomaret.	101.0	97.1	107.8	133.3	135.4	27.6	218.9	267.5	324.7
(9)	IAP	Indogrosir	IAP sells finished goods to Indogrosir.	21.4	23.9	27.8	26.1	35.0	7.2	49.9	57.4	65.9
(10)	PDU	Indomaret	PDU sells finished goods to Indomaret.	9.6	8.2	8.9	13.3	12.4	3.5	16.2	17.9	19.9
(11)	PDU	Indogrosir	PDU sells finished goods to Indogrosir.	2.3	2.2	2.1	2.7	2.7 (not revised)	0.6	4.2	4.7	5.2
(12)	IAP	RMK	RMK rents space from IAP.	-	-	-	-	-	-	0.2	0.2	0.2
(13)	IAP	Indomaret	Indomaret rents space from IAP.	-	-	-	-	-	-	0.4	0.4	0.4
(14)	IAP	LS	LS rents space from IAP.	-	-	-	-	-	-	0.4	0.4	0.4
(15)	IAP	PT Indolife Pensiontama	IAP's pension plan assets are managed by PT Indolife Pensiontama.	-	-	-	-	-	-	0.7	0.7	0.7
Aggregated actual transaction amounts/Annual Caps:				171.9	167.1	179.2	230.0	230.0	50.8	343.6	412.0	491.4

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As at 31 October 2016, in respect of the transactions numbered (7) and (9) in Table C above, the transaction amounts during the period from 1 January 2016 to 31 October 2016 exceeded their respective existing Annual Caps. The transaction amounts of these transactions for the period from 1 January 2016 to 31 December 2016 are expected to be lower than their respective revised Annual Caps. As at 31 October 2016, in respect of the transactions numbered (1) to (6), (8) and (10) to (11) in Table C above, the transaction amounts during the period 1 January 2016 to 31 October 2016 were below the existing Annual Caps for the year ending 31 December 2016. The aggregated Annual Cap for 2016 for the Distribution Business transaction has not been exceeded and is expected not to be exceeded.

Each of the 2017-2019 Distribution Business Transactions referred to in Table C above constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules because:

- (i) Mr. Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood; and
- (ii) each of the counterparties is an associate of Mr. Salim.

The 2017-2019 Distribution Business Transactions are conducted in the ordinary and usual course of business of the Indofood Group and are entered into on an arm's length basis with terms fair and reasonable to the relevant parties. The framework agreements will provide that the pricing/fee chargeable in respect of each of the 2017-2019 Distribution Business Transactions in Table C above will be determined from time to time based on the written mutual agreement between the parties, with due regard to the prevailing market conditions. The consideration under the 2017-2019 Distribution Business Transactions is payable in accordance with credit terms to be agreed between the parties, in cash. Details of the pricing policy are set out in the section headed "Pricing Policies and Reasons for and Benefits of Entering into the Transactions" below in this circular.

The proposed Annual Caps for the 2017-2019 Distribution Business Transactions specified in Table C are estimated transaction values based on the projected activity levels between the relevant parties for the financial years ending 31 December 2017, 2018 and 2019, taking into account the historical values of the relevant transactions (where applicable) and the Distribution Business's aims to add 100 stock points each year and to expand outlet coverage from the existing approximately 12,000 stock points.

The principal factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Distribution Business Transactions specified in Table C are summarised in Table C2 below:

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Table C2 – Principal Factors considered by the Company and Indofood in determining the proposed Annual Caps for the 2017-2019 Distribution Business Transactions (Transaction numbers correspond to the transaction numbers in Table C above)

Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(1)	IAP	LS	IAP distributes various consumer products to LS.	32.5	40.2	48.9	<p>– The transaction amounts under this continuing connected transaction in Rupiah were relatively stable in 2014 and 2015. The transaction amount in Rupiah increased in 2016 (on an annualised basis) by approximately 24.5% as compared to 2015, mainly due to the addition of new products including packaged water distributed under this continuing connected transaction since April 2016.</p> <p>– Annual growth rate of 39.1% on the total annual sale amount to LS in 2017, in view of, among other things, the addition of new products including baby diapers to be distributed under this transaction starting from 2017.</p> <p>– Annual growth rate of 22% on average on the total annual sale amount to LS in 2018 and 2019 respectively, with reference to the historical average annual growth of the average monthly expenditure per capita in Indonesia of approximately 12.3% from 2008 to 2014 and the addition of new products, including baby diapers.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(2)	IAP	FFI	IAP sells chili and tomato sauces, seasonings and dairy products to FFI.	2.5	2.9	3.2	<p>– The transaction amounts under this continuing connected transaction in Rupiah were relatively stable in 2014 and 2015. The transaction amount in Rupiah decreased in 2016 (on an annualised basis) by approximately 9.5% as compared to 2015, mainly due to FFI's sourcing of certain dairy products directly from those manufacturers instead of through IAP.</p> <p>– FFI currently operates approximately 540 restaurant outlets in Indonesia and it intends to achieve an increase of approximately 600 restaurant outlets in the coming three years.</p> <p>– The Annual Caps embedded annual growth rates of approximately 19.0%, 16.0% and 10.3% on the transaction amounts in 2017, 2018 and 2019 respectively and with an average annual growth rate of approximately 15.1%.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(3)	PDU	LS	PDU distributes various consumer products to LS.	2.5	2.9	3.2	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by approximately 24.4% in 2015 when compared to 2014, mainly due to the increase in the number of outlets operated by LS. The transaction amount in Rupiah increased in 2016 (on an annualised basis) by approximately 14.4% as compared to 2015, as a result of the addition of new products including packaged water distributed under this continuing connected transaction since April 2016.</p> <p>– The Annual Caps embedded an estimated annual growth rates of 11.1%, 16.0% and 10.3% on the total annual sale amount to LS in 2017, 2018 and 2019, with an average annual growth rate of approximately 12.5%.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(5)	Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/ rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	7.2	7.9	8.8	<p>– The transaction amount under this continuing connected transaction in Rupiah exhibited a downward trend for each of 2014, 2015 and 2016 which was mainly due to the fact that the Indofood Group has maintained a steady number of stock points and accordingly, required a relatively steady supply of transport and maintenance services, during the aforesaid period.</p> <p>– An annual growth rate of 54.8% on the transaction amount in 2017, in view of (a) the expected increase of approximately 100 new stock points per annum in the coming three years and (b) the replacement of old vehicles by the Indofood Group.</p> <p>– The Annual Caps embedded an estimated annual growth rate of approximately 54.8% on the annual transaction amount for 2017, and approximately 9.4% and 11.4% for 2018 and 2019, respectively.</p> <p>– To accommodate the expansion plan of setting up approximately 100 stock points per year, the Indofood Group planned to expand the size of its transportation team. In addition, the Indofood Group will replace approximately 40 existing trucks and vehicles of its transportation team.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil group; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil group.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(7)	Indofood and its subsidiaries	SDM	Indofood and its subsidiaries use human resources outsourcing services from SDM.	8.0	8.9	9.9	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by 28% in 2015, as compared to 2014, mainly due to the increase in minimum wage rates in Indonesia. The transaction amount in 2016 (on an annualised basis) has further increased by 40% as compared with 2015 as a result of the increase in minimum wage rates in Indonesia and the increase in the number of outsourced workers hired by the Indofood Group to facilitate the delivery of packaged water products which were newly introduced in April 2016 to customers.</p> <p>– No substantial changes are expected in the total annual transaction amount with SDM in 2017, being estimated as approximately equivalent to that in 2016 on the basis that Indofood will not hire further outsourced workers for its packaged water product distribution segment.</p> <p>– Annual growth rate of 11.1% on the total annual transaction amount in 2018 and 2019.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the uncertainty in the growth rate of the Indofood Group's demand for the services provided by SDM; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the uncertainty in the growth rate of the Indofood Group's demand for the services provided by SDM.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(8)	IAP	Indomaret	IAP sells finished goods to Indomaret.	218.9	267.5	324.7	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by 9% in 2015, as compared to 2014, mainly due to additional outlets operated by Indomaret. The transaction amount in 2016 (on an annualised basis) has further increased by 30.7% as compared with 2015 as a result of the addition of new products including packaged water products distributed under this continuing connected transaction since April 2016.</p> <p>– An annual growth rate of 27.5% on the total annual sale amount to Indomaret in 2017, taking into account the addition of new products including baby diapers to be distributed under this transaction in 2017.</p> <p>– Annual growth rate of 22% on average on the total annual sale amount to Indomaret in 2018 and 2019 respectively, with reference to the historical average annual growth of the average monthly expenditure per capita in Indonesia of approximately 12.3% from 2008 to 2014 and the addition of new products, including baby diapers.</p> <p>– The Annual Caps embedded an estimated annual growth rate of approximately 27.5%, 22.8% and 21.8% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of approximately 24.0%.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(9)	IAP	Indogrosir	IAP sells finished goods to Indogrosir.	49.9	57.4	65.9	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by 26% in 2015, as compared to 2014, mainly due to the increase in number of outlets operated by Indogrosir. The transaction amount in 2016 (on an annualised basis) has further increased by 36.0% as compared with 2015 as a result of the addition of new products including packaged water products distributed under this continuing connected transaction since April 2016.</p> <p>– The estimated annual sale amount to Indogrosir in the coming three years taking into account new products including packaged water, distributed since April 2016, and baby diapers, to be distributed under this continuing connected transaction starting from 2017; and the historical average annual growth of the average monthly expenditure per capita in Indonesia of approximately 12.3% from 2008 to 2014.</p> <p>– The Annual Caps embedded an estimated annual growth rate of 13.8%, 15.2% and 15.1% on the annual transaction amount in 2017, 2018 and 2019, respectively, with an average growth rate of approximately 14.7%.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(10)	PDU	Indomaret	PDU sells finished goods to Indomaret.	16.2	17.9	19.9	<p>- The transaction amount under this continuing connected transaction in Rupiah was relatively stable in 2014 and 2015. The transaction amount in Rupiah decreased in 2016 (on an annualised basis) by approximately 25.8% as compared to 2015, mainly due to the addition of new products including packaged water products distributed under this continuing connected transaction since April 2016.</p> <p>- An annual growth rate of 20.4% on the total annual sale amount to Indomaret in 2017, taking into account the further growth in the distribution of packaged water.</p> <p>- Annual growth rate of 11.1% on the total annual transaction amount in 2018 and 2019.</p> <p>- The Annual Caps embedded an estimated annual growth rate of 20.4%, 11.1% and 11.1% on the annual transaction amount in 2017, 2018 and 2019, respectively, with an average growth rate of approximately 14.2%.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(11)	PDU	Indogrosir	PDU sells finished goods to Indogrosir.	4.2	4.7	5.2	<p>– The transaction amount under this continuing connected transaction in Rupiah increased by 11% in 2015, as compared to 2014, mainly due to an increase in the number of outlets operated by Indogrosir. The transaction amount in 2016 (on an annualised basis) has further increased by 15.8% as compared with 2015 as a result of the addition of new products including packaged water products distributed under this continuing connected transaction since April 2016.</p> <p>– An annual growth rate of 23.3% on the total annual sale amount to Indogrosir in 2017, taking into account the further growth in the distribution of packaged water.</p> <p>– Annual growth rate of 11.1% on the total annual transaction amount in 2018 and 2019.</p> <p>– The Annual Caps embedded an estimated annual growth rate of 23.3%, 11.1% and 11.1% on the annual transaction amount in 2017, 2018 and 2019, respectively, with an average growth rate of approximately 15.2%.</p> <p>– A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in response to volatility in cost of production.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(12)	IAP	RMK	RMK rents space from IAP.	0.2	0.2	0.2	<p>- This is a new continuing connected transaction and there is no transaction amount for 2014, 2015 or 2016.</p> <p>- The fixed annual rental fee of Rupiah 300 million (equivalent to approximately US\$0.02 million) after making reference to the prevailing rental rates of similar properties in similar geographic location in Indonesia.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible additional space to be rented by RMK from IAP due to possible growth in the operations of RMK; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible additional space to be rented by RMK from IAP due to possible growth in the operations of RMK.</p>
(13)	IAP	Indomaret	Indomaret rents space from IAP.	0.4	0.4	0.4	<p>- This is a new continuing connected transaction and there is no transaction amount for 2014, 2015 or 2016.</p> <p>- The fixed annual rental fee of Rupiah 2.7 billion (equivalent to approximately US\$0.2 million) after making reference to the prevailing rental rates of similar properties in similar geographic location in Indonesia.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible additional space to be rented by Indomaret from IAP due to possible growth in the operations of Indomaret; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible additional space to be rented by Indomaret from IAP due to possible growth in the operations of Indomaret.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(14)	IAP	LS	LS rents space from IAP.	0.4	0.4	0.4	<p>- This is a new continuing connected transaction and there is no transaction amount for 2014, 2015 or 2016.</p> <p>- The annual rental fee of Rupiah 3.5 billion (equivalent to approximately US\$0.3 million), Rupiah 3.6 billion (equivalent to approximately US\$0.3 million) and Rupiah 3.8 billion (equivalent to approximately US\$0.3 million) in 2017, 2018 and 2019 respectively, representing a growth rate of approximately 5% per annum after making reference to the prevailing rental rates of similar properties in similar geographic location in Indonesia.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible additional space to be rented by LS from IAP due to possible growth in the operations of LS; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible additional space to be rented by LS from IAP due to possible growth in the operations of LS.</p>

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Transaction No.	Parties to the agreement/ arrangement		Nature of agreement/ arrangement	Proposed Annual Cap (US\$ millions)			Principal Factors Considered in Determining Annual Caps
	Name of entity of the Indofood Group	Name of connected party		For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019	
(15)	IAP	PT Indolife Pensiontama ("Indolife")	IAP's pension plan assets are managed by Indolife.	0.7	0.7	0.7	<p>- This is a new continuing connected transaction and there is no transaction amount for 2014, 2015 or 2016.</p> <p>- The annual contribution to the DBP to be transferred by IAP to the custodian account managed by Indolife.</p> <p>- A 25% buffer has been adopted to accommodate for uncertainty in the fluctuation of the US\$/Rupiah exchange rate and for the possible further pension assets contributed by IAP's employees due to possible growth in the number of employees of IAP; approximately half of the buffer can be attributed to uncertainty in the fluctuation of the US\$/Rupiah exchange rate (of which, during the five-year period of 2012-2016, the highest level was approximately 58.8% higher than the lowest level, representing a compound annual growth rate of approximately 12.3% per year) and the remainder of the buffer can be attributed to the possible further pension assets contributed by IAP's employees due to possible growth in the number of employees of IAP.</p>

INTERNAL CONTROL PROCEDURES

The Company and Indofood have in place procedures to ensure that Annual Caps in respect of continuing connected transactions are not exceeded.

A specific continuing connected transactions team has been established within Indofood, which is responsible for the identification and reporting of the Indofood Group's continuing connected transactions.

In accordance with, and as part of, the reporting processes implemented by the Company and Indofood, each month, Indofood's business units are required to submit a report to Indofood's continuing connected transactions team, setting out the transaction amounts and an indication of whether transaction volumes are expected to remain within the approved disclosed annual caps. If any monthly report indicates that an annual cap is anticipated to be exceeded, Indofood's continuing connected transactions team will collect further information from the relevant business unit, including estimated transaction values, and Indofood's continuing connected transactions team will calculate and establish revised caps and obtain approval from the board of directors of Indofood and from the board of directors of the Company for such revised annual caps. Indofood's continuing connected transactions team collates such monthly reports from all business units and compiles the data to prepare a monthly certification report, which is provided to the Company and on which the legal team and finance team of the Company provide comments to Indofood's continuing connected transactions team.

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The finance team of the Company calculates the projected transaction values for the relevant year and if the Company anticipates that an annual cap might be exceeded, the Company initiates discussions with Indofood's continuing connected transactions team to establish revised annual caps as necessary. The Company is implementing changes to its continuing connected transactions monitoring process to ensure that Annual Caps are not exceeded by:

- (i) mandating that Indofood's continuing connected transactions team provides to the Company a draft of each monthly certification report within two weeks of the end of the month to which such monthly certification report relates and that the finalised monthly certification report must be signed by the designated members of the board of directors of Indofood and counter-signed by the President Director of Indofood within three weeks of the end of the month to which such monthly certification report relates; and
- (ii) ensuring that instances where existing Annual Caps are forecast to be exceeded are dealt with more promptly, after having been identified, pursuant to the detailed monitoring process described above. This principally involves more rigorous enforcement of the monitoring process on Indofood's continuing connected transactions team and, in turn, the business units, and ensuring that Indofood's continuing connected transactions team promptly complies with, and procures compliance by Indofood business units with, obligations under the monitoring processes.

PRICING POLICIES AND REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The consideration under the continuing connected transactions referred to in Table A to Table C above is payable in accordance with credit terms agreed between the parties in relation to each purchase order, in cash. Indofood Group takes into account the following procedures and/or policies in negotiating with the connected parties to agree and determine the prices of the transactions with reference to normal commercial terms and on an arm's length basis between Indofood Group and the connected parties and are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality and those offered to or by independent third parties.

- (1) In relation to the transactions involving sales of goods or services by Indofood Group:
 - (a) in relation to products or services where there are comparable products or services in the market:
 - the Sales & Marketing Department of the Indofood Group maintains a database of the market price of the products the Indofood Group sells and the services the Indofood Group provides;
 - such database tracks the historical selling price and rates of the Indofood Group, as well as competitors, for such products and services (in each case covering a period of approximately one year);

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- the information in the database is obtained from the Indofood Group’s internal sources (including information in respect of transactions entered into by different divisions of the Indofood Group) and publicly available information;
 - to the extent possible the competitors’ price being tracked are for the same products/ services as those sold/provided by the Indofood Group; however, in some cases the products/services sold/provided by competitors would be of a slightly different specification, but in any event would be of the same type and sold/provided in the same market;
 - the proposed selling price to be quoted under a continuing connected transaction would be determined based on, among other things, production cost (raw material commodity price) and on a comparison with at least two comparable transactions (as per the market price database described above); the proposed selling price/service fee under a continuing connected transaction would be no less favourable (as far as the Indofood Group is concerned) than those in the transactions being compared; and
 - the Sales & Marketing Department of the Indofood Group reviews and updates such database on a monthly basis as required.
- (b) for products manufactured with specific specifications and operational services provided with specific scope in respect of which there are no comparable products or services in the market, the prices are determined by reference to estimates of Indofood Group’s costs of production plus a profit margin, which would be no lower than the profit margin which the Indofood party to the continuing connected transaction estimates to be enjoyed by other suppliers of similar products or services, such estimates being calculated by reference to the quoted selling price of such similar products or services of the other suppliers and on the basis that the cost of production would not differ significantly between the Indofood party to the continuing connected transaction and such other suppliers. The Indofood Group’s profit margins are subject to quarterly review and are consistent with the historical prices for such products or services offered to the connected parties; and
- (c) for license or services fees charged based on a certain percentage of the net sales of the connected parties, the percentage is compared to the percentage charged to independent third parties. The terms are subject to periodic review to ensure that they are no less favourable (as far as the Indofood Group is concerned) than those offered to independent third parties.
- (2) In relation to the transactions involving purchases of goods or services by the Indofood Group, the Indofood Group conducts the following bidding process to ensure that the price and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties:
- (a) request and compare at least two quotations for products or services of the same type and quality from qualified suppliers; a supplier is classified as a qualified supplier if it meets the criteria set by the Central Procurement & Engineering Division of the Indofood Group (relating to the supplier’s size, reputation, quality of services, capabilities (delivery, safety etc.) and track records). The Central Procurement & Engineering Division (which has in

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excess of fifty persons) of the Indofood Group assesses suppliers against these criterion by engaging in dialogue, and meeting with, relevant suppliers. Reviews of qualified suppliers are carried out on a quarterly basis. Most qualified suppliers are independent;

- (b) review and evaluate each quotation to check if it meets the respective specification and scope of products or services; and
- (c) negotiate with the suppliers to get the best price and service.

For the products or services from the sole manufacturer or sole distributor or sole service provider in respect of which substitutes are not available and there are no comparable products or services in the market, the prices are determined by reference to the price and cost analysis conducted by the Indofood Group to estimate the suppliers' costs of production with a profit margin that conforms with the profit margins that are customary for the type of products or services. When conducting a price and cost analysis, the Indofood Group:

- (a) monitors the historical price trend in the market by gathering historical price data from the relevant market through distribution channels and publicly available information, the Indofood Group's historical purchase price to date, the budgeted price and the current market price and their causes of variances;
 - (b) gathers detailed information on production cost components and the suppliers' value added chains, especially for major materials based on the information on Indofood's own production costs from Indofood's database and an estimate of the costs of materials;
 - (c) gathers information on the supply and demand conditions in the market; and
 - (d) compares the quotation from each sole manufacturer or sole distributor or sole service provider to its other customers and the Indofood Group's historical purchase price to date.
- (3) In relation to the transactions involving leasing of real properties, the rents and terms are determined with reference to independent quotations from third party real property agency firms and the market terms of similar real properties in the same region for the same period. Alternatively, the price should be based on valuation reports on the relevant properties provided by independent valuers.

For all continuing connected transactions, the Indofood Group considers, among other things, the following factors in determining whether to enter into a transaction with an independent third party or with a connected person: the price offered by the connected party vis-a-vis the independent third party, the quality of the products or services offered by the connected party vis-a-vis the independent third party, quality and availability of after-sales services. In order to ensure that the Indofood Group conforms with the above pricing policies from time to time and that the continuing connected transactions are conducted on terms no less favourable than terms available to independent parties, the Group supervises the continuing connected transactions in accordance with the Group's internal control procedures. The relevant business units to which each Indofood party to a continuing connected transaction belongs conducts quarterly checks to review and assess whether the continuing connected transactions are conducted in accordance with the terms of the respective agreements, while the Sales & Marketing

LETTER FROM THE BOARD

Department of the Indofood Group on a monthly basis updates the market price database referred to above for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the above pricing policies. In addition, as described in the section headed “Internal Control Procedures” above, Indofood’s continuing connected transactions team collates monthly reports from all business units and prepares a monthly certification report which is provided to and commented on by the Company. Further, the Company’s external auditors and the Audit and Risk Management Committee conduct annual reviews on the pricing and the Annual Caps of the Group’s continuing connected transactions pursuant to requirements under the Listing Rules.

The Indofood Group and the Company believe that the continuing connected transactions referred to in this circular, which are on normal commercial terms, are beneficial to the Indofood Group and the Company for the continuing expansion of the Indofood Group’s business operations, revenue and operational profitability, the maximisation of the production capacities of the distribution network and the increase of worldwide brand awareness of the Indofood Group.

LISTING RULES IMPLICATIONS

When the Annual Caps in respect of each of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions for each of 2017, 2018 and 2019 are aggregated, one or more of the applicable percentage ratios exceeds 5%. Therefore, each of those transactions and their respective aggregated Annual Caps for each of 2017, 2018 and 2019 are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.36 of the Listing Rules, any shareholder of the Company with a material interest in the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and/or the 2017-2019 Distribution Business Transactions is required to abstain from voting at the SGM on the resolutions approving the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions. Accordingly, Salerni International Limited, First Pacific Investments Limited and First Pacific Investments (B.V.I.) Limited, all being associates of Mr. Salim and which as at the Latest Practicable Date held in aggregate 1,925,474,957 shares of the Company, representing approximately 44.97% of the issued share capital of the Company, will abstain from voting at the SGM on such resolutions.

DIRECTORS’ VIEWS

The Directors (excluding those on the Independent Board Committee whose view is contained in the letter from the Independent Board Committee) are of the view that the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, including their respective Annual Caps, are fair and reasonable, and the entering into of those transactions are on normal commercial terms, in the ordinary and usual course of business of the Indofood Group and in the interests of the Company and its shareholders as a whole.

The Company confirms that Mr. Salim, who has a material interest in the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, has abstained from voting at the relevant Board meeting in respect of those

LETTER FROM THE BOARD

transactions. In addition, the Company confirms that Mr. Benny Santoso, a non-executive Director, the President Commissioner of NIC and the Commissioner of FFI, is deemed to have a material interest in the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, and has abstained from voting at the relevant Board meeting in respect of those transactions. The Company confirms that none of the other Directors has a material interest in the continuing connected transactions described in this circular.

INFORMATION IN RESPECT OF THE COUNTERPARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

In respect of the counterparties to the 2017-2019 Noodles Business Transactions referred to in Table A above:

- (i) Each of Dufil, Pinehill and the SAWAZ Group, being counterparties to the 2017-2019 Noodles Business Transactions, are engaged in the manufacturing of instant noodles; in the case of Dufil, in Nigeria; in the case of Pinehill, in the Middle East; and in the case of SAWAZ Group, in the Middle East and Africa;
- (ii) the SAWAZ Group is a joint venture group of companies between the Salim Group and its partner in the Middle East and Africa, and is used as an investment or holding company in the joint venture companies established/to be established by the SAWAZ Group and the local partners in the respective countries;
- (iii) the principal businesses of Indomobil and its subsidiaries are brand holding sole agent, vehicle sales distribution, after sales service, vehicle ownership financing, spare part distribution under the “IndoParts” brand, vehicle assembly, automotive parts/component manufacturing and other related support services. Indomobil manages brands including Audi, Foton, Hino, Kalmar, Manitou, Nissan, Renault, Renault Trucks, Suzuki, Volkswagen, Volvo, Volvo Trucks and Volvo Construction Equipment in Indonesia; and
- (iv) SDM is a human resources management service company that has experience in handling industrial relation and manpower cases.

In respect of the counterparties to the 2017-2019 Plantations Business Transactions referred to in Table B above:

- (i) ADS, STP and RMK are 100% owned by companies controlled by Mr. Salim. ADS is the owner of a piece of land in Pluit, Indonesia, which is leased to SIMP as its factory premises. STP is engaged in pumping services. RMK provides various services, including the lease of heavy equipment, the sale of building materials, office space, trucks and tug boats rental, transportation services and road reinforcement services, in accordance with the requirements of its counterparties;
- (ii) the IGER Group is comprised of IGER, LPI, MCP, MSA, SBN, ASP, GS and MPI, which are joint venture plantation companies between SIMP and the Salim Group;

LETTER FROM THE BOARD

- (iii) IKU is engaged in the business of consultancy and engineering in Indonesia. IKU is considered one of the most reputable consultant companies which provides services in relation to engineering and project management in Indonesia. IKU is 100% owned by companies controlled by Mr. Salim;
- (iv) LPI is an Indonesian incorporated limited liability company in the business of plantation development in Indonesia. It currently owns approximately 28,500 hectares of plantation land located in South Sumatra and Central Java, of which approximately 13,800 hectares is cultivated with sugar cane, and a sugar cane production factory;
- (v) FFI is engaged in food and restaurant operations. It is the master franchise holder of the Kentucky Fried Chicken (KFC) brand in Indonesia. FFI operates approximately 540 restaurant outlets;
- (vi) Shanghai Resources is a trading company wholly-owned by Mr. Salim and companies controlled by him. It has trading experience and a consumer network in the People's Republic of China, particularly in respect of the trading of margarine and shortening;
- (vii) NIC is owned as to 40% by companies controlled by Mr. Salim. It is the biggest reputable modern bakery in Indonesia with ten factories throughout Indonesia;
- (viii) CSNJ is engaged in the business of transportation and trading in Indonesia;
- (ix) RAP is engaged in construction services and technical engineering services;
- (x) the principal business of Indomaret is the operation of minimarkets in Indonesia. It is one of the Indonesia's largest minimarket operators by number of stores and it has a subsidiary, PT Indosato Jaya Makmur;
- (xi) the principal business of Indogrosir is wholesaling of customer goods to modern and traditional retailers and end users;
- (xii) MSA is a limited liability company incorporated in Indonesia which owns approximately 13,873 hectares of plantation land, located in South Sumatra, Indonesia;
- (xiii) MCP is a holding company which invests in plantation companies;
- (xiv) SBN is a limited liability company incorporated in Indonesia which owns approximately 8,946 hectares of plantation land located in South Sumatra, Indonesia;
- (xv) ASP is a limited liability company incorporated in Indonesia which owns approximately 16,500 hectares of plantation land, located in Central Kalimantan, Indonesia;
- (xvi) MPI is a limited liability company incorporated in Indonesia which owns approximately 15,865 hectares of plantation land, located in East Kalimantan, Indonesia;

LETTER FROM THE BOARD

- (xvii) GS is a limited liability company incorporated in Indonesia which owns approximately 10,545 hectares of plantation land located in East Kalimantan, Indonesia; and
- (xviii) please see above for information on Indomobil.

In respect of the counterparties to the 2017-2019 Distribution Business Transactions referred to in Table C above:

- (i) LS is engaged in the business of operating supermarkets in certain major cities in Indonesia;
- (ii) PT Indolife Pensiontama is engaged in life insurance and pension funds businesses and has 97 branches in Indonesia; and
- (iii) please see above for information on SDM, FFI, IKU, Indomobil, Indomaret, Indogrosir and RMK.

INFORMATION IN RELATION TO THE COMPANY AND INDOFOOD

The Company is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to telecommunications, consumer food products, infrastructure and natural resources.

Indofood is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products and distribution to the market. It is based and listed in Indonesia; its Consumer Branded Products subsidiary ICBP and agribusiness subsidiaries SIMP and PT PP London Sumatra Indonesia Tbk are also listed in Indonesia. A subsidiary, Indofood Agri Resources Ltd. (“**IndoAgri**”) is listed in Singapore, and an agribusiness associate Roxas Holdings, Inc. (“**Roxas**”) is listed in the Philippines. Through its four complementary Strategic Business groups, Indofood manufactures and distributes a wide range of food products: Consumer Branded Products (noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages), Bogasari (wheat flour and pasta), Agribusinesses (oil palm, rubber, sugar cane, cocoa and tea plantations, cooking oils, margarine and shortenings) and Distribution. Indofood is one of the world’s largest manufacturers by volume of wheat-based instant noodles, one of the largest plantation companies by area and the largest flour miller in Indonesia. Indofood also has an extensive distribution network across Indonesia.

IAK and SRC are the operating subsidiaries of Indofood for the Indofood Group’s packaging business.

IAP and PDU are the operating subsidiaries of Indofood for the Indofood Group’s Distribution Business.

IASB is an operating subsidiary of Indofood for the distribution of non-alcoholic beverages.

Bogasari is a division of Indofood for the production of flour and pasta.

LETTER FROM THE BOARD

SGM

There is set out on pages 158 to 159 of this circular a notice convening the SGM to be held at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen's Road Central, The Landmark, Central, Hong Kong on Monday, 23 January 2017 at 3:00 p.m. at which ordinary resolutions will be proposed for the approval by the Independent Shareholders of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

Consistent with the Listing Rule requirements and good corporate governance practices, the chairman of the SGM will demand a poll for the resolutions set out in the SGM Notice.

In accordance with Bye-law 79, every resolution put to the vote at a shareholders' meeting shall be decided on a show of hands unless a poll is required by the Listing Rules or (before or on the declaration of the results of the show of hands) is 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 (1/10th) 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 of the Company conferring a right to vote at the meeting being shares of the Company on which an aggregate sum has been paid up equal to not less than one-tenth (1/10th) of the total sum paid up on all shares of the Company conferring that right.

In accordance with Bye-law 80, if a poll is required or demanded in the manner aforesaid, it shall be taken (subject as provided in Bye-law 81) 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 result of the poll shall be deemed to be the resolutions of the meeting at which the poll was demanded.

LETTER FROM THE BOARD

For the purpose of determining the identity of the Company's shareholders who are entitled to attend and vote at the SGM, the Company's Register of Members will be closed from Thursday, 19 January 2017 to Monday, 23 January 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 18 January 2017.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

RECOMMENDATION IN RESPECT OF VOTING

The Directors (other than those on the Independent Board Committee) consider that the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Indofood Group and the Company, and that the terms are fair and reasonable and in the interests of the Company's shareholders as a whole. Accordingly, the Directors (other than those on the Independent Board Committee) recommend that the Independent Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps.

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee in respect of the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps which is set out on pages 68 to 69 of this circular; and (ii) the letter of advice from the Independent Financial Adviser in respect of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps which is set out on pages 70 to 146 of this circular. The Independent Board Committee, having taken into account of the advice and recommendation of the Independent Financial Adviser, considers that the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Indofood Group and the Company and in the interests of the Company and its shareholders as a whole, and that the terms are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee and the Independent Financial Adviser recommend that the Independent Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps.

LETTER FROM THE BOARD

THE IASB-FFI BEVERAGES TRANSACTION

The framework agreement proposed to be entered into in relation to the IASB-FFI Beverages Transaction, which will take effect on 1 August 2017, upon the expiration of the existing agreement, will be for a term of more than three years. Under Listing Rule 14A.52, the Independent Financial Adviser is required to explain why the framework agreement requires a longer period than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

The Independent Financial Adviser has advised that it is of the view that a duration longer than three years under the new framework agreement in respect of the IASB-FFI Beverages Transaction to be entered into between FFI and IASB is in line with the normal business practice for agreements of this type in Indonesia for the following reasons:

- (i) the arrangements under the IASB-FFI Beverages Transaction with, in particular, a term over five years, is not unusual in the market. IASB has from time to time entered into similar transactions with another company in Indonesia, which is an independent third party, in relation to the supply of non-alcoholic beverages by IASB with a term of five years. As at the Latest Practicable Date, IASB has entered into one similar supply agreement with a term of five years with independent third parties. The Independent Financial Adviser noted that the arrangements under such comparable agreement also have a duration of five years;
- (ii) because of the increase in the number of soft drink manufacturers entering into the market, the Indonesian soft drinks sector has become increasingly competitive since 2014. Intense competition between manufacturers has resulted in widespread price competition to seize corporate customers. Accordingly, a longer duration will allow the Indofood Group to secure a customer, and in turn, a revenue source for a longer period which is considered beneficial to the Indofood Group; and
- (iii) the Indofood Group and FFI have established a solid business relationship which allows them to develop further business opportunities in Indonesia. Therefore, the Indofood Group intends to continue to work closely on a commercial arm's length basis with FFI.

The IASB-FFI Beverages Transaction is a 2017-2019 Beverages Business-Salim Transaction. When the Annual Caps in respect of the 2017-2019 Beverages Business – Salim Transactions are aggregated, one or more of the applicable percentage ratios exceeds 0.1% but none of the percentage ratios exceeds 5%. Therefore, 2017-2019 Beverages Business – Salim Transactions and their respective aggregated Annual Caps for each of 2017, 2018 and 2019 are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but not the Independent Shareholders' approval requirement. The duration of the framework agreement in relation to the IASB-FFI Beverages Transaction being five years does not, in itself, require Independent Shareholders' approval.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation in respect of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM.



FIRST PACIFIC COMPANY LIMITED

第一太平洋有限公司

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

30 December 2016

To the Independent Shareholders of First Pacific Company Limited

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

(1) RENEWAL OF INDOFOOD GROUP'S NOODLES BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

(2) RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

(3) RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019

We refer to the circular of the Company dated 30 December 2016 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Somerley Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 8 to 67 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM, as set out on pages 70 to 146 of the Circular.

Having considered the principal factors and reasons considered by and the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the views of the Independent Financial Adviser and consider that the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Indofood Group and the Company and in the interests of the Company and its shareholders as a whole, and that the terms are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed in the SGM to approve the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions and their respective Annual Caps.

Yours faithfully,

First Pacific Company Limited
Independent Board Committee

Prof. Edward K.Y. Chen, GBS, CBE, JP
Independent Non-executive Director

Margaret Leung Ko May Yee, SBS, JP
Independent Non-executive Director

Philip Fan Yan Hok
Independent Non-executive Director

Madeleine Lee Suh Shin
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions, the 2017-2019 Distribution Business Transactions, including their respective Annual Caps, and the IASB-FFI Beverages Transaction regarding the duration of the framework agreement, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

30 December 2016

*To: The Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**RENEWAL OF INDOFOOD GROUP'S NOODLES BUSINESS TRANSACTIONS NEW
AND ANNUAL CAPS FOR 2017, 2018 AND 2019**

**RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS
AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019**

**RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS TRANSACTIONS
AND NEW ANNUAL CAPS FOR 2017, 2018 AND 2019**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions, the 2017-2019 Distribution Business Transactions, including their respective Annual Caps; and (ii) the IASB-FFI Beverages Transaction regarding the duration of the framework agreement. Details of the aforesaid transactions are set out in the letter from the Board contained in the circular of the Company (the "**Circular**") to its shareholders dated 30 December 2016, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

The Independent Board Committee comprising all the independent non-executive Directors, namely Prof. Edward K.Y. Chen, *GBS, CBE, JP*, Mrs. Margaret Leung Ko May Yee, *SBS, JP*, Mr. Philip Fan Yan Hok and Ms. Madeleine Lee Suh Shin, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, including their respective Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated or connected with the Company, Indofood, Mr. Salim or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on (i) the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions, the 2017-2019 Distribution Business Transactions, including their respective Annual Caps; and (ii) the IASB-FFI Beverages Transaction regarding the duration of the framework agreement. In the two years prior to this appointment, we did not have other engagement with the Company or its associates except for having been the independent financial adviser to the Company relating to the connected transaction in respect of the disposal by the Indofood Group of around 82.88% equity interests in China Minzhong Food Corporation Limited (“CMZ”) and subsequent acquisition of around 29.94% equity interests in CMZ, details of which were set out in the Company’s circular dated 28 September 2016. We do not consider the past engagement as independent financial adviser gives rise to any conflict for Somerley Capital Limited to act as the independent financial adviser of the transactions contemplated under the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions, the 2017-2019 Distribution Business Transactions and the IASB-FFI Beverages Transaction. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Indofood, Mr. Salim or their respective core connected persons or associates.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the “**Management**”), which we have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held.

In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Group and have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held at the time they were made and will remain, in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held, up to the date of the SGM. We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to (i) the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions, the 2017-2019 Distribution Business Transactions, including their respective Annual Caps; and (ii) the IASB-FFI Beverages Transaction regarding the duration of the framework agreement, we have taken into account the following principal factors and reasons:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1 Noodles Business

1.1 Background of and reasons for the 2017-2019 Noodles Transactions

The 2017-2019 Noodles Business Transactions comprise transactions involving (i) supplies and services provided by the Indofood Group/ICBP to DUFIL (the “**DUFIL Transactions**”), Pinehill (the “**Pinehill Transactions**”) and the SAWAZ Group (the “**SAWAZ Transactions**”); (ii) supplies and services provided by Indomobil and its subsidiaries (the “**Indomobil Transactions**”) to Indofood Group, in relation to the noodles business.

As disclosed in the letter from the Board in the Circular, Indofood is a total food solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products and distribution to the market. It is based and listed in Indonesia. Its Consumer Branded Products subsidiary ICBP and agribusiness subsidiaries SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk are also listed in Indonesia. A subsidiary, Indofood Agri Resources Ltd. is listed in Singapore, and an agribusiness associate Roxas Holdings, Inc. is listed in the Philippines.

As disclosed in the Company’s annual report and Indofood’s annual report for the year ended 31 December 2015, Indofood is the market leader in Indonesia and one of the world’s largest instant noodle producers with an annual capacity of more than 17 billion packs. One of the objective of Indofood is to continue to accelerate growth organically and through expansion of business categories. As advised by the Management, Indofood has long been developing the Noodle Business outside Indonesia by granting trademark license to noodles manufacturing and marketing companies which are based in targeted markets and conducting business through their local business partners. Developing a market with the expertise of the local noodles manufacturing and marketing companies is a key success factor to the Indofood Group, given that such companies cover the necessary set-up costs, production and distribution costs and the required advertising and promotion expenses to develop the new markets where the Indofood Group can then provide its services.

We are advised that DUFIL and Pinehill have been principally engaged in the manufacture, sale and distribution of instant noodle products in Nigeria (for DUFIL) and in Saudi Arabia (for Pinehill) respectively for more than 21 years, while the SAWAZ Group is a group of joint venture companies established or to be established between the Salim Group and its business partner, which have been or are intended to be principally engaged in manufacture, sale and distribution of instant noodle products in certain countries in the Middle East and Africa. As advised by the management of Indofood, the SAWAZ Group commenced commercial operations in countries in the Middle East and Africa including Syria, Egypt, Sudan, Yemen, Turkey, Kenya, Morocco, Ethiopia and Serbia, and expects to commence business in Algeria and Iraq in 2018. The management of Indofood confirmed that the demand for the instant noodle products in the existing markets in the Middle East and Africa met their expectation. We also understand from the management of Indofood that Indofood authorised Pinehill to resell the ingredients and noodle seasoning acquired from the Indofood Group to the SAWAZ Group.

We were also advised that as at the Latest Practicable Date, save for the instant noodle products under the trademark of “Indomie”, DUFIL and the SAWAZ Group have not conducted any manufacture, sale and distribution of instant noodle products under other trademarks; while the instant noodle products under the trademarks of “Indomie”, “Supermi” and “Pop Mie” are manufactured by Pinehill.

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We were also advised that the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions have been revenue contributors to the Group. As advised by the Management, the Group's aggregate annual revenue derived from the existing noodles business transactions for the year ended 31 December 2015 amounted to about US\$116.4 million. Furthermore, the management of Indofood confirmed that the gross profit margins of the Indofood Group generated from the existing noodles business transactions for the year ended 31 December 2015 and the ten months ended 31 October 2016 were higher than those derived from the Indofood Group's own sales of its instant noodle products manufactured in the domestic market of Indonesia for the relevant periods.

In view of the Indofood Group's expansion strategies and the geographical coverage of each of DUFIL, Pinehill and the SAWAZ Group as discussed above, we consider the entering into of the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions are in line with Indofood Group's strategies. Also in light of that (i) developing noodles business outside Indonesia through trademark licensing arrangement could enable the Indofood Group to save the substantial fixed costs to setup manufacturing plants in other countries, and the production and distribution costs, advertising and promotion expenses to open the new markets, and avoid the country risk and currency risk to establish operations in the developing countries such as in the Middle East and Africa; and (ii) in particular, as mentioned above, the SAWAZ Group has been expanding its operations in 7 new countries during the past 5 years and continues to further enlarge its geographical coverage, we concur with the Directors' view that the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions will continue to allow the Indofood Group to maintain and enhance geographical expansion and presence of its noodles business.

1.2 Principal terms of the Noodles Agreements

We are advised that all existing agreements in relation to the existing 2014-2016 Noodles Business Transactions entered into by the Indofood Group will expire on 31 December 2016. Accordingly, it is proposed that upon approval of the Independent Shareholders, the Indofood Group will enter into new framework agreements for the relevant 2017-2019 Noodles Business Transactions with the respective counterparties (collectively, the "**Noodles Agreements**") on substantially the same terms as those of the corresponding existing agreements. The arrangements under the Noodles Agreements will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

We have reviewed the draft Noodles Agreements and the corresponding existing agreements in relation to the existing 2014-2016 Noodles Business Transactions. We note that the Noodles Agreements are on substantially the same terms as those of the corresponding existing agreements.

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- (a) The DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions

The Noodles Agreements as regard each of the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions govern mainly four categories of transactions including (1) the licensing of trademark for the use of the related trademark owned by Indofood; (2) the provision of technical assistance services in connection with instant noodle manufacturing operations; (3) the sale and supply of ingredients and noodle seasonings for instant noodle products; and (4) the sale and supply of packaging materials for the production of instant noodle products, by the Indofood Group/ICBP.

As provided by Indofood, each category of transactions of similar nature contemplated under the Noodles Agreements as regard the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions, will consist of similar terms and conditions and on normal commercial terms, and in particular, the price/fee to be charged by the Indofood Group/ICBP will be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions. We are confirmed by the management of Indofood that the Indofood Group has not conducted transactions under the Noodles Agreements in relation to the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions with independent third parties. However, we are further advised by the management of Indofood that all of the transactions under the Noodles Agreements in relation to the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions, are comparable to the respective intra-group transactions between the Indofood Group's ingredient/packaging division and the Indofood Group's instant noodle division (the "**Intra-Group Customer**"). In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records of similar transactions among the intra-group companies, and we note that the principal terms of the Noodles Agreements as regard the DUFIL Transactions, the Pinehill Transactions and the SAWAZ Transactions, have been similar to those made available by the Indofood Group to the Intra-Group Customer for similar products/services. As observed from the transaction records, the selling prices charged on each of DUFIL, Pinehill and the SAWAZ Group have been no more favourable than those available to the Intra-Group Customer for a similar product/service. We noted from the transaction records that the payment terms offered to DUFIL, Pinehill and the SAWAZ Group have been comparable to those offered to the Intra-Group Customer.

As discussed in section headed "1.1 Background of and reasons for the 2017-2019 Noodles Transactions" above, Indofood has long been developing the noodle business outside Indonesia by granting trademark license to noodle manufacturing and marketing companies which are based in targeted markets. Each of the DUFIL Transactions, the Pinehill Transactions and SAWAZ Transactions, as a whole, is to facilitate DUFIL, Pinehill and the SAWAZ Group respectively to manufacture instant noodle products under relevant brands of the Indofood Group and eventually achieve the distribution of Indofood's branded instant noodles in various target markets. Against such backdrop and in the absence of similar transactions between Indofood Group and independent third parties, we consider a comparison between the gross profit margins of Indofood Group generated from the existing noodles business transactions with DUFIL, Pinehill and the SAWAZ Group with those derived from the Indofood Group's own sales of its instant noodle products it manufactured in the domestic market of Indonesia, is meaningful and justifiable for the assessment on the fairness and reasonableness of the gross profit margins of Indofood Group earned under the existing noodles business transactions. As we are given to understand that (i) for each of the years

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ended 31 December 2014 and 2015 and for the ten months ended 31 October 2016, the gross profit margin of the Indofood Group generated from each of the DUFIL Transactions, the Pinehill Transactions and SAWAZ Transactions has been no less favourable than those derived from the Indofood Group's own sales of its instant noodle products it manufactured in the domestic market of Indonesia; (ii) the benefits having been and to be brought about pursuant to the DUFIL Transactions, the Pinehill Transactions and SAWAZ Transactions as discussed under section headed "1.1 Background of and reasons for the 2017-2019 Noodles Transactions" above, we considered that the terms under each of the DUFIL Transactions, the Pinehill Transactions and SAWAZ Transactions are not unreasonable.

(b) The Indomobil Transactions

The Noodles Agreements as regard the Indomobil Transactions govern the sale and rental of cars, the provision of car services and the sale of car spare parts by Indomobil and its subsidiaries (the "**Indomobil Group**") to the Indofood Group.

As provided by Indofood, transactions contemplated under the Noodles Agreements as regard the Indomobil Transactions will consist of terms and conditions similar to those offered to the Indofood Group by independent third parties and on normal commercial terms, and in particular, the price/fee to be paid by the Indofood Group will be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which is expected to be no less favourable to the Indofood Group than those available from other independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant quotations and invoices of similar transactions with independent third parties in 2014 and 2015, and we note that the principal terms of the Noodles Agreements as regard the Indomobil Transactions have been similar to those made available by independent third parties to Indofood Group. As observed from the quotations and invoices, the prices paid by Indofood Group to the Indomobil Group have been no less favourable than the price provided in the invoices from independent suppliers in Indonesia for a similar product/service. We noted from the transaction records that the payment terms offered to the Indofood Group by the Indomobil Group have been comparable to those offered to independent third parties.

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1.3 Annual Caps for the 2017-2019 Noodles Business Transactions

(a) The DUFIL Transactions

Set out below are details of the actual transacted amount of the DUFIL Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 respectively; and details of the Annual Caps for each of the three financial years ending 31 December 2019:

	For the year ended 31 December		For the ten months ended 31 October	For the year ending 31 December		
	2014	2015	2016	2017	2018	2019
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
DUFIL Transactions						
Actual transaction amounts	29.1	32.8	23.3			
Proposed Annual Caps				48.4	56.2	64.2

As illustrated in the table above, it is noted that the transacted amounts increased by around 12.7% in 2015 as compared to that in 2014. We were advised by management of Indofood that the increase in transacted amounts in 2015 was mainly due to the increase in purchases of noodle packaging, food ingredients and noodle seasonings by DUFIL during 2015. The transacted amount in 2016 (on an annualised basis) of around US\$28.0 million, represented a decrease of around 14.6% as compared to that in 2015. Such decrease was mainly due to the sharp depreciation of Nigeria Naira to US\$ by over 30% from June 2016 to September 2016. As the technical and royalty fees charged by the Indofood Group is calculated based on the sale value of licensed instant noodle products in term of local currency, despite that actual sale volume of instant noodle products by DUFIL having kept increasing in 2016, the substantial depreciation of Nigeria Naira has resulted in the decrease in the technical and royalty fees charged by the Indofood Group in US\$. The exchange rate of Nigeria Naira to US\$ has become stable since September 2016 with the support from the Nigeria Central Bank.

We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the DUFIL Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that they have principally taken into account, among other things, (1) DUFIL's projection of increase in annual demand for ingredients, noodle seasonings and flexible packaging, in particular, the additional supply of premix to DUFIL due to new product with new seasoning formula to be introduced in 2017 to enhance its competitive advantages and market shares in its targeted market; (2) the unit prices of the ingredients, noodle seasonings and packaging materials to be sold to DUFIL which are expected to increase along with domestic inflation; and (3) the adoption of a general buffer of 25% (the "Noodle Buffer") to allow flexibility in accommodating (a) the

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uncertainty in the fluctuation of exchange rate of US\$ to Indonesian Rupiah (“Rp”) in view of the volatility in spot exchange rate of Rp to US\$; and (b) the uncertainty in the growth rate of demand for instant noodle products in the existing targeted market(s) or new market(s) (if applicable).

Having considered that,

- (1) as provided by the management of Indofood, the actual transacted amount in Rp for 2015 showed an increase by around 12.6% as compared to 2014, and the transacted amount in Rp for 2016 (on an annualised basis) was roughly comparable to that for 2015. We understand that the Annual Caps for 2017, 2018 and 2019 embedded an estimated annual growth of around 17.8%, 16.0% and 14.2% on the transaction amount for 2016 (on an annualised basis), 2017 and 2018 respectively. Having considered (i) the historical growth in transacted amount of around 12.6% in 2015; and (ii) the plan of DUFIL to introduce new products in 2017 as mentioned above, we consider an average annual growth in transaction amount of around 16.0% for the coming three years not excessive; and
- (2) the historical fluctuation of exchange rate of Rp to US\$ during the period from 1 January 2014 to 31 October 2016 had been volatile as we observed that, Rp experienced maximum appreciation of around 12% and maximum depreciation of around 21% against US\$ during the period (assuming the spot rate on 1 January 2014 being the base price) (the “FX Volatility”). We also observed that Rp has led a general trend of appreciation against US\$ since late September 2015 and further noted that, there was recent appreciation of Rp to US\$ by around 11% when comparing the spot exchange rates of Rp to US\$ on 24 September 2015 and 31 October 2016. Based on the aforesaid, we consider that around half of the buffer amount for catering the FX Volatility is not excessive. In addition, whilst the DUFIL Transactions involve mainly sales of products and provision of services which are income-generating to the Indofood Group, the Noodles Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income as a result of possible unexpected increases in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s),

we consider the Annual Caps for the DUFIL Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

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(b) Pinehill Transactions

Set out below are details of the actual transacted amount of the Pinehill Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 respectively; and details of the Annual Caps for each of the three financial years ending 31 December 2019:

	For the year ended		For the ten months ended	For the year ending		
	31 December		31 October	31 December		
	2014	2015	2016	2017	2018	2019
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
Pinehill Transactions						
Actual transaction amounts	75.9	74.4	58.7			
Proposed Annual Caps				116.3	135.5	157.9

As illustrated above, it is noted that the transacted amounts slightly decreased by around 2.0% in 2015 as compared to 2014, which was mainly attributable to the depreciation of Rp to US\$ during 2015. The transacted amount in 2016 (on an annualised basis) of around US\$70.4 million, represented a slight decrease of around 5.4% as compared to that in 2015, which was mainly because of the SAWAZ Group sourced more ingredients directly from the Indofood Group instead of from Pinehill in 2016.

We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the Pinehill Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that they have principally taken into account, among other things, (1) Pinehill's projection of increase in annual demand for ingredients and seasoning oil and flexible packaging due to new product with new seasoning formula to be introduced in 2017 to enhance its competitive advantages and market shares in its targeted market; (2) the unit prices of the ingredients, noodle seasonings and packaging materials to be sold to Pinehill which are expected to increase along with the domestic inflation; and (3) the adoption of the Noodle Buffer.

We understand that the Annual Caps for 2017, 2018 and 2019 embedded an estimated annual growth of around 25.8%, 16.9% and 16.4% on the annual transaction amount for 2016 (on an annualised basis), 2017 and 2018 respectively. Having considered (i) as regards Pinehill's plan to introduce new products in 2017 as mentioned above, Pinehill will demand for seasoning powder, seasoning oil and premix of better quality of which the average unit prices will be around 52% higher than the existing noodle seasoning products purchased from the Indofood Group for the manufacturing of new seasoning formula; (ii) the SAWAZ Group's projected increase in demand for ingredients, noodle seasoning and packaging from Pinehill to support its plan to further

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increase the sales volume of instant noodle products in the existing markets and expand into new markets; and (iii) the average increase in unit prices of other ingredients and packaging materials to be sold to Pinehill of around 11% is not excessive taking into account the average inflation rate of Indonesia of around 6.4% and Saudi Arabia (i.e. the target market of Pinehill) of around 3.0% in 2014 and 2015, we consider the embedded annual growth rates in transaction amount for the coming three years not excessive. Also as discussed in detail in sub-section namely “1.3 Annual Caps for the 2017-2019 Noodles Business Transactions – (a) The DUFIL Transactions” above, the Noodle Buffer is considered acceptable taking into account the FX Volatility and that the Pinehill Transactions involve also mainly sales of products and provision of services which are income-generating to Indofood Group, the Noodles Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for Indofood Group to enjoy additional income resulting from possible unexpected increases in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the Pinehill Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(c) SAWAZ Transactions

Set out below are details of the actual transacted amount of the SAWAZ Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 respectively; and details of the Annual Caps for each of the three financial years ending 31 December 2019:

	For the year ended		For the ten months ended	For the year ending		
	31 December		31 October	31 December		
	2014	2015	2016	2017	2018	2019
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
SAWAZ						
Transactions						
Actual transaction amounts	9.8	9.2	12.3			
Proposed Annual Caps				35.8	51.6	68.1

As illustrated above, it is noted that the transacted amounts slightly decreased by around 6.1% in 2015 as compared to 2014 but rebounded in 2016. The transacted amount in 2016 (on an annualised basis) of around US\$14.8 million, represented an increase of around 60.9% as compared to that in 2015. Such changes were mainly attributable to the suspension of business in Yemen and Syria in 2015 due to the civil wars in these respective countries, and the SAWAZ Group commenced new operations in Morocco and Serbia in 2016.

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We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the SAWAZ Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that they have principally taken into account, among other things, (1) the SAWAZ Group's projection of increase in sales volume of instant noodle products to be manufactured and sold by the SAWAZ Group in their markets (including Syria, Sudan, Egypt, Yemen, Kenya, Ethiopia, Morocco, Turkey and Serbia) for each of the three years ending 31 December 2019 attributable to (a) the expected increase in demand for instant noodle products in the targeted markets of the SAWAZ Group based on projected growth in consumption of instant noodle per capita in its targeted markets in the Middle East and Africa; (b) the expected expansion in the market coverage to Algeria and Iraq in 2018; (c) resumption of business in Syria and Yemen following conclusion of the civil wars in those respective countries; and (d) expansion in Morocco and Serbia which commenced business in 2016; (2) construction of a number of factories and production lines from 2017 to 2019 to accommodate the increasing local demand for its targeted markets including Sudan and Egypt; (3) the projected corresponding increase in annual supply of ingredients and noodle seasonings and packaging materials to the SAWAZ Group for the manufacturing of the instant noodle products for the three years ending 31 December 2019 based on the aforesaid projected increase in sales volume; (4) the increase in unit prices of the ingredients, noodle seasonings and packaging materials to be sold to the SAWAZ Group which are expected to increase along with the domestic inflation; (5) the corresponding increase in royalty and technical service fees to be charged to the SAWAZ Group based on the projected sales amount of the instant noodle products and the fixed royalty and technical service rates for the three years ending 31 December 2019; and (6) the adoption of the Noodle Buffer.

We understand that the Annual Caps for 2017, 2018 and 2019 embedded an estimated annual growth of around 109%, 44% and 32% on the annual transaction amount for 2016 (on an annualised basis), 2017 and 2018 respectively. Whilst we understand that the relatively moderate growth rate in the total noodles annual sales amount of the SAWAZ Group of around 8% for 2015 and 16% for 2016 (on annualised basis) were mainly attributable to the decrease in sales as a result of the suspension of businesses in Yemen and Syria in 2015 due to civil wars in Yemen and Syria, we also noted that among the nine target markets of the SAWAZ Group, seven of which were newly developed markets during the past five years with high sale growth rates. We noted that if Syria and Yemen markets were excluded, the SAWAZ Group indeed recorded an average annual growth rate in sale volume of instant noodle products in the rest of the target markets of the SAWAZ Group of around 95.4% in 2015 and 55.6% in 2016 (on an annualised basis). Given such remarkable historical sales growth rates, and that the SAWAZ Group expects to fully resume its operations in Yemen and Syria in 2017 due to conclusion of the civil wars in those two countries while to further expand into two new markets in the coming three years, we concur with the view of the Directors that the respective embedded estimated annual growths of the annual transaction amount for 2017, 2018 and 2019 were not unreasonable.

Also as discussed in details in sub-section namely "1.3 Annual Caps for the 2017-2019 Noodles Business Transactions – (a) The DUFIL Transactions" above, the Noodle Buffer is considered acceptable taking into account the FX Volatility and that the SAWAZ Transactions involve also mainly sales of products and provision of services which are income-generating to the Indofood Group, the Noodles Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from possible

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unexpected increases in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the SAWAZ Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(d) Indomobil Transactions

Set out below are details of the actual transacted amount of the Indomobil Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 respectively; and details of the Annual Caps for each of the three financial years ending 31 December 2019:

	For the year ended		For the ten months ended	For the year ending		
	31 December		31 October	31 December		
	2014	2015	2016	2017	2018	2019
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
Indomobil Transactions						
Actual transacted amounts	0.8	1.0	1.2			
Proposed Annual Caps				3.3	3.3	3.4

As advised by the management of Indofood, the Indomobil Transactions commenced from 1 January 2014. The transacted amounts under the Indomobil Transactions increased consistently by around 25% in 2015 as compared to 2014, and around 44% in 2016 (on an annualised basis) as compared to 2015. As provided by the management of Indofood, such growth was mainly attributable to increase in demand for vehicles to accommodate the expansion of its sales network to rural regions in Indonesia.

We noted that a generally steady trend is expected by the management of Indofood for the Annual Caps for the Indomobil Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that they have principally taken into account, among other things, (1) the expected increase of around 100 new stock points per annum in the coming three years in order to further expand the distribution network of instant noodle products in the rural regions of Indonesia; (2) the replacement of old vehicles by the Indofood Group; and (3) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) the uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil Group.

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We understand that the Annual Caps embedded an estimated annual growth of around 120% on the annual transaction amount for 2017, and the annual transaction amounts remain relatively stable for 2018 and 2019. We understand from the management of Indofood that the Indofood Group currently has around 1,000 stock points mainly for storage and distribution of consumer products including instant noodle products. In order to further expand the distribution network of instant noodle products in the rural regions of Indonesia, the Indofood Group intends to set up around 100 additional stock points per year. Corresponding to the increase in stock points, the Indofood Group will demand for more transportation services whilst expand the size of its transportation team to facilitate the transportation of instant noodle products as well as staff between the manufacturing plants and the additional stock points. At the same time, whilst all the new stock points are located in remote rural regions of Indonesia, it is expected that the more transportation time and travel distances to be involved will attribute to more transportation services to be demanded, and accordingly, higher transaction amounts, under the Indomobil Transactions in the coming three years. In addition, the Indofood Group intends to replace around 40 existing trucks and vehicles of its transportation team, which is expected to cost Indofood around US\$1.2 million in total (representing on average around US\$400,000 per year). Having taken into account the estimated expenses for vehicle replacements as well as the corresponding increased demand in other transportation services for serving the new remote stock points, we consider that the estimated growth in the transaction amounts under the Indomobil Transactions for the coming three years are justifiable.

In addition, the general buffer of 25% is considered acceptable taking into account the FX Volatility and that the Indomobil Transactions involve also mainly purchase/rent of vehicles and spare parts from the Indomobil Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for Indofood Group to mitigate the chance of operational disruptions and the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) as a result of possible unexpected increases in transaction amount due to one-off and/or occasional event(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the Indomobil Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(e) Conclusion

Having considered that, in particular, the reasons and factors discussed above in relation to our assessment of the Annual Caps for each of the 2017-2019 Noodles Business Transactions, we are of the view that the proposed Annual Caps for the 2017-2019 Noodles Business Transactions are set by the Directors after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of both the Company and the Shareholders as a whole.

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2. Plantations Business

2.1 *Background of and reasons for the 2017-2019 Plantations Transactions*

Indofood Group conducts vertically integrated agribusinesses in Indonesia through Indofood Agri Resources Ltd., a listed company in Singapore, SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk, listed companies in Indonesia, and their respective subsidiaries (the “**Indofood Plantations Group**”). The Indofood Plantations Group, a major producer of edible oils and fats in Indonesia with widely accepted and recognised brands, is principally engaged in research and development, oil palm seed breeding, cultivation of oil palm plantations, production and refining of crude palm oil, cultivation of rubber and sugar canes plantations and marketing and selling of other related products, management and cultivation of industrial timber plantations, including agroforestry. The Indofood Plantations Group also manages and cultivates cocoa and tea plantations, and processing, marketing and selling of related agricultural products.

As advised by the management of Indofood, the Indofood Plantations Group is based in Indonesia and had planted area of 300,696 hectares as of 30 September 2016, of which 247,145 hectares and 20,130 hectares are planted with oil palm and rubber, respectively, while the remainder of 33,421 hectares are planted with other crops such as sugar cane, cocoa, tea and timber. We were advised that majority of the crude palm oil required for production of the edible oils and fats is sourced internally. It is the intention of the Indofood Group to continue this vertically integrated business model in the coming three years.

As also advised by the management of Indofood, the Indofood Group will continue to focus on (i) upstream expansion by prioritising capital expenditure on immature plantings and the expansion of milling facilities for organic growth and building 3 new mills in South Sumatra and Kalimantan respectively; (ii) expansion of oil palm plantation area with new planting of about 5,000 hectares per annum; and (iii) downstream expansion of Surabaya refinery to cater for increasing demand for cooking oil and margarine brands.

We were advised that the 2017-2019 Plantations Business Transactions are essential and imperative to the integrated supply chains of crude palm oil and sugar within the Indofood Group, aiming to (1) vertically integrate the production of edible oils and fats and consumer branded products business of the Indofood Group and the oil palm and sugar cane plantations business of the Indofood Plantations Group; (2) ensure necessary equipment and facilities are in place for the cultivation of oil palm plantations; (3) secure reliable sources of high-quality crude palm oil attributable to the self-developed high quality seeds to fulfil the internal demand from the Indofood Group; (4) facilitate the transportation of fresh fruit bunches and crude palm oil to the production facilities of the Indofood Plantations Group; (5) utilise the technology developed by the research facilities of the Indofood Plantations Group to improve the yield rate and quality of crude palm oil; and (6) enhance productivity and achieve cost efficiency.

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2.2 *Principal terms of the Plantations Agreements*

We noted that all existing agreements in relation to the existing plantations business transactions entered into by the Indofood Group will expire on 31 December 2016. Accordingly, it is proposed that upon approval of the Independent Shareholders, the Indofood Group will enter into new framework agreements in respect of the transactions numbered (1) to (15) below for the 2017-2019 Plantations Business Transactions with the respective counterparties commencing from 1 January 2017 to 31 December 2019 (collectively, the “**Plantations Agreements**”) on substantially the same terms as those of the corresponding existing agreements. The arrangements under the new framework agreements described below will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements in relation to the existing 2014-2016 Plantations Business Transactions. We note that, save for the annual rental fee and the term of the existing agreement being 20 years and the Supplemental Agreement (as defined below) being 7 months as compared with three years under the draft Plantations Agreement as regard the Leasing Transaction, the Plantations Agreements are on substantially the same terms as those of the corresponding existing agreements.

Details of the 2017-2019 Plantations Business Transactions (the “**Plantations Transactions**”) are set out as follows:

- (1) Lease of land from ADS by SIMP (the “**Leasing Transaction**”)
- (2) Provision of pumping and loading services by STP to SIMP and its subsidiaries (the “**SIMP Group**”) and lease of office space by STP from the SIMP Group (the “**Pumping Services**”)
- (3) Provision of various services by RMK to the SIMP Group (the “**RMK Services**”)
- (4) Transactions between the IGER Group and the SIMP Group (the “**IGER Transactions**”)
- (5) Provision of consulting and technical services for project development by IKU to LPI (the “**Consulting Services**”)
- (6) Purchase of sugar from LPI by the Indofood Group (the “**Sugar Transaction**”)
- (7) Sale of deep frying oil from the SIMP Group to FFI (the “**Frying Oil Transaction**”)
- (8) Sale and rental of cars and sales of spare parts and provision of car services by the Indomobil Group to the Indofood Group (the “**Indo Car (Plantations) Transaction**”)

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- (9) Sale of palm oil and its derivative products by SIMP to Shanghai Resources (the “**Palm Oil Transaction**”)
- (10) Sale of margarine by SIMP to NIC (the “**Margarine Transaction**”)
- (11) Grant of exclusive license of “Indosugar” trademark by Indofood to LPI (the “**Indosugar Transaction**”)
- (12) Sale of packaging materials by IAK to LPI (the “**Packaging Material Transaction**”)
- (13) Rental of infrastructure by the SIMP Group from CSNJ and vice-versa (the “**Infrastructure Transactions**”)
- (14) Sale of finished goods by the SIMP Group to Indomaret (the “**Indomaret Finished Goods Transactions**”) and
- (15) Sale of finished goods by the SIMP Group to Indogrosir (the “**Indogrosir Finished Goods Transactions**”)
- (a) Leasing Transaction

SIMP is a subsidiary of Indofood Group which is principally engaged in oil palm plantations, crude palm oil milling, production of branded cooking oil and other related products.

ADS is 100% owned by companies controlled by Mr. Salim and is the owner of a piece of land in Pluit, Indonesia, which has been utilised by SIMP for the establishment of its refinery facilities since 1984.

Pursuant to the existing agreement as regard the Leasing Transaction, the annual rental fee was Rp550 million (equivalent to approximately US\$0.04 million). The total rental fee for the entire 20-year term of around Rp11 billion had been fully paid in advance in 1996. The existing agreement of 20 years expired on 31 May 2016 and was supplemented by a supplemental agreement entered into between the parties for a term of seven months from 1 June 2016 to 12 December 2016 (the “**Supplemental Agreement**”). The monthly rental fee under the supplemental agreement was Rp1.0 billion (equivalent to approximately US\$0.07 million).

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Leasing Transaction, and we note that, save for the annual rental fee and the term of the existing agreement being 20 years and the Supplemental Agreement being 7 months as compared with three years under the draft Plantations Agreement as regard the Leasing Transaction, they are on substantially the same terms. The annual rental fee of the new lease arrangement of Rp12 billion (equivalent to approximately US\$0.9 million), representing a monthly rental rate of approximately Rp50,000 per square meters, is determined after arm’s length negotiations with reference to the prevailing market rental rates in similar geographical location in Indonesia. In this regard, the management of Indofood Group has provided us 2 quotations from independent property agencies which showed that on 25 November 2016 and 8 December 2016, the monthly rental fee charged for rental of each of the similar land in proximity was around Rp50,000 per square meters. We concur that the rental rate to be paid by SIMP is no less favourable when compared to the rental rate levied by independent property agencies.

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We are advised by the management of Indofood that the Indofood Group has no current intention to relocate its refinery facilities. In the view that (i) SIMP has been operating its refinery facilities there since 1984 which has enabled operational stability; (ii) any relocation might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the rental rate payable by SIMP is no less favourable when compared to the rental rate levied by such independent property agencies, we concur with the view of the Directors that entering into of the Plantations Agreements as regard the Leasing Transaction is beneficial to the Group.

(b) Pumping Services

STP is 100% owned by companies controlled by Mr. Salim and is engaged in pumping services at Dumai port in Indonesia, where the bulk storage tanks of SIMP are located. As advised by the management of Indofood, the SIMP Group have been utilising the pumping facilities owned by STP to infuse or extract crude palm oil from its storage tanks for more than 15 years.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regards the Pumping Services, and we note that they are on substantially the same terms, in particular, the fee payable under the Pumping Services are determined by and mutually agreed between the relevant parties from time to time and based on prevailing market conditions which are expected to be no less favourable to the SIMP Group than to independent third parties. We are further advised by the management of Indofood that the Pumping Services have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records of similar transactions with independent third parties, and we note that the principal terms of the existing agreements as regard the Pumping Services have been similar to those made available to the Indofood Group by independent third parties. As observed from the invoices/quotations of certain similar transactions in 2015, the rates charged by STP have been no less favourable than those charged/offered by independent service suppliers. We also noted from the invoices that the payment terms offered by STP to the Indofood Group have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that similar approach and basis will be used in setting the fee of the Pumping Services.

We are advised by the management of Indofood that the services provided by STP have been satisfactory. In the view that (i) SIMP has been utilising STP's pumping services for over 15 years, quality of which have been considered satisfactory by SIMP; (ii) any changes might not guarantee operation stability but might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the service rates charged by STP will be no less favourable when compared to the rates to be charged by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Pumping Services is beneficial to the Group.

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(c) RMK Services

RMK is 100% owned by companies controlled by Mr. Salim which provides various services, including the lease of heavy equipment, the sale of building materials, office space, trucks and tug boats rental, transportation services and road reinforcement services, in accordance with the requirements of its counterparties.

Services provided by RMK under the RMK Services include (i) leasing of heavy equipment; (ii) sale of building materials; (iii) leasing of office space; (iv) leasing of trucks and tug boats; (v) provision of transportation services; and (vi) provision of road reinforcement services, by RMK to the SIMP Group.

As advised by the management of Indofood, the SIMP Group has been leasing certain office units from RMK since 2007. Also the SIMP Group has been using RMK's various services such as the leasing of heavy equipment and transportation services since 2007. The SIMP Group and RMK have a long business relationship.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regard the RMK Services, and we note that they are on substantially the same terms, in particular, the rates/rental fee/fees are determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which is expected to be no less favourable to the SIMP Group than to independent third parties. We are further advised by the management of Indofood that all the RMK Services have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction record as regard similar heavy equipment leasing, office space and building rental and transportation services provided by independent third parties in 2015, and we note that the rates/rental fee/fees under the existing agreements as regard the RMK Services have been no less favourable than those made available to the SIMP Group by independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the rate/rental fee/fees of the RMK Services.

We are advised by the management of Indofood that the heavy equipment, trucks and tug boats leased to the Indofood Group have been in good condition and there has been no history of return and exchange. Also, RMK has always provided their transportation services on time and effectively. Accordingly, we concur with the management of Indofood that the services provided by RMK have been satisfactory. In the view that (i) the SIMP Group and RMK have a long business relationship and RMK's services have been considered satisfactory; (ii) any changes might not guarantee operation stability but might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the rates/fees to be charged by RMK shall be no less favourable when compared to the rates/fees charged by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the RMK Services is beneficial to the Group.

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(d) IGER Transactions

The IGER Group is comprised of joint venture plantation companies between SIMP and the Salim Group, and is principally engaged in, among other things, the oil palm and sugar plantations business.

Transactions under the IGER Transactions include (i) the provision of operational services which include mainly research services relating to land and soil feasibility study, drainage and water management and fertilizer recommendation by the SIMP Group to the IGER Group; (ii) selling of seedlings, prefabricated housing materials and fertilizer products by the SIMP Group to the IGER Group; (iii) leasing of office space by the SIMP Group to the IGER Group; and (iv) purchase of palm oil and derivative products from the IGER Group by the SIMP Group. As advised by the management of Indofood, historically, the SIMP Group acquire over 90% of the annual production volume of the IGER Group's palm oil and its derivative products for further processing.

The aforesaid transactions as regard the provision of operational services and selling of seedlings, prefabricated housing materials and fertilizer products, would broaden the income base and enhance revenue of the SIMP Group. The aforesaid office space currently owned by the SIMP Group have been leased to the IGER Group since 2010. Since we are advised by the management of Indofood that the SIMP Group has no intention to dispose of or use by itself any of the aforesaid office spaces, the leasing of the office spaces to the IGER Group would therefore allow the SIMP Group to continue to utilise excess resources and generate additional income. On the other hand, the purchase of palm oil and derivative products from the IGER Group would allow the SIMP Group to continue to secure a stable supply of quality crude palm oil and other necessary raw materials for its production of edible oils and fats.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regards the IGER Transactions, and we note that they are on substantially the same terms, in particular, the rates/fees shall be determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which is expected to be no less favourable to the SIMP Group than to independent third parties. We are further advised by the management of Indofood that, save for the operational services provided by the SIMP Group, all other IGER Transactions have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records and quotations of similar transactions provided by independent third parties, and we note that the principal terms under the existing agreements as regard the IGER Transactions (save for the operational services provided by the SIMP Group) have been no less favourable to the SIMP Group than to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the rates/fees under the IGER Transactions.

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We are confirmed by the management of Indofood that the Indofood Group has not conducted transactions in respect of the operational services with independent third parties. We are also advised by the management of Indofood that the operational services provided to the IGER Group (e.g. chemical related analysis services) is only available from either Indofood Group or its competitors, however, since the performance of the operational services will involve the collection of much operational data and information, it would not be preferable for the IGER Group, being a subsidiary of the SIMP Group, to engage the SIMP Group's competitors to provide such services. However, we are further advised by the management of Indofood that the Indofood Group has provided similar operational services to intra-group companies which are comparable to those provided by the SIMP Group under the IGER Transactions. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records of similar transactions with the intra-group companies in 2016, and we note that the principal terms of the operational services as regard the IGER Transactions, are similar to those made available by the Indofood Group to the intra-group companies for similar services. As observed from the transaction records, the service fees charged on operational services under the IGER Transactions have been no more favourable than those available to the intra-group companies for similar service. Given that (i) as discussed above, the Indofood Group is likely to be the only suitable service provider to the IGER Group; and (ii) the service fees charged on operational services under the IGER Transactions have been no more favourable than those available to the intra-group companies for similar service, we considered that the terms under the operational services of the IGER Transactions are not unreasonable.

In view of, as discussed in paragraphs above, (i) the benefits having been and to be brought about pursuant to the IGER Transactions; and (ii) that the rates/fees involved shall be no less favourable to the SIMP Group than to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the IGER Transactions is beneficial to the Group.

(e) Consulting Services

As stated in the letter from the Board in the Circular, IKU is 100% owned by companies controlled by Mr. Salim and is engaged in the business of consultancy and engineering in Indonesia. As further stated in the letter from the Board, IKU is considered one of the most reputable consultant companies which provides services in relation to engineering and project management in Indonesia.

As advised by Indofood, consulting services to be provided by IKU include various consulting and technical services for project development such as soil survey, integrated environment feasibility study, placement of engineers, environment management and preparation of monitoring report to build up an optimal environment and monitor environmental impact of sugar cane plantations. The management of Indofood advises us that the Consulting Services are beneficial for achieving satisfactory quality and yield of sugar cane as well as compliance with applicable Indonesian laws and regulations.

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As advised by the management of Indofood, there was no transaction under the Consulting Services for the two years ended 31 December 2015 and the ten months ended 31 October 2016. Pursuant to the draft Plantations Agreements as regard the Consulting Services, the service fees shall be determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which is expected to be no less favourable to the Indofood Group than to independent third parties. We are further advised by the management of Indofood that the Consulting Services have comparable transactions with independent third parties, and it has been and will continue to be the internal procedures and policies of the Indofood Group to conduct the bidding process to ensure that the price and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties, which involves the request and comparison of at least two quotations for services of the same type and quality from qualified suppliers (being producers who supply the products or services which meet the required specification, quality, standard, and quantity requirement, most of which are independent) with similar size, reputation, quality of services, capabilities (delivery, safety etc.) and track records, the review and evaluation of each quotation to check if it meets the respective specification and scope of services, and negotiation with the suppliers to get the best price and service.

In view of, as discussed above, (i) the entering into of the Plantations Agreements as regard the Consulting Services will not make the Group becoming obliged to enter into any transactions with IKU, but will only allow IKU to be one of the available choice(s) for the Indofood Group's selection; (ii) the benefits having been and to be brought about pursuant to the Consulting Services; and (iii) that the service fees involved shall be no less favourable to the Indofood Group than to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Consulting Services is beneficial to the Group.

(f) Sugar Transaction

As disclosed in the letter from the Board in the Circular, LPI is a joint venture plantation company within the IGER Group between SIMP and the Salim Group and is engaged in plantation development in Indonesia. It currently owns approximately 28,500 hectares of plantation land located in South Sumatra and Central Java, of which approximately 13,800 hectares is cultivated with sugar cane, and two sugar cane production factories.

The Indofood Group is principally engaged in, among others, the production of consumer branded products which require sugar as one of the raw materials. In view of the sugar produced by LPI with satisfactory quality (as assessed by Indofood Group according to International Commission for Uniform Methods of Sugar Analysis (ICUMSA)) being expected to be available starting from 2017, the management of Indofood considers that the Sugar Transaction is a strategic arrangement to secure adequate sugar supply for meeting the internal demand of sugar when it arises, given the expected increase in demand for the consumer branded products of the Indofood Group.

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Pursuant to the draft Plantations Agreements as regard the Sugar Transaction, the selling price of the sugar shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than to independent third parties. As in the past, quality of sugar manufactured by LPI has not fulfilled the requirement of Indofood, there has been no historical transaction under the Sugar Transaction in the past three years. We are advised by the management of Indofood that the Sugar Transactions have comparable transactions with independent third parties, and it has been and will continue to be the internal procedures and policies of Indofood Group to ensure that the price and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties, which involves the request and comparison of at least two quotations for products or services of the same type and quality from qualified independent suppliers (being producers who supply the products or services which meet the required specification, quality, standard, and quantity requirement) of similar size, reputation, quality of services, capabilities (delivery, safety etc.) and track records, the review and evaluation of each quotation to check if it meets the respective specification and scope of products or services, and negotiation with such suppliers to get the best price and service.

In view of, as discussed in paragraphs above, (i) the entering into of the Plantations Agreements as regard the Sugar Transaction will not make the Group becoming obliged to enter into any transactions with LPI, but will only allow LPI to be one of the available choice(s) for the Indofood Group's selection only when LPI being able to produce sugar with satisfactory quality; (ii) the benefits to be brought about pursuant to the Sugar Transaction; and (iii) that the selling prices involved shall be no less favourable to the Indofood Group than those offered by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Sugar Transaction is beneficial to the Group.

(g) Frying Oil Transaction

FFI is an associate of Mr. Salim and is engaged in food and restaurant operations and is the master franchise holder of the Kentucky Fried Chicken (KFC) brand in Indonesia and operates 540 restaurant outlets. Indofood Group has conducted the Frying Oil Transaction with FFI for over 23 years. The SIMP Group and FFI have a long business relationship.

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Frying Oil Transaction, and we note that they are on substantially the same terms, in particular, the selling prices of the deep frying oil shall be determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which is expected to be no less favourable to the SIMP Group than to independent third parties. We are advised by the management of Indofood that there are comparable products in the market. In such regard, we have reviewed the relevant recent transaction records of sale of deep frying oil to independent third parties in 2015 provided by SIMP, and we note that the selling prices of deep frying oil as regard the Frying Oil Transactions have been no more favourable than those offered by SIMP to independent third parties. We also noted from the invoices that the payment terms offered to FFI have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that a

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similar approach and basis will be used in setting the selling prices of products under the Frying Oil Transactions. Considering that the selling prices will be determined with reference to the prevailing market conditions and on terms no more favourable to FFI than to independent third parties, we are of the view that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Frying Oil Transaction has been revenue contributors to the Group; and (ii) that the selling prices offered to FFI shall be no more favourable than those offered to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Frying Oil Transaction is beneficial to the Group.

(h) Indo Car (Plantations) Transactions

Indomobil is an associate of Mr. Salim. As disclosed in the letter from the Board in the Circular, the principal businesses of the Indomobil Group is brand holding sole agent, vehicle sales distribution, after sales service, vehicle ownership financing, spare part distribution under the “IndoParts” brand, vehicle assembly, automotive parts/component manufacturing and other related support services.

As provided by the management of Indofood, services provided by the Indomobil Group under the Indo Car (Plantations) Transactions include (i) sales/renting of cars; (ii) provision of car services; and (iii) sales of spare parts, to Indofood Group. Indofood Group has been using the aforesaid services provide by the Indomobil Group since 1993. Indofood Group and Indomobil have a long business relationship.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regard the Indo Car (Plantations) Transactions, and we note that they are on substantially the same terms, in particular, the price/rent/fees are determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than to independent third parties. We are further advised by the management of Indofood that all the Indo Car (Plantations) Transactions have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records and quotations of purchases of vehicles and car services provided by independent third parties in 2014 and 2015, and we note that the principal terms under the existing agreements as regard the Indo Car (Plantations) Transactions have been no less favourable than those made available to the Indofood Group from independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future price/rent/fees under the Indo Car (Plantations) Transactions. We consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

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We are advised by the management of Indofood that the services provided by the Indomobil Group have been satisfactory. In the view that (i) the Indofood Group and the Indomobil Group have a long business relationship and the Indomobil Group's services have been considered satisfactory; (ii) any changes might not guarantee operation stability but might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the price/rent/rates to be charged by the shall be no less favourable when compared to the price/rent/rates charged by independent third parties, we concur with the view of the Directors that the continuing of the Indo Car (Plantations) Transactions is beneficial to the Group.

In view of, as discussed in paragraphs above, (i) the benefits to be brought about pursuant to the Indo Car (Plantations) Transactions; and (ii) that the price/rent/rates involved shall be no less favourable to the SIMP Group than to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Indo Car (Plantations) Transactions is beneficial to the Group.

(i) Palm Oil Transaction

Shanghai Resources is a trading company wholly-owned by Mr. Salim and companies controlled by him. It has trading experience and consumer network in the People's Republic of China (the "PRC"), particularly in respect of the trading of cooking oil, margarine and shortening.

We understand from the management of Indofood that palm oil and its derivate products are the main ingredients for production of margarine and shortening. SIMP has conducted the Palm Oil Transaction with Shanghai Resources for over 5 years.

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Palm Oil Transaction, and we note that they are on substantially the same terms, in particular, the selling prices of palm oil and its derivative products shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the SIMP than to independent third parties. We are advised by the management of Indofood that there are comparable products in the market. In such regard, we have reviewed the relevant recent transaction records of sale of palm oil to independent third parties by SIMP in 2016, and we note that the selling prices of palm oil and its derivative products to Shanghai Resources have been no more favourable than those offered by SIMP to independent third parties. We also noted from the invoices that the payment terms offered to Shanghai Resources have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the selling prices of palm oil and its derivative products of the Palm Oil Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and on terms no less favourable to the SIMP Group than independent third parties, we are of the view that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

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In view of, as discussed in paragraphs above, (i) the Palm Oil Transaction has been revenue contributors to the Group; and (ii) that the selling prices offered to Shanghai Resources shall be no more favourable than those offered by the SIMP Group to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreement as regard the Palm Oil Transaction is beneficial to the Group.

(j) Margarine Transaction

As stated in the letter from the Board in the Circular, NIC is owned as to 40% by companies controlled by Mr. Salim and is the biggest reputable modern bakery in Indonesia with ten factories throughout Indonesia. We are advised by the management of Indofood that SIMP is one of the bread margarine suppliers for NIC since 2013.

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Margarine Transaction, and we note that they are on substantially the same terms, in particular, the selling prices of margarine shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to SIMP than to independent third parties. We are advised by the management of Indofood that the Margarine Transaction has comparable transactions with independent third parties. In such regard, we have reviewed the relevant recent transaction records of sale of margarine to independent third parties by SIMP in 2015. As observed from the invoices, the selling prices offered to NIC have been no more favourable than those offered to independent third parties. We also noted from the invoices that the payment terms offered to NIC have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the Margarine Transaction such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the Margarine Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to NIC than to independent third parties, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Margarine Transaction has been revenue contributors to the Group; and (ii) that the selling prices offered to NIC shall be no more favourable than those offered to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreement as regard the Margarine Transaction is beneficial to the Group.

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(k) Indosugar Transaction

As discussed under the sub-paragraph “(f) Sugar Transaction” above, LPI currently owns approximately 28,500 hectares of plantation land located in South Sumatra and Central Java, of which approximately 13,800 hectares is cultivated with sugar cane, and two sugar cane production factories.

Indofood has granted the exclusive license of “Indosugar” trademark related to sugar to LPI in Indonesia since 2011 and there has been no dispute between the parties in respect of such trademark arrangement. The management of Indofood considers that the granting of the exclusive license of “Indosugar” trademark to LPI has broadened the income base and enhanced revenue of the Indofood Group and therefore, is beneficial to the Group.

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Indosugar Transaction, and we note that they are on substantially the same terms, in particular, the rate of royalty fee of 1% per annum of the total sales value of sugar shall be determined by and mutually agreed between the relevant contracting parties from time to time which is expected to be no less favourable to Indofood than to independent third parties. We are advised by the management of Indofood that the Indosugar Transaction has comparable transactions in respect of granting of the exclusive use of trademark of other products such as granting of the exclusive use of “Milkuat” trademark of dairy products by Indofood to its other subsidiary. In such regard, we have reviewed the relevant agreements of similar transactions provided by Indofood. As observed from the agreements, the rate of royalty fee charged on LPI was the same as those charged on comparable transactions. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future rate of royalty fee of the Indosugar Transaction such that, if applicable, the then prevailing rate of similar comparable transactions will be used as market references to the Indosugar Transaction. Considering that the rate of royalty fee will be determined with reference to the prevailing rate of similar comparable transactions and be no more favourable to LPI than to independent third parties or other subsidiary of the Indofood Group (if available), we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Indosugar Transaction has been revenue contributors to the Group; and (ii) that the royalty rate involved shall be no more favourable to LPI than to independent third parties or other subsidiary to the Indofood Group (if available), we concur with the view of the Directors that the continuing of the Indosugar Transaction is beneficial to the Group.

(l) Packaging Material Transaction

IAK is one of Indofood’s operating subsidiaries for the Indofood Group’s packaging business. We understand from Indofood’s management that IAK has been one of the supplier of packaging materials to LPI since 2014.

We have reviewed the draft Plantations Agreement and the corresponding existing agreement as regard the Packaging Material Transaction, and we note that they are on substantially the same terms, in particular, the selling prices of the packaging shall be determined by and

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mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no more favourable to LPI than to independent third parties. We are advised by the management of Indofood that the Packaging Material Transaction has comparable transactions with independent third parties and the selling prices of the packaging charged on LPI have been no less favourable to Indofood than those charged on independent service suppliers. In such regard, we have reviewed the relevant purchase orders for packaging material supplied by Indofood to independent third parties. As observed from the purchase orders, selling prices of the packaging materials charged on LPI have been no less favourable to Indofood than those charged in the comparable transactions. We also noted from the invoices that the payment terms offered to LPI have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the Packaging Material Transaction such that, if applicable, the then prevailing selling prices of a similar comparable transactions will be used as market references to the Packaging Material Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to LPI than to independent third parties, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Packaging Material Transaction has been revenue contributors to the Group; and (ii) that the selling prices charged on LPI shall be no more favourable than those charged on independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Packaging Material Transaction is beneficial to the Group.

(m) Infrastructure Transactions

As disclosed in the letter from the Board in the Circular, CSNJ is an associate of Mr. Salim and is engaged in the business of transportation and trading in Indonesia.

As provided by the management of Indofood, under the Infrastructure Transactions, CSNJ may rent building and infrastructure from the SIMP to run mini stores inside the plantation areas operated by the SIMP Group, while the SIMP Group may also rent office building close to the plantation area from CSNJ for its operational use.

Pursuant to the draft Plantations Agreements as regard the Infrastructure Transactions, the fees shall be determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which is expected to be no less favourable to Indofood Group than to independent third parties. We are advised by the management of Indofood that the Infrastructure Transactions have no direct comparable transactions with independent third parties as (i) CSNJ has been the only company which is willing to run mini stores inside the SIMP Group's plantations areas located in remote jungle regions of Sumatera in Indonesia; and (ii) the SIMP Group did not rent any office unit near its plantation areas in Sumatera from CSNJ or other independent third parties, during the two years ended 31 December 2015 and the ten months ended 31 October 2016.

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CSNJ has been renting infrastructure from the SIMP Group for running mini stores in plantation areas during the two years ended 31 December 2015 and the ten months ended 31 October 2016. For renting of infrastructure by the SIMP Group to CSNJ, the rental has been determined by reference to the bidding price offered by the potential operator(s) of mini stores, while CSNJ has been the only bidder who is willing to run mini stores inside the SIMP Group's plantations areas. As provided by management of Indofood, the annual rental fee (based on the bidding price submitted by CSNJ) for renting the infrastructure to CSNJ in the past three years was around Rp50,000,000, represented an annual rental yield of around 5% according to Indofood. According to management of Indofood, no quotation from an independent property agency for the plantation areas or its close proximity can be obtained given the remote location where no rental demand has been observed. In this regard, we have requested the Indofood Group to provide a quotation from an independent property agency for rental of property in remote area in Sumatera which showed that on 21 December 2016, the annual rental yield for such rental of property in remote area was around 4%. Given that the annual rental yield of around 5% earned by the SIMP Group from the renting of the infrastructure to CSNJ inside the plantation area where no rental market exists, was still higher than the annual rental yield in remote area in Sumatera where a rental market exists, we concur with the Directors' view that terms of the CSNJ has been no less favourable than those prevailing in the market. We are further advised by the management of Indofood that a similar approach (including but not limited to, the carrying out of a bidding process) and basis will be used in setting the rates under the CSNJ Transactions.

The SIMP Group did not rent any office unit from CSNJ during the two years ended 31 December 2015 and the ten months ended 31 October 2016. However, due to the proximity of CSNJ's office building to the Indofood Group's plantation areas, the SIMP Group may consider to rent office unit(s) from CSNJ in the future for operation purposes. We are advised that in case the SIMP Group decides to rent office unit(s) adjacent to its plantations area in the future for operation purposes, the SIMP Group will ensure that the rental fee and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties, which will involve the request and comparison of at least two quotations from an independent property agency of similar property proximate to the SIMP Group's plantation area is located.

In view of, as discussed in paragraphs above, among other things, (i) the entering into of the Plantations Agreements as regard the Infrastructure Transactions will not make the Indofood Group becoming obliged to enter into any transactions with CSNJ, but will only allow, among other things, CSNJ to be one of the available choice(s) for the Indofood Group's selection; and (ii) the benefits to be brought about pursuant to the Infrastructure Transactions, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Infrastructure Transactions is beneficial to the Group.

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(n) Indomaret Finished Goods Transactions

Indomaret is an associate of Mr. Salim. The principal business of Indomaret is the operation of minimarkets in Indonesia. It is one of the Indonesia's largest minimarket operators by number of stores.

We are advised by the management of Indofood that the SIMP Group is one of the major suppliers of packaged cooking oil products and oil derivative products including margarine to Indomaret. The SIMP Group has been the supplier of Indomaret for over 20 years.

We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regard the Indomaret Finished Goods Transactions, and we note that they are on substantially the same terms, in particular, the selling prices of the finished goods supplied by the SIMP Group shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the SIMP Group than to independent third parties. We are advised by the management of Indofood that the Indomaret Finished Goods Transactions have comparable transactions with independent third parties. In such regard, we have reviewed the relevant invoices of sale of the same finished goods to independent third parties by the SIMP Group in 2014, 2015 and 2016. As observed from the invoices, the selling prices of the same finished goods charged on Indomaret have been no less favourable to Indofood than those charged on independent third parties. We also noted that the payment terms offered to Indomaret have been comparable to those offered to independent third parties. We are further advised by the management under Indofood that a similar approach and basis will be used in setting the future selling prices of the Indomaret Finished Goods Transactions such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the Indomaret Finished Goods Transactions. Having taken into account that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to Indomaret than to independent third parties, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Indomaret Finished Goods Transactions have been revenue contributors to the Group; and (ii) that the selling prices charged on Indomaret shall be no less favourable to the SIMP Group than those charged on independent third parties, we concur with the view of the Directors that the entering into of the Plantation Agreements as regard the Indomaret Finished Goods Transactions is beneficial to the Group.

(o) Indogrosir Finished Goods Transactions

Indogrosir is an associate of Mr. Salim. The principal business of Indogrosir is wholesaling of customer goods to modern and traditional retailers and end users.

We are advised by the management of Indofood that the SIMP Group is one of the major suppliers of packaged cooking oil products and oil derivative products including margarine to Indogrosir. The SIMP Group has been the supplier of Indogrosir for over 20 years.

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We have reviewed the draft Plantations Agreements and the corresponding existing agreements as regard the Indogrosir Finished Goods Transactions, and we note that they are on substantially the same terms, in particular, the selling prices of the finished goods supplied by the SIMP Group shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the SIMP Group than to independent third parties. We are advised by the management of Indofood that the Indogrosir Finished Goods Transactions have comparable transactions with independent third parties. In such regard, we have reviewed the relevant invoices of sale of the same finished goods to independent third parties by the SIMP Group in 2014, 2015 and 2016. As observed from the invoices, the selling prices of the same finished goods charged on Indogrosir have been no less favourable to the SIMP Group than those charged on independent third parties. We also noted that the payment terms offered to Indogrosir have been comparable to those offered to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices under the Indogrosir Finished Goods Transactions such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the Indogrosir Finished Goods Transactions. Having taken into account that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to Indogrosir than to independent third parties, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Indogrosir Finished Goods Transactions have been revenue contributors to the Group; and (ii) that the selling prices to Indogrosir shall be no more favourable than those to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Indogrosir Finished Goods Transactions are beneficial to the Group.

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2.3 Annual Caps for the 2017-2019 Plantations Business Transactions

Set out below are details of the actual transacted amount of each of the Plantations Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016, and details of the Annual Caps for each of the three financial years ending 31 December 2019:

	Actual transacted amount			Proposed Annual Caps		
	For the year ended		For the	For the year ending 31 December		
	31 December		ten months	31 December		
	2014	2015	ended	2017	2018	2019
US\$ million	US\$ million	31 October	US\$ million	US\$ million	US\$ million	
		US\$ million				
Leasing Transaction	0.0	0.0	0.4	1.3	1.3	1.3
Pumping Services	0.4	0.4	0.5	1.2	1.3	1.5
RMK Services	0.6	0.4	0.5	5.6	6.2	6.8
IGER Transactions	71.1	38.8	24.3	109.7	134.6	155.7
Consulting Services	–	–	–	0.2	0.2	0.2
Sugar Transaction	–	–	–	0.2	0.2	0.2
Frying Oil Transaction	3.9	3.5	3.2	5.2	5.8	6.4
Indo Car (Plantations) Transactions	5.4	1.7	1.5	8.4	6.5	7.4
Palm Oil Transaction	16.8	14.6	15.4	35.0	44.7	56.3
Margarine Transaction	0.3	0.2	0.5	0.7	0.8	1.0
Indosugar Transaction	0.5	0.4	0.5	0.9	1.0	1.0
Packaging Material Transaction	0.1	0.4	0.3	0.8	0.9	1.0
Infrastructure Transactions	0.0	0.0	0.0	0.4	0.4	0.4
Indomaret Finished Goods Transactions	34.8	31.9	35.6	54.7	71.7	94.0
Indogrosir Finished Goods Transactions	15.9	12.6	19.0	31.4	41.3	54.2
Actual aggregate transacted amounts/Proposed total Annual Caps	149.8	104.9	101.7	255.7	316.9	387.4

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(a) Leasing Transaction

As advised by management of Indofood, the transacted amounts under the Leasing Transaction remained as around US\$0.04 million for each of 2014 and 2015, then increased to US\$0.3 million in the ten months ended 31 October 2016, mainly due to the entering into of the Supplemental Agreement on 30 June 2016 pursuant to which the rental fee was adjusted to reflect the then prevailing market rent.

We noted that the Annual Caps in respect of the Leasing Transaction will remain at US\$1.3 million for each of the three years ending 31 December 2019. In this regard, we have discussed with the management of Indofood on the underlying reasons and noted that when arriving at the 2017 Annual Cap, they have principally taken into account (i) the fixed annual rental fee of Rp12 billion (equivalent to approximately US\$0.9 million or approximately Rp50,000 per square meters); (ii) the prevailing rental rates of similar properties in similar geographical location in Indonesia; and (iii) a general buffer of 25% to allow flexibility in accommodating (a) the uncertainty in the fluctuation of exchange rate of US\$ to Rp; and (b) possible additional land to be rented by the Indofood Group from ADS due to unexpected growth in the operations of the Indofood Group.

In our assessment of the reasonableness and fairness of the Annual Caps of the Leasing Transaction, we have reviewed the draft Plantations Agreement in relation to the Leasing Transaction and also discussed with the management of Indofood 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 respective annual caps at the proposed levels, after taking into consideration the following:

- (i) the prevailing market monthly rental rate of the land where the factory property is located was around Rp50,000 per square meters in end of 2016 according to the quotations from independent property agencies provided by management of Indofood to us; and
- (ii) a general buffer is considered acceptable taking into account the FX Volatility, it will also provide flexibility for the Indofood Group to enjoy possible additional property to be rented by the Indofood Group from ADS due to unexpected growth in the operations of the Indofood Group which caused by one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

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we consider the Annual Caps for the Lease Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(b) Pumping Services

We are advised by the management of Indofood that whilst the transacted amounts under the Pumping Services in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 of around Rp8.4 billion (on an annualised basis) has demonstrated a significant increase by around 44.0% as compared with that for 2015. The increase was mainly due to additional crude palm oil pumped through STP's pumping facilities.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate in 2017 of approximately 44.0% on the total transaction amount in Rp in 2016 (on an annualised basis) taking into account the projected increase in the production volume of crude palm oil in 2017 by the Indofood Group and the unit prices of the pumping service provided by STP which is expected to increase along with the domestic inflation in Indonesia; and (ii) a general buffer of 25% (the "**Plantations Buffer**") to allow flexibility in accommodating (a) the uncertainty in the fluctuation of exchange rate of US\$ to Rp; and (b) possible unexpected increase in transaction amount due to one-off and/or occasional event(s).

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rates of 16% on the total annual transaction amount in terms of Rp to STP in 2018 and 2019 based on around 10% annual growth in estimated pumping services required by the SIMP Group, the increase in the unit prices of the pumping service provided by STP which is expected to increase along with the domestic inflation in Indonesia and the Plantations Buffer, when arriving at the Annual Caps for 2018 and 2019 under the Pumping Services.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) the expected increasing demand of crude palm oil and palm oil products. According to the Trade Report of Oilseeds: World Market and Trade prepared by the United States Department of Agriculture, consumption volume of crude palm oil in Indonesia increased from 7,420,000 metric tonnes in 2014 by around 16% to 8,570,000 metric tonnes in 2015. As disclosed in the 2015 annual report of Indofood, from January 2016, the Indonesian Government's mandate for higher biodiesel-blending of 20% may likely sustain domestic demand growth for palm oil products over time;

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- (ii) the SIMP Group expects to use the Pumping Services to transport crude palm oil of about 223,000 metric tonnes in 2016, which represents a growth of around 30% as compared to that in 2015. Whilst the production volume of crude palm oil forecasted by the Indofood Group are around 282,600 metric tonnes, 310,860 metric tonnes and 341,946 metric tonnes in 2017, 2018 and 2019 respectively, it is reasonable to expect that the corresponding use of Pumping Services to transport crude palm oil would increase proportionally by around 27%, 10% and 10% as compared to the prior year;
- (iii) the estimated increase in unit prices of the pumping services of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
- (iv) as stated in section “2.2 Principal terms of the Plantations Agreements – (b) Pumping Services” above, the pricing basis for the Pumping Services is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (v) the Plantations Buffer is considered acceptable taking into account that, as the Pumping Services are essential for the normal operations of the Indofood Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to minimise the chance of operation disruption and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) as a result of possible unexpected increase in transaction amount due to unexpected one-off and/or occasional increase in demand of the services.

(c) RMK Services

We are advised by management of Indofood that whilst the transacted amounts under the RMK Services in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 of around Rp8.7 billion (on an annualised basis) has demonstrated an increase by around 47% as compared with that for 2015. The increase was, as believed by Indofood, mainly due to additional transportation services and road reinforcement services required by the SIMP Group for the improvement of infrastructures of its existing plantation areas.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate in 2017 of approximately 6.4 times on the total transacted amount in 2016 (on an annualised basis) taking into account the SIMP Group’s latest expansion plan with (a) the estimated transportation services and purchase of road reinforcement services, and (b) the estimated amount of building materials required for the construction of facilities in the plantation areas; (ii) the expected increase in the purchase price of the building materials, the rental rates of the office space and transportation service fees along with the domestic inflation in Indonesia; and (iii) the Plantations Buffer.

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We are further advised by the management of Indofood that, as the SIMP Group will, in 2017, purchase building materials, transportation services and road reinforcement services, rent tug boat and trucks and rent office space required for the expansion of the plantation area for the coming three years based on the current expansion plan, the management of Indofood has generally adopted a relatively moderate annual growth rates of around 10% in 2018 and 2019 on the total annual transaction amount to RMK, with the general buffer of 25%, when arriving at the Annual Caps for 2018 and 2019 under the RMK Services.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) we are given to understand that, whilst the SIMP Group intends to achieve an increase in planted oil palm plantation area by 5,000 hectares or a round 2% per annum in coming three years, the SIMP Group also plans to further improve the infrastructure and facilities including clinics and mini stores for plantation workers in its existing plantation areas. The estimated increase in demand for transportation services, road reinforcement services and building materials are generally in line with the estimated increase in planted land and the improvement works of the existing plantations areas in the relevant period;
- (ii) taking into account (a) that it is the plan of the SIMP Group to purchase most of the building material, rental tug boat and trucks, transportation services and road reinforcement services and rental office space required for the expansion of the plantation area in 2017, and will purchase mainly spare parts for maintenance in each of 2018 and 2019 which would result in a much lower estimated transaction amount in each of 2018 and 2019; and (b) the average inflation rate of Indonesia of around 6.4% in 2014 and 2015, the annual growth rates of around 10% on the total annual transaction amount estimated for each of 2018 and 2019 are considered reasonable;
- (iii) the expected increase in the purchase price of the building materials, the rental rates of the office space and transportation service fees of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
- (iv) as stated in section "2.2 Principal terms of the Plantations Agreements – (c) RMK Services" above, the pricing basis for the RMK Services is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

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- (v) the Plantations Buffer is considered commercially justifiable taking into account that, as products and services purchased under the RMK Transactions are crucial for the normal operations of the Indofood Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to minimise the chance of operational disruption and mitigate the burden of the Indofood Group to bear additional time and costs to conduct revision of the relevant annual cap(s) as a result of possible unexpected increase in transaction amount due to unexpected one-off and/or occasional increase in demand of the relevant products/services.

(d) IGER Transactions

The transacted amounts under the IGER Transactions in Rp dropped by 39% in 2015 when compared to that in 2014, mainly attributable to the decrease in the amount of crude palm oil acquired by the SIMP Group from the IGER Group due to the lower purchase price of crude palm oil in Indonesia. The transacted amount for 2016 (on an annualised basis) has further decreased by around 26% as compared with that for 2015 as a result of further drop in the price of crude palm oil.

As advised by the management of Indofood, among the various transactions under the IGER Transactions, the purchase of palm oil and derivative products from the IGER Group by the SIMP Group accounted for over 90% of the historical transacted amount of the IGER Transactions and it is expected by the Indofood Group that the purchase of palm oil and derivative products will still take up at least 90% of the total transaction amount of the IGER Transactions in the coming three years.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate in 2017 of approximately 200% on the total transaction amount based on (a) the internal demand for crude palm oil and palm kernel of the SIMP Group for the use in its edible oils and fats business; (b) the expected substantial increase in the mature area of the IGER Group's palm oil plantations and in the output volume of crude palm oil, fresh fruit bunches and palm kernel in 2017; and (c) the projected increase in the transaction amount of prefabricated housing materials to be provided by the SIMP Group based the projected plantation program and production plans of the IGER Group for the three years ending 31 December 2019; (ii) the charges for the prefabricated housing materials provided by the SIMP Group which is expected to increase along with the domestic inflation in Indonesia; (iii) the expected rebound in the prices of crude palm oil, fresh fruit bunches and palm kernel; and (iv) the Plantations Buffer.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rates of around 23% and 16% on the total annual transaction amount with the IGER Group for 2018 and 2019 respectively based on the expected increase in the IGER Group's production volume of crude palm oil due to the projected mature rate of oil palm plantations, and the general buffer of 25% in each of 2018 and 2019 respectively, when arriving at the Annual Caps for 2018 and 2019 under the IGER Transactions.

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We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) as advised by the management of Indofood, the IGER Group expects that there will be a substantial increase in the mature area of its palm oil plantations in 2017, and the output volume of crude palm oil, fresh fruit bunches and palm kernel is expected to increase by around 90% in 2017 and 13% on average in 2018 and 2019 respectively;
- (ii) as over 90% of each of the Annual Caps are attributable to the purchase of crude palm oil, fresh fruit bunches and palm kernel by the SIMP Group from the IGER Group. The increase in demand of crude palm oil and palm kernel were estimated by the SIMP Group for the use in its edible oils and fats business, in particular, in view of the expansion of the capacity of the Surabaya refinery from 1,250 tons per day by 1,000 tons per day to 2,250 tons per day by 2018;
- (iii) the total consumption volume of crude palm oil by the Indofood Group was around 800,000 metric tonnes in 2015. The projected annual demand of crude palm oil from the IGER Group under the IGER Transactions represents only approximately 8% of the total annual demand of crude palm oil of Indofood Group;
- (iv) the IGER Group intends to acquire additional prefabricated housing materials for the building of warehouses in its plantation areas to support the expected increase in the output volume of crude palm oil, fresh fruit bunches and palm kernel from 2017 onward;
- (v) the estimated increase in the unit selling price of prefabricated housing materials of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
- (vi) as stated in section "2.2 Principal terms of the Plantations Agreements – (d) IGER Transactions" above, the pricing basis for the IGER Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (vii) the Plantations Buffer is considered commercially justifiable taking into account that, as products and services sold and/or purchased under the IGER Transactions are crucial for efficient operations of Indofood Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for Indofood Group to minimise the chance of operation disruption and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) as a result of possible unexpected increase in transaction amount due to unexpected one-off and/or occasional increase in demand of the relevant products/services.

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(e) Consulting Services

As advised by the management of Indofood, since IKU has not successfully obtain any contracts from the Indofood Group through open tender, there was no transaction under the Consulting Services for the two years ended 31 December 2015 and the ten months ended 31 October 2016.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the expected project management services required by the Indofood Group to improve the quality of LPI's sugar cane plantations; and (ii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) we are given to understand that LPI intends to engage professional consultants to further improve the quality of its sugar cane products through upgrade of production technique;
- (ii) as provided by the management of Indofood, the expected transaction amount of the Consulting Services for the coming three years is determined based on, among other things, the historical annual spending by the Indofood Group on project management services relating to the improvement of the quality of its sugar cane products. As provided by the management of Indofood, the contracted amount awarded to third party consulting companies by LPI for services similar to the Consulting Services amounted to over Rp1.6 billion during the ten months ended 31 October 2016 (equivalent to approximately US\$0.12 million);
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (e) Consulting Services" above, the pricing basis for the Consulting Services is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and will also provide flexibility for the Indofood Group to accommodate unexpected future variations in the plantation plan of LPI which may be caused by one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

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(f) Sugar Transaction

As discussed, there was no historical transaction under the Sugar Transaction for the two years ended 31 December 2015 and the ten months ended 31 October 2016 as Indofood Group has not yet been satisfied with the quality of sugar manufactured by LPI.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) sugar produced by LPI with satisfactory quality is expected to be available starting from 2017; (ii) the projected constant demand of sugar of the Indofood Group from LPI for each of 2017, 2018 and 2019; (iii) the prevailing selling prices for sugar; and (iv) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) we are advised that Indofood has from time to time obtained sugar product sample from LPI to measure the purity of sugar produced by LPI and according to the management of Indofood, the latest sample from LPI showed its sugar quality could almost fulfil the requirement of the Indofood Group;
- (ii) the production of consumer branded products which require sugar as one of the raw materials. The total consumption volume of sugar by the Indofood Group was around 144,000 metric tonnes in 2015. The projected annual demand of sugar from LPI under the Sugar Transaction represents only approximately 0.07% of the total annual demand of sugar of Indofood Group. The Sugar Transaction therefore is a strategic arrangement to secure an additional readily available sugar supplies for meeting the internal growing demand for sugar in light of the recent growth by around 12% in sales volume of the consumer branded products of the Indofood Group in 2016;
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (f) Sugar Transaction" above, the pricing basis for the Sugar Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and will also provide flexibility for the Indofood Group to accommodate unexpected future variations in its demand for sugar from LPI which may be caused by one-off and/or occasional event(s), to and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

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(g) Frying Oil Transaction

We are advised by the management of Indofood that whilst the transacted amounts under the Frying Oil Transaction in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 in term of Rp of around Rp51.4 billion (on an annualised basis) showed an increase of around 8% as compared with that for 2015.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the estimated demand for deep frying oil by FFI for each of the three years ending 31 December 2019; (ii) the expected increase in market prices of deep frying oil produced by the Indofood Group in the coming three years; and (iii) the Plantation Buffer.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) given the annualised purchase volume of deep frying oil of about 4,000 metric tonnes in 2016 representing a growth of around 6% as compared to that in 2015, FFI's projected demand for deep frying oil of around 4,230 metric tonnes, 4,530 metric tonnes and 4,840 metric tonnes in 2017, 2018 and 2019 respectively, which represent an increase of around 6%, 7% and 7% as compared to the prior year, are in line with FFI's latest demand growth;
- (ii) the estimated increase in the unit selling price of deep frying oil of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (g) Frying Oil Transaction" above, the pricing basis for the Frying Oil Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Frying Oil Transaction involve sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for Indofood Group to enjoy additional income resulting from possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

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(h) Indo Car (Plantations) Transactions

We are advised by the management of Indofood that whilst the transacted amounts under the Indo Car (Plantations) Transactions in Rp exhibited a downward trend for the two years ended 31 December 2015 and the ten months ended 30 September 2016 which was mainly due to limited expansion of the Indofood Plantations Group as a result of the decrease in price of crude palm oil in the past three years.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of approximately 2.7 times on the total transaction amount in Rp in 2017 taking into account (a) the estimated number and model of vehicle required to be purchased and leased to facilitate the expansion of oil palm plantation area with new planting of about 5,000 hectares per annum in the coming three years, and (b) the estimated number of corresponding spare parts and services required for the maintenance of the vehicles; (ii) the expected increase in the leasing rate or purchase price of vehicles and spare parts along with the domestic inflation in Indonesia; and (iii) the Plantations Buffer.

We are further advised by the management of Indofood that, the relatively lower Annual Caps estimated for each of 2018 and 2019 as compared to that for 2017 is mainly due to the Indofood Group will, in 2017, purchase and/or lease most of vehicles required for the abovementioned expansion of the plantation area and accordingly, transactions mainly involving old vehicles replacements and purchases of spare parts required for the maintenance of the vehicles with the general buffer of 25% were considered when determining the Annual Caps for 2018 and 2019.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) given the SIMP Group intends to achieve an increase in planted oil palm plantation area by 5,000 hectares, which representing a growth rate of around 2%, per annum in coming three years, the Indofood Plantations Group plans to acquire 90 trucks and/or other vehicles in 2017 to accommodate the aforesaid expansion plan which will amount to approximately US\$4.0 million;
- (ii) the expected increase in the leasing rate or purchase price of vehicles and spare parts of approximately 5% per annum is generally in line with the average inflation in Indonesia of around 6.4% in 2014 and 2015;
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (h) Indo Car (Plantations) Transactions" above, the pricing basis for the Indo Car (Plantations) Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

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- (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and will also provide flexibility for the Indofood Group to accommodate unexpected future variations in its demand for products/services from Indomobil Group which may be caused by one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

- (i) Palm Oil Transaction

We are advised by management of Indofood that the transacted amounts under the Palm Oil Transaction in Rp decreased for the years ended 31 December 2015 which was mainly due to the decrease in price of crude palm oil. However the transacted amounts in Rp increase in 2016 (on an annualised basis) which was mainly attributable to the increase in demand from the PRC.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate in 2017 of approximately 52% on the total transaction amount taking into account the estimated requirement of palm oil and its derivative products by Shanghai Resources for the year ending 31 December 2017; (ii) the expected increase in the prices of palm oil and its derivative products in coming three years; and (iii) the Plantations Buffer.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rates of around 28% and 26% on the total annual transaction amount with Shanghai Resources and the general buffer of 25% in each of 2018 and 2019 respectively, when arriving at the Annual Caps for 2018 and 2019 under the Palm Oil Transaction.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) we are given to understand that Shanghai Resources started to increase its operational scale in China by expanding its business distribution network in China and increase the products variety starting from 2017. Given the annual purchase of palm oil and its derivative products by Shanghai Resources in 2016 (on annualised basis) is about 27,600 metric tonnes, which represents a growth of around 28% as compared to that in 2015, Shanghai Resources' projected demand for palm oil and its derivative products of around 35,000 metric tonnes, 42,000 metric tonnes and 50,000 metric tonnes in 2017, 2018 and 2019 respectively, representing an increase of around 27%, 20% and 20% as compared to the prior year, are not considered excessive;
- (ii) Shanghai Resources intends to purchase various new cooking oil products from SIMP at the higher unit prices for its development in the China market;

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- (iii) the expected increase in the prices of palm oil and its derivative products in 2018 and 2019 of around 6% per annum is generally in line with the average inflation rate in Indonesia of around 6.4% in 2014 and 2015;
- (iv) as stated in section “2.2 Principal terms of the Plantations Agreements – (i) Palm Oil Transaction” above, the pricing basis for the Palm Oil Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (v) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Palm Oil Transaction involve mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

(j) Margarine Transaction

As advised by the management of Indofood, the transacted amounts under the Margarine Transaction in term of Rp decreased by around 24% in 2015 when compared to that in 2014, mainly due to the drop in the average selling price of margarine in Indonesia. The transacted amount in Rp for 2016 (on an annualised basis) has rebounded and increased by around 154% as compared with that for 2015 as a result of the rapid growth in bread production of NIC due to the increased bread variety.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the estimated requirement of margarine by NIC for the three years ending 31 December 2019; (ii) the prevailing market price and the expected increase in the prices of margarine in coming three years; and (iv) the Plantations Buffer.

We concur with the Directors’ view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) we are given to understand that to accommodate the project rapid growth in bread production in 2016, NIC has an overstock of margarine in 2016. Accordingly, NIC’s expected requirement for margarine will slightly reduce in 2017 and return to an increasing trend starting from 2018;

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- (ii) as provided by the management of Indofood, NIC's projected demand for margarine is around 656 metric tonnes, 787 metric tonnes and 945 metric tonnes in 2017, 2018 and 2019 respectively, representing a decrease of around 9%, then an increase of around 20% and 20% as compared to the respective prior year;
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (j) Margarine Transaction" above, the pricing basis for the Margarine Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place;
- (iv) the estimated increase in the unit selling price of margarine of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015; and
- (v) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Margarine Transaction involve mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income as a result of possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

(k) Indosugar Transaction

We are advised by the management of Indofood that whilst the transacted amounts under the Indosugar Transaction in Rp for each of 2014 and 2015 were relatively comparable, the transacted amount for 2016 of around Rp7.3 billion (on an annualised basis) has demonstrated an increase by around 20% as compared with that for 2015. The increase in transacted amount in 2016, which comprised solely the royalty fee payment and was calculated based on a fixed rate of 1% on the total sales amount of LPI, was mainly due to the increase in average selling price of sugar in 2016.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the estimated sales volume of sugar of LPI for the three years ending 31 December 2019; (ii) the prevailing market prices for sugar produced by LPI; and (iii) the Plantations Buffer.

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We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) strong domestic demand and Indonesia's status as a net sugar importer have kept the domestic sugar industry relatively robust;
- (ii) we understand that the Annual Caps embedded annual growth rates for 2017, 2018 and 2019 of around 9%, 16% and 8% on the transaction amount in Rp for 2016 (on an annualised basis), 2017 and 2018 respectively, and with an average annual growth rate of around 11%. Having considered the historical growth in the transaction amount of around 10% in 2015, we are of the view that the average annual growth rate of around 11% for the coming three years is not excessive;
- (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (k) Indosugar Transaction" above, the pricing basis for the Indosugar Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and will also provide flexibility for the Indofood Group to enjoy possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

(l) Packaging Material Transaction

As advised by the management of Indofood, the transacted amounts under the Packaging Material Transaction in Rp increased by around 3 times in 2015 when compared to that in 2014, mainly due to the increased order of packaging materials from LPI in 2015 corresponding to the expected increase in sales of sugar. As it turned out that the actual sales of sugar in 2015 were below the projection by LPI, the overstock of packaging materials by LPI caused the transacted amount in 2016 (on an annualised basis) to decrease by around 40% in Rp as compared with that for 2015.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the projected demand of packaging materials from LPI in the coming three years; (ii) the prevailing and expected increase in selling prices of packaging materials; and (iii) the Plantations Buffer.

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We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) as provided by the management of Indofood, based on expected sales volume of sugar in 2017 and the latest stock level of packaging materials of LPI, LPI's demand for packaging materials in 2017 is expected to increase, as compared to 2016, to around 1.67 million sheets in 2017. The projected demand for packaging materials is around 1.94 million sheets and 2.10 million sheets in 2018 and 2019, representing an increase of around 16% and 8% respectively as compared to the prior year, which is in line with the LPI's expected growth rate for the transaction amount of sugar to be purchased under the Indosugar Transaction of 16% and 8% respectively in 2018 and 2019;
 - (ii) the estimated increase in the unit selling price of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
 - (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (1) Packaging Material Transaction" above, the pricing basis for the Packaging Material Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
 - (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Packaging Material Transaction involve also mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.
- (m) Infrastructure Transactions

We have been advised by the management of Indofood that there was a negligible amount of transactions for each of 2014, 2015 and 2016 for renting of infrastructure and buildings by CSNJ from the SIMP Group for running of mini stores in plantation areas. The SIMP Group did not rent any office buildings or other properties from CSNJ during the two years ended 31 December 2015 and the ten months ended 31 October 2016.

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We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the additional infrastructure and buildings to be required by CSNJ to accommodate its business development for the three years ending 31 December 2019; (ii) the office unit(s) to be rented by the SIMP Group from CSNJ in the future for operation purposes; (iii) the expected increase in the leasing rate of building and infrastructure, along with the domestic inflation in Indonesia; and (iv) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) according to the management of Indofood, CSNJ plans to open 3 additional mini stores in the coming three years. The estimated increase in demand for infrastructure and buildings were generally in line with the estimated increase in the mini stores ran by CSNJ in the relevant period;
 - (ii) according to a quotation from an independent property agency provided to us by the management of Indofood, the prevailing rental yield of similar property proximate to where the office unit(s) to be rented by the SIMP Group is located was around 5.85% as at 13 December 2016;
 - (iii) as stated in section "2.2 Principal terms of the Plantations Agreements – (m) Infrastructure Transactions" above, the pricing basis for the Infrastructure Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
 - (iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.
- (n) Indomaret Finished Goods Transactions

As advised by the management of Indofood, the transacted amounts under the Indomaret Finished Goods Transactions in Rp increased by 4% in 2015 when compared to that in 2014. The transacted amount for 2016 (on an annualised basis) has further increased by 25% as compared with that for 2015. Such increases in the transaction amount in Rp was principally attributable to increase in sales volume of packaged cooking oil products and oil derivative products in 2015 and 2016 due to price promotion.

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We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the estimated sales volume of the packaged cooking oil products and oil derivative products to Indomaret for the three years ending 31 December 2019 based on Indomaret's plan to further expand its distribution network in Indonesia in the coming three years; (ii) the prevailing market prices of and the expected increase in the market prices of the packaged cooking oil products and oil derivative products and (iii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) as provided by the management of Indofood, Indomaret currently operates around 12,000 outlets/mini stores in Indonesia and it intends to achieve an increase around 1,000 outlets/mini stores per annum in coming three years, representing an average annual growth of around 8%;
- (ii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the compounded annual growth rate ("CAGR") of the average monthly expenditure per capita in Indonesia was approximately 12.3% from 2008 to 2014;
- (iii) the estimated increase in the unit selling price of the packaged cooking oil products and oil derivative products of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;
- (iv) as stated in section "2.2 Principal terms of the Plantations Agreements – (n) Indomaret Finished Goods Transactions" above, the pricing basis for the Indomaret Finished Goods Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (v) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Indomaret Finished Goods Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

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(o) Indogrosir Finished Goods Transactions

As advised by the management of Indofood, the transacted amounts under the Indogrosir Finished Goods Transactions in Rp decreased by 10% in 2015 when compared to that in 2014 due to decrease in the sales volume of packaged cooking oil products and oil derivative products in the targeted markets of Indogrosir in Indonesia and the drop in average selling price of its products. The transacted amount for 2016 (on an annualised basis) has rebounded substantially by 82% as compared with that for 2015 as a result of significant recovery of sales volumes attributable to price promotion.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2017 to 2019, they have principally taken into account (i) the estimated sales volume of the packaged cooking oil products and oil derivative products by Indogrosir for the three years ending 31 December 2019 based on Indogrosir's plan to further expand its distribution network in Indonesia in the coming three years; (ii) the expected increase in the market prices of the packaged cooking oil products and oil derivative products; and (iii) the adoption of general buffers of 25% to accommodate (a) the uncertainty in the fluctuation of exchange rate of US\$ to Rp in view of the increased volatility in spot exchange rate of Rp to US\$; and (b) the uncertainty in the growth rate of sales volume of the packaged cooking oil products and oil derivative products.

We concur with the Directors' view that the respective Annual Caps are reasonable and in the interests of both the Company and the Shareholders after taking into consideration the following:

- (i) Indogrosir plans to further expand its distribution network in Indonesia in the coming three years. In this regard, we understand that Indogrosir currently operates around 21 outlets/mega stores in Indonesia and it intends to achieve an increase around 2 outlets/mega stores per annum in the coming three years, representing an average annual growth of around 9%, which is expected to lead to a corresponding increase in the purchase volume of packaged cooking oil products and oil derivative products by Indogrosir from IAP in the coming three years;
- (ii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly expenditure per capita in Indonesia was approximately 12.3% from 2008 to 2014;
- (iii) the estimated increase in the unit selling price of the packaged cooking oil products and oil derivative products of around 5% per annum is generally in line with the average inflation rate of Indonesia of around 6.4% in 2014 and 2015;

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- (iv) as stated in section “2.2 Principal terms of the Plantations Agreements – (o) Indogrosir Finished Goods Transactions” above, the pricing basis for the Indogrosir Finished Goods Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and
- (v) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Indogrosir Finished Goods Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.
- (p) Conclusion

Having considered that, in particular, the reasons and factors discussed above in relation to our assessment of the Annual Caps for each of the 2017-2019 Plantations Business Transactions, we are of the view that the proposed aggregated Annual Caps for the 2017-2019 Plantations Business Transactions are set by the Directors after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of both the Company and the Shareholders as a whole.

3. Distribution Business

3.1 Background of and reasons for the 2017-2019 Distribution Business Transactions

As disclosed in the letter from the Board in the Circular, IAP and PDU (the “**Distribution Segment**”) are the operating subsidiaries of Indofood for the Indofood Group’s Distribution Business. The Distribution Segment is a strategic asset that forms a vital part of Indofood’s vertically integrated operations. Its vast network and nationwide distribution capabilities enable the availability of Indofood and third party products throughout Indonesia. The products distributed by the Distribution Segment are mainly consumer products including the instant noodle products, biscuit, snack food, food seasoning, cooking oil, beverage, dairy products and personal care products. With the cooperation from the distribution partners, the Distribution Segment has the most extensive distribution network of outlets in Indonesia among domestic consumer goods distributors.

Indofood Group has conducted the distribution business transactions with LS for over 10 years, FFI for over 5 years, and Indomaret and Indogrosir since 2014. LS, FFI, Indomaret and Indogrosir currently operates around 126 outlets, 540 restaurant outlets, 12,000 outlets/mini stores and 21 outlets/mega stores respectively in Indonesia, which form an enormous and expanding retail network for consumer goods covering most of the major cities and regions of Indonesia. As long as the pricing and other terms of the transactions with LS, FFI, Indomaret and Indogrosir are fair and reasonable to the Group and its Shareholders as a whole, it will be beneficial to the Indofood Group to maintain business relationship with them and leverage on their retail network for the development of Distribution Segment.

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As disclosed in annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”), the Group’s aggregate annual turnover derived from the Distribution Segment for the year ended 31 December 2015 amounted to about US\$370.2 million. As disclosed in Indofood’s annual report for the year ended 31 December 2015, the Distribution Segment will continue its efforts to broaden its distribution network by adding 100 stock points per year and expanding outlet coverage.

We concur that it is of high importance for the Distribution Segment to maintain and broaden the distribution network and the entering into of the distribution business transactions, which have contributed and are expected to continue to contribute to Indofood Group’s operating revenue, are therefore considered in the interest of the Group.

As also detailed in the section headed “Renewal of Indofood Group’s Distribution Business Transactions and new Annual Caps for 2017, 2018 and 2019” in the letter from the Board in the Circular, the existing 2014-2016 Distribution Business Transactions in respect of provision of consulting services to Indofood Group by IKU will also expire on 31 December 2016 but no new agreement will be entered into in respect of provision of consulting services to Indofood Group by IKU. In addition, as the Company reclassified the IASB-FFI Beverages Transaction as a Beverages Business transaction relating to associates of Mr. Salim starting from 1 January 2017, the IASB-FFI Beverages Transaction will not constitute a 2017-2019 Distribution Business Transaction, and its Annual Caps for 2017, 2018 and 2019 will not be counted towards the aggregated Annual Caps for the 2017-2019 Distribution Business Transactions. Save as described above, agreements in respect of the other existing 2014-2016 Distribution Business Transactions will expire on 31 December 2016 and new framework agreements relating to the 2017-2019 Distribution Business Transactions will be entered into to replace the agreements relating to those existing 2014-2016 Distribution Business Transactions on substantially the same terms as those of the corresponding existing agreements. The arrangements under new framework agreements described below will commence on 1 January 2017 and will have a duration of three years, expiring on 31 December 2019. Subject to compliance with the then relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement.

In addition, new framework agreements will be entered into in respect of certain new transactions, which will constitute new continuing connected transactions for the Company relating to the Distribution Business.

3.2 Principal terms of the 2017-2019 Distribution Business Transactions

The 2017-2019 Distribution Business Transactions include:

- (1) distribution of various consumer products by IAP to LS (the “**IAP-LS Consumer Products Transactions**”);
- (2) sales of chili and tomato sauces, seasonings and dairy products by IAP to FFI (the “**IAP-FFI Transactions**”);

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- (3) distribution of various consumer products by PDU to LS (the “**PDU-LS Consumer Products Transactions**”);
- (4) sale/rental of cars and spare parts and provision of car services by the Indomobil Group to the Indofood Group (the “**Indo Car Transactions**”);
- (5) the Indofood Group use human resources outsourcing services from SDM (the “**Indofood-SDM Transaction**”);
- (6) sale of finished goods by IAP to Indomaret (the “**IAP-Indomaret Finished Goods Transactions**”);
- (7) sale of finished goods by IAP to Indogrosir (the “**IAP-Indogrosir Finished Goods Transactions**”);
- (8) sale of finished goods by PDU to Indomaret (the “**PDU-Indomaret Finished Goods Transactions**”);
- (9) sale of finished goods by PDU to Indogrosir (the “**PDU-Indogrosir Finished Goods Transactions**”);
- (10) rental of space by RMK from IAP (the “**RMK Rental Transaction**”);
- (11) rental of space by Indomaret from IAP (the “**Indomaret Rental Transaction**”);
- (12) rental of space by LS from IAP (the “**LS Rental Transaction**”); and
- (13) management of IAP’s pension plan assets by PT Indolife Pensiantama (the “**Pension Transaction**”).

As disclosed in the letter from the Board, the Indofood Group will enter into new framework agreements in respect of the above transactions on substantially the same terms as those of the corresponding existing agreements. We have reviewed the relevant draft Distribution Agreements and the corresponding existing agreements in relation to the existing 2014-2016 Distribution Business Transactions, and note that the Distribution Agreements are on substantially the same terms as those of the corresponding existing agreements.

As advised by the Directors, the 2017-2019 Distribution Business Transactions are conducted in the ordinary and usual course of business of the Indofood Group and are entered into on an arm’s length basis with terms fair and reasonable to the relevant parties. The framework agreements will provide that the pricing basis in respect of each of the 2017-2019 Distribution Business Transactions will be determined from time to time based on the written mutual agreement between the parties, with due regard to prevailing market conditions. The consideration under the existing distribution business transactions for 2016 and the 2017-2019 Distribution Business Transactions is payable in accordance with credit terms to be agreed between the parties, in cash.

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As provided by Indofood, the Distribution Agreements in relation to transactions involving sales of goods by the Indofood Group such as the IAP-LS Consumer Products Transactions, the IAP-FFI Transactions, the PDU-LS Consumer Products Transactions, the IAP-Indomaret Finished Goods Transactions, the IAP-Indogrosir Finished Goods Transactions, the PDU-Indomaret Finished Goods Transactions and the PDU-Indogrosir Finished Goods Transactions, will consist of terms and conditions similar to those offered by the Indofood Group to independent third parties and on normal commercial terms, and in particular, the price/fee to be paid by the Indofood Group will be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which is expected to be no more favourable than those offered to other independent third parties by the Indofood Group. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records and invoices of similar transactions with independent third parties in 2014, 2015 and 2016, and we note that the principal terms of the Distribution Agreements as regard the IAP-LS Consumer Products Transactions, the IAP-FFI Transactions, the PDU-LS Consumer Products Transactions, the IAP-Indomaret Finished Goods Transactions, the IAP-Indogrosir Finished Goods Transactions, the PDU-Indomaret Finished Goods Transactions and the PDU-Indogrosir Finished Goods Transactions, have been similar to those offered by the Indofood Group to independent third parties in Indonesia for similar product. As observed from the transaction records or invoices, the prices charged by the Indofood Group to the relevant connected parties have been no less favourable than the price charged to independent customers in Indonesia for a similar product. We also noted from the invoices that the payment terms offered by the Indofood Group to the relevant connected parties have been comparable to those offered to independent customers in Indonesia. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices/fees under the aforesaid transactions such that, if applicable, the then prevailing selling prices/fees of similar comparable transactions will be used as market references. Considering that the prices/fees will be determined with reference to the prevailing market conditions, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

FFI is engaged in food and restaurant operations and is the master franchise holder of the Kentucky Fried Chicken (KFC) brand in Indonesia. We are advised by the Indofood Group that certain supplies to FFI under the IAP-FFI Transactions including chili, tomato sauce and seasoning, are subject to certain specification (i.e. sauce/seasonings of tailor-made tastes) and therefore, do not have direct comparable products in the market. However, we are advised by the management of Indofood that as the Indofood Group only plays the role of distributor who mainly sources the required products with specifications for FFI and arranges the delivery of the finished goods from the manufacturer(s) to FFI under the IAP-FFI Transactions. Indofood Group itself does not manufacture or produce such products with specifications. Therefore, despite the specific specification imposed by FFI to the required products, IAP charged the same distribution margins of around 4% on factory prices of products supplied to FFI as those similar types of product without specific specification. As the Indofood Group purely plays a distributor role under the IAP-FFI Transactions, we concur with the management of Indofood that charging the same distribution margins on factory prices of such products supplied with specific specification as those similar types of product without specific specification is not unreasonable. In such regard, we have reviewed the relevant recent transaction records of transactions with independent third parties for the similar types of products without specific specification, and we note that the distribution margins charged by IAP for products with specific specification as regard the IAP-FFI Transactions have been no less favourable than those similar types of products that without specific specification offered by IAP to independent third parties. We are further advised by the management of Indofood that a similar approach

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and basis will be used in setting the future prices under the aforesaid transactions such that, if applicable, the then distribution margins charged by the Indofood Group for similar types of products without specific specification will be used as market references. Having considered the above, we are of the view that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

As provided by Indofood, the Distribution Agreements in relation to the Indo Car Transactions will consist of terms and conditions similar to those offered to the Indofood Group by independent third parties and on normal commercial terms, and in particular, the price/fee to be paid by the Indofood Group will be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than those available from other independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant quotations of similar transactions with independent third parties, and we note that the principal terms of the Distribution Agreements as regard the Indo Car Transactions have been similar to those made available by independent third parties to the Indofood Group. As observed from the quotations, the prices paid by the Indofood Group to the Indomobil Group have been no less favourable than the price as provided in the quotations from independent suppliers in Indonesia for a similar product/service. We also noted from the transaction records that the payment terms offered to the Indofood Group by the Indomobil Group were comparable to those offered by independent suppliers in Indonesia. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices under the Indo Car Transactions and therefore, considering that the prices will be determined with reference to the prevailing market conditions, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

The RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction are the new lease arrangements to be entered into between IAP and each of RMK, Indomaret and LS. Under the RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction, IAP will rent idle space of the premises owned by it to RMK, Indomaret and LS respectively, as warehouses. The space to be rented out pursuant to the RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction are with gross floor area of around 300 square meters, 8,170 square meters and 2,694 square meters respectively, and are located in three different districts in Indonesia.

Pursuant to the draft Distribution Agreements as regard the RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction, the annual rental fee under the RMK Rental Transaction and the Indomaret Rental Transaction for the coming three years period is fixed at Rp300 million and Rp2.7 billion respectively. The annual rental fee under the LS Rental Transaction shall be around Rp3.5 billion, Rp3.6 billion and Rp3.8 billion in 2017, 2018 and 2019 respectively, representing a growth rate of about 5% per annum. The rental fee needs to be fully paid in advance by RMK and Indomaret, while LS will pay the rental fees on quarterly basis. We are advised that the aforesaid rental fee has been determined after arm's length negotiations with reference to the prevailing market rental rates in similar geographical location in Indonesia. In this regard, the management of Indofood has provided us quotations from an independent property agencies which showed that as at 16 November 2016, the rental fee per square meter charged for rental of similar industrial units in proximity were significantly lower than the rental fee per square meter charged under each of the RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction. Accordingly, we concur that the rental rate charged by IAP is no less favourable when compared to the rental rate quoted by such independent property agency.

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PT Indolife Pensionsama (“**Indolife**”) is engaged in life insurance and pension funds businesses and has 97 branches in Indonesia. We understand from the management of Indofood that upon request of IAP intends to fund its employees’ pension through Financial Institution Pension Fund in Indonesia. IAP will engage Indolife as the custodian and manager of the pension assets under IAP’s defined benefit plan for its employees (the “**DBP**”). In accordance with the draft Distribution Agreement as regard the Pension Transaction, IAP will make monthly contribution to the DBP which IAP’s employees are the beneficiaries of the custodian accounts managed by Indolife. The investment return of the pension assets under Indolife’s management should not be lower than the interest rates of time deposit in the licensed bank(s) in Indonesia. We are confirmed by the management of Indofood that the employees will account for all the management fees incurred and interest incomes derived from the contribution and will be responsible for payment of the management fees and/or other expenses (if any) in respect of the custodian and management services provided by Indolife. As such, the management of Indofood confirms that the estimated transaction amounts under the Pension Transaction mainly cover the deposit of all the monthly contributions by IAP during the respective year, without taking into account any management fees, interest incomes and/other any other expenses/incomes (if any) derived or incurred in respect of such custodian and management arrangement during the respective year. Based on the aforesaid, we consider that the basis for calculating the annual transaction amount under the Pension Transaction, which will be calculated by the monthly total payroll to IAP’s employees multiplying the contribution rate of 5% by IAP (which is above the minimum social security contribution rate issued by the Indonesian government), is reasonable.

3.3 Overview on demand for foodstuff and consumables in Indonesia

The products distributed by the Distribution Segment are mainly consumer products including instant noodle products, biscuit, snack food, food seasoning, cooking oil, beverage, dairy products and personal care products.

According to Badan Pusat Statistik (BPS-Statistics Indonesia) and based on its latest available published data as at the Latest Practicable Date, the average monthly expenditure per capita in Indonesia increased from Rp386,370 in 2008 to Rp776,032 in 2014, represented a CAGR of approximately 12.3% from 2008 to 2014 (the “**Reviewed Period**”). Among which, (i) the average monthly expenditure on food per capita in Indonesia increased from Rp193,828 in 2008 to Rp388,350 in 2014, represented the CAGR of approximately 12.3% from 2008 to 2014; and (ii) the average monthly expenditure on goods and services per capita in Indonesia increased from Rp42,276 in 2008 to Rp95,745 in 2014, represented the CAGR of approximately 14.6% from 2008 to 2014. Based on the above information, we concur with the view of the management of Indofood that the demand for foodstuff and consumables in Indonesia has been increasing constantly throughout the years.

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3.4 Annual Caps for the 2017-2019 Distribution Business Transactions

Set out below are details of the actual transacted amount of each of the Distribution Transactions for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 respectively, and the respective Annual Caps for the 2017-2019 Distribution Business Transactions:

	Actual transacted amounts			Proposed Annual Caps		
	For the year ended		For the	For the year ending 31 December		
	31 December		ten months	31 December		
	2014	2015	ended	2017	2018	2019
	US\$ million	US\$ million	31 October	US\$ million	US\$ million	US\$ million
			ended			
			2016			
			US\$ million			
IAP-LS Consumer Products Transactions	15.8	14.5	15.1	32.5	40.2	48.9
IAP-FFI Transactions	1.9	1.7	1.4	2.5	2.9	3.2
PDU-LS Consumer Products Transactions	1.4	1.6	1.5	2.5	2.9	3.2
Indo Car Transactions	6.0	5.0	3.1	7.2	7.9	8.8
Indofood-SDM Transaction	3.9	4.7	5.4	8.0	8.9	9.9
IAP-Indomaret Finished Goods Transactions	101.0	97.1	107.8	218.9	267.5	324.7
IAP-Indogrosir Finished Goods Transactions	21.4	23.9	27.8	49.9	57.4	65.9
PDU-Indomaret Finished Goods Transactions	9.6	8.2	8.9	16.2	17.9	19.9
PDU-Indogrosir Finished Goods Transactions	2.3	2.2	2.1	4.2	4.7	5.2
RMK Rental Transactions	–	–	–	0.2	0.2	0.2
Indomaret Rental Transactions (Note 1)	–	–	–	0.4	0.4	0.4
LS Rental Transactions	–	–	–	0.4	0.4	0.4
Pension Transactions	–	–	–	0.7	0.7	0.7
Actual aggregate transacted amounts/proposed total Annual Caps	163.3	158.9	173.1	343.6	412.0	491.4

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As shown above, the actual aggregate transacted amount of the 2014-2016 Distribution Business Transactions dropped by around 2.7% in 2015 as compared to that in 2014 in US\$. However, we understand from the management of Indofood that there was actually a growth in the actual aggregate transacted amount of the aforesaid Distribution Business Transactions in Rp by around 11% in 2015 as compared to that in 2014, and the drop in the aggregate transacted amount in US\$ was in fact owing to the depreciation of Rp to US\$ by around 12% during the year 2015.

(a) IAP-LS Consumer Products Transactions

We are advised by management of Indofood that whilst the transacted amounts under the IAP-LS Consumer Products Transactions in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 of around Rp242.7 billion (on an annualised basis) has demonstrated a significant increase by around 24.5% as compared with that for 2015. The strong increase was, as believed by Indofood, mainly due to the addition of new products including packaged water distributed under the IAP-LS Consumer Products Transactions since April 2016.

We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the IAP-LS Consumer Products Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of 39.1% on the total annual sale amount to LS in 2017 in view of, among other things, the addition of new products including baby diaper to be distributed under the IAP-LS Consumer Product Transaction starting from 2017; and (ii) a general buffer of 25% (the “**Distribution Buffer**”) to allow flexibility in accommodating (a) the uncertainty in the fluctuation of exchange rate of US\$ to Rp in view of the increased volatility in spot exchange rate of Rp to US\$; and (b) possible further increase in sales volume due to unexpected increase in demand, and/or possible further increase in selling prices in respond to volatility in cost of production.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rate of 23% on average on the total annual sale amount to LS in 2018 and 2019 respectively with reference to the historical average annual growth of the average monthly expenditure per capita in Indonesia of approximately 12.3% from 2008 to 2014 and the addition of new products including baby diaper, and the Distribution Buffer, when arriving at the Annual Caps for 2018 and 2019 under the IAP-LS Consumer Products Transactions.

We understand that the Annual Caps embedded an estimated annual growth of around 43%, 24% and 22% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of around 30%. Having considered that (i) the introduction of the addition of new products including packaged water distributed since April 2016 resulted in a strong increase in the transaction amount in 2016 (on an annualised basis) by around 24.5%; (ii) baby diaper, another new product, to be distributed under the IAP-LS Consumer Products Transactions starting from 2017 is expected to further increase the transaction amount by around Rp40 billion, Rp80 billion and Rp140 billion in 2017, 2018 and 2019 respectively; and (iii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly

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expenditure per capita in Indonesia was approximately 12.3% from 2008 to 2014, we consider the higher growth rate in transaction amount for 2017 is commercially justifiable due to the introduction of another new product, and an average annual growth in transaction amount of around 30% for the coming three years not excessive.

Also, the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the IAP-LS Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered that above, we are of the view that the Annual Caps for the IAP-LS Consumer Products Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(b) IAP-FFI Transactions

We are advised by the management of Indofood that whilst the transacted amounts under the IAP-FFI Transactions in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 of around Rp20.8 billion (on an annualised basis) has demonstrated a slight decrease by around 9.5% as compared with that for 2015. The decrease was, as believed by Indofood, mainly due to FFI's sourced certain dairy products directly from the manufacturers instead of through IAP.

We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the IAP-FFI Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) the estimated annual sale amount to FFI in the coming three years taking into account the addition of new drinking products to be distributed under the IAP-FFI Transactions starting from 2017 and the expected increase in number of restaurant outlets of FFI; and (ii) the Distribution Buffer.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rates of 16.0% and 10.3% on the total annual sale amount to FFI in 2018 and 2019 respectively, and the Distribution Buffer, when arriving at the Annual Caps for 2018 and 2019 under the IAP-FFI Transactions.

Having considered that:

- (i) as provided by the management of Indofood, FFI currently operates around 540 restaurant outlets in Indonesia and it intends to achieve an increase of around 600 restaurant outlets in the coming three years;

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- (ii) we understand that the Annual Caps embedded an estimated annual growth rate of around 19.0%, 16.0% and 10.3% on the transaction amount for 2017, 2018 and 2019 respectively, and with an average annual growth rate of round 15.1%. In view of that the average monthly expenditure per capita in Indonesia represented an average annual growth of approximately 12.3% from 2008 to 2014, we consider an average annual growth in transaction amount of around 15.0% for the coming three years not excessive; and
- (iii) the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the IAP-FFI Transactions involve mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for IAP-FFI Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(c) PDU-LS Consumer Products Transactions

As advised by the management of Indofood, the transacted amounts under the PDU-LS Consumer Products Transactions in Rp increased by 24.4% in 2015 when compared to that in 2014, mainly due to the increase in the number of outlets operated by LS. The transacted amount for 2016 (on an annualised basis) has further increased by 14.4% as compared with that for 2015 as a result of the addition of new product including packaged water distributed under the PDU-LS Consumer Products Transaction since April 2016.

We noted that an upward trend is generally expected by the management of Indofood in the Annual Caps for the PDU-LS Consumer Products Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps, they have principally taken into account (i) annual growth rates of 11.1%, 16.0% and 10.3% on the total annual sale amount to LS in 2017, 2018 and 2019 respectively; and (ii) the Distribution Buffer.

Having considered that:

- (i) we understand that the Annual Caps embedded an estimated annual growth rate of around 11.1%, 16.0% and 10.3% on the transaction amount for 2017, 2018 and 2019 respectively, and with an average annual growth rate of round 12.5%. In view of the CAGR of the average monthly expenditure per capita in Indonesia of approximately 12.3% during the Reviewed Period according to Badan Pusat Statistik (BPS-Statistics Indonesia), we consider an average annual growth in transaction amount of around 12.5% for the coming three years not excessive; and

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- (ii) the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the PDU-LS Consumer Products Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for PDU-LS Consumer Products Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(d) Indo Car Transactions

We are advised by management of Indofood that whilst the transacted amounts under the Indo Car Transactions in Rp for each of 2014, 2015 and 2016 (on an annualised basis) has demonstrated a slightly downward trend which was mainly due to the fact that the Indofood Group has maintained a steady number of stock points and accordingly, required a relatively steady supply of transport and maintenance services, during the aforesaid period.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of 54.8% on the transaction amount in 2017 in view of (a) the expected increase of around 100 new stock points per annum in coming three years; (b) the replacement of the old vehicles by the Indofood Group; and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) the uncertainty in the growth rate of the Indofood Group's demand for the services provided by the Indomobil Group.

We understand that the Annual Caps embedded estimated annual growth rates of around 54.8% on the annual transaction amount for 2017, and around 9.7% and 11.4% for 2018 and 2019 respectively. As provided by the management of Indofood, to accommodate the expansion plan of setting up around 100 new stock points per year, the Indofood Group planned to expand size of its transportation team. In addition, the Indofood Group will replace around 40 existing trucks and vehicles of its transportation team.

In addition, the general buffer of 25% is considered acceptable taking into account the FX Volatility and that the Indo Car Transactions involve also mainly purchase/rent of vehicles and spare parts from the Indomobil Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to accommodate unexpected future variations in its demand for products/services which may be caused by one-off and/or occasional event(s), and mitigate the chance of operational disruption and the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

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Having considered that above, we are of the view that the Annual Caps for the Indo Car Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(e) Indofood-SDM Transaction

As advised by the management of Indofood, the transacted amounts under the Indofood-SDM Transaction in Rp increased by 28% in 2015 when compared to that in 2014, mainly due to the increase in minimum wage rate in Indonesia. The transacted amount for 2016 (on an annualised basis) has further increased by 40% as compared with that for 2015 as a result of the increase in minimum wage rate in Indonesia and the increase in the number of outsourced workers hired by the Indofood Group to facilitated the delivery of packaged water products which were newly introduced in April 2016, to the customers.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) no substantial changes in the total annual transaction amount with SDM in 2017 being estimated as approximately equivalent to that in 2016 on the basis that Indofood will not hire further outsourced workers for its packaged water product distribution segment; and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; (b) the uncertainty in the growth rate of the Indofood Group's demand for the services provided by SDM.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rate of 11.1% on the total annual transaction amount and the general buffer of 25% in each of 2018 and 2019 respectively, when arriving at the Annual Caps for 2018 and 2019 under the Indofood-SDM Transaction.

Having considered that:

- (i) as provided by the management of Indofood, Indofood intends to reduce the head count of outsourced workers in view of decrease in the promotion activities for its packaged water product in 2017;
- (ii) we understand that the Annual Caps embedded an estimated annual growth of around 11.1% on the transaction amount for each of 2018 and 2019. In view of the average annual growth in the minimum wage in Indonesia of around 12.1% from 2013 to 2016, we consider an average annual growth in transaction amount of around 11.1% for the coming three years not excessive; and

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- (iii) the general buffer of 25% is considered acceptable taking into account the FX Volatility and that the Indofood-SDM Transaction involve also mainly provision of human resources outsourcing services by SDM to the Indofood Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to accommodate unexpected future variations in its demand for services which may be caused by one-off and/or occasional event(s), and mitigate the chance of operational disruption and the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for Indofood-SDM Transaction are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

- (f) IAP-Indomaret Finished Goods Transactions

As advised by the management of Indofood, the transacted amounts under the IAP-Indomaret Finished Goods Transactions in Rp increased by 9% in 2015 when compared to that in 2014, mainly due to additional outlets operated by Indomaret. The transacted amount for 2016 (on an annualised basis) has further increased by 30.7% as compared with that for 2015 as a result of the addition of new products including packaged water distributed under the IAP-Indomaret Finished Goods Transactions since April 2016.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of 35.4% on the total annual sale amount to Indomaret in 2017 taking into account the addition of new products including baby diaper to be distributed under the IAP-Indomaret Finished Goods Transactions in 2017; and (ii) the Distribution Buffer.

We are further advised that, the management of Indofood has generally adopted an annual growth rate of 22.0% on average on the total annual sale amount to Indomaret and the Distribution Buffer in each of 2018 and 2019 respectively with reference to the historical average annual growth of the average monthly expenditure per capita in Indonesia of approximately 12.3% from 2008 to 2014 and the addition of new product including baby diaper, when arriving at the Annual Caps for 2018 and 2019 under the IAP-Indomaret Finished Goods Transactions.

We understand that the Annual Caps embedded an estimated annual growth of around 35.4%, 22.2% and 21.4% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of around 26.3%. Having considered that (i) the introduction of new products including packaged water distributed since April 2016 resulted in a strong increase in the transaction amount in 2016 (on an annualised basis) by around 24.5%; (ii) baby diaper, another new product, to be distributed under the IAP-Indomaret Finished Goods Transactions starting from 2017 and is expected to further increase the transaction amount by around Rp160 billion, Rp320 billion and Rp540 billion in 2017, 2018 and 2019 respectively; and (iii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly expenditure per capita in Indonesia of approximately 12.3% during the Reviewed Period, we consider the higher growth rate in transaction amount for 2017 is commercially justifiable due to, in particular, the introduction of another new product, and an average annual growth in transaction amount of around 26.3% for the coming three years not excessive.

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Also, the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the IAP-Indomaret Finished Goods Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the IAP-Indomaret Finished Goods Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(g) IAP-Indogrosir Finished Goods Transactions

As advised by the management of Indofood, the transacted amounts under the IAP-Indogrosir Finished Goods Transactions in Rp increased by 26% in 2015 when compared to that in 2014, mainly due to the increase in number of outlets operated by Indogrosir. The transacted amount for 2016 (on an annualised basis) has further increased by 36.0% as compared with that for 2015 as a result of the addition of new products including packaged water distributed under the IAP-Indogrosir Finished Goods Transaction since April 2016.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps, they have principally taken into account (i) the estimated annual sale amount to Indogrosir in the coming three years taking into account the addition of new products such as baby diaper to be distributed under the IAP-Indogrosir Finished Goods Transactions starting from 2017; and (ii) the Distribution Buffer.

We understand that the Annual Caps embedded an estimated annual growth rate of around 19.7%, 15.0% and 14.8% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of around 16.5%. Having considered that (i) the introduction of new products including packaged water distributed since April 2016 resulted in a strong increase in the transaction amount in 2016 (on an annualised basis) by around 36.0%; and (ii) baby diaper, another new product, to be distributed under the IAP-Indogrosir Finished Goods Transactions starting from 2017 and is expected to further increase the transaction amount by around Rp10 billion, Rp20 billion and Rp40 billion in 2017, 2018 and 2019 respectively; and (iii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly expenditure per capita in Indonesia was approximately 12.3% from 2008 to 2014, we consider the average annual growth rate in transaction amount of around 16.5% for the coming three years not excessive.

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Also, the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the IAP-Indogrosir Finished Goods Transactions involve also mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the IAP-Indogrosir Finished Goods Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(h) PDU-Indomaret Finished Goods Transactions

We are advised by the management of Indofood that whilst the transacted amounts under the PDU-Indomaret Finished Goods Transactions in Rp for each of 2014 and 2015 were relatively stable, the transacted amount for 2016 of around Rp138.7 billion (on an annualised basis) has demonstrated a significant increase by around 25.8% as compared with that for 2015. The strong increase was, as believed by Indofood, mainly due to the addition of new products including packaged water distributed under the PDU-Indomaret Finished Goods Transactions since April 2016.

We noted that an upward trend is generally expected by the management of Indofood for the Annual Caps for the PDU-Indomaret Finished Goods Transactions for the three years ending 31 December 2019. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of 20.4% on the total annual sale amount to Indomaret in 2017 taking into account the further growth in the distribution of packaged water; and (ii) the Distribution Buffer.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rate of 10.5% and 11.1% on the total annual sale amount to Indomaret in 2018 and 2019 respectively, and the Distribution Buffer, when arriving at the Annual Caps for 2018 and 2019 under the PDU-Indomaret Finished Goods Transactions.

We understand that the Annual Caps embedded an estimated annual growth rate of around 21.3%, 10.5% and 11.1% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of around 14.3%. Having considered that (i) the estimated growth in the transaction amount in 2016 (on an annualised basis) of around 25.8%; and (ii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly expenditure per capita in Indonesia was approximately 12.3% during the Reviewed Period, we consider the higher growth rate in transaction amount for 2017 is commercially justifiable due to the introduction of another new product, and an average annual growth rate in transaction amount of around 14.3% for the coming three years not excessive.

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Also, the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the PDU-Indomaret Finished Goods Transactions involve mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the PDU-Indomaret Finished Goods Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(i) PDU-Indogrosir Finished Goods Transactions

As advised by the management of Indofood, the transacted amounts under the PDU-Indogrosir Finished Goods Transactions in Rp increased by 11% in 2015 when compared to that in 2014, mainly due to the increase in number of outlets operated by Indogrosir. The transacted amount for 2016 (on an annualised basis) has further increased by 15.8% as compared with that for 2015 as a result of the addition of new products including packaged water distributed under the PDU-Indogrosir Finished Goods Transactions since April 2016.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2017 Annual Cap, they have principally taken into account (i) an annual growth rate of 33.3% on the total annual sale amount to Indogrosir in 2017 taking into account further growth in the distribution of packaged water; and (ii) the Distribution Buffer.

We are further advised that, the management of Indofood has generally adopted a relatively moderate annual growth rate of 11.9% and 10.6% on the total annual sale amount to Indogrosir and the Distribution Buffer in each of 2018 and 2019 respectively, when arriving at the Annual Caps for 2018 and 2019 under the PDU-Indogrosir Finished Goods Transactions.

We understand that the Annual Caps embedded an estimated annual growth of around 33.3%, 11.9% and 10.6% on the annual transaction amount for 2017, 2018 and 2019 respectively, with an average annual growth rate of around 18.6%. Having considered that (i) the estimated growth in the transaction amount in 2016 (on an annualised basis) by around 15.8%; and (ii) according to Badan Pusat Statistik (BPS-Statistics Indonesia), the CAGR of the average monthly expenditure per capita in Indonesia of approximately 12.3% during the Reviewed Period, we consider the higher growth rate in transaction amount for 2017 is commercially justifiable, and an average annual growth in transaction amount of around 18.6% for the coming three years not excessive.

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Also, the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the PDU-Indogrosir Finished Goods Transactions involve mainly sales of products which are income-generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the PDU-Indogrosir Finished Goods Transactions are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(j) RMK Rental Transaction

We understand from the management of Indofood that due to expansion of the business of RMK in Banten in Indonesia, RMK will rent space from IAP located in Kecamatan Cikupa as warehouse for storage of building materials. The Annual Caps for 2017 to 2019 is determined after taking into account (i) the fixed annual rental fee of Rp300 million (equivalent to approximately US\$0.02 million) after making reference to the prevailing rental rates of similar properties in similar geographical location in Indonesia; and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) possible additional space to be rented by RMK from IAP due to possible growth in the operations of RMK.

Having considered that:

- (i) according to a quotation from an independent property agency provided to us by the management of Indofood, the prevailing market monthly rental rate of similar industrial unit proximate to where the warehouse is located was around Rp33,000 per square meters as at 16 November 2016. The monthly rental rate of around Rp83,000 per square meters charged by IAP under the RMK Rental Transaction is around 1.5 times higher than the quoted market rental rates, which is considered favourable to the Indofood Group; and
- (ii) a general buffer is considered acceptable taking into account the FX Volatility and the flexibility for the Indofood Group to enjoy additional rental income resulting from any possible additional space to be rented by IAP to RMK due to possible growth in the operations of RMK, and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for the RMK Rental Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

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(k) Indomaret Rental Transaction

We understand from the management of Indofood that due to increase in number of stores operated by Indomaret in Jawa Barat in Indonesia, Indomaret will rent space from IAP located in Kecamatan Cikarang Utara as warehouse for storage of finished goods. The Annual Caps for 2017 to 2019 is determined after taking into account (i) the fixed annual rental fee of Rp2.7 billion (equivalent to approximately US\$0.2 million) after making reference to the prevailing rental rates of similar properties in similar geographical location in Indonesia; and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) possible additional space to be rented by Indomaret from IAP due to possible growth in the operations of Indomaret.

Having considered that:

- (i) according to a quotation from an independent property agency provided to us by the management of Indofood, the prevailing monthly rental rate of the space where the warehouse is located was around Rp20,000 per square meters as at 16 November 2016. The monthly rental of around Rp27,000 per square meters charged by IAP under the Indomaret Rental Transaction represents a premium of around 35% over the quoted market rental rates, which is considered favourable to the Indofood Group; and
- (ii) a general buffer is considered acceptable taking into account the FX Volatility and the flexibility for the Indofood Group to enjoy additional rental income resulting from any possible additional space to be rented by IAP to Indomaret due to unexpected growth in the operations of Indomaret, and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for the Indomaret Rental Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(l) LS Rental Transaction

We understand from the management of Indofood that due to the increase in number of stores operated by LS in Jawa Barat in Indonesia, LS will rent space from IAP located in Kelurahan Citarum as warehouse for storage of consumer products. The Annual Caps for 2017 to 2019 is determined after taking into account (i) the annual rental fee of Rp3.5 billion (equivalent to approximately US\$0.3 million), Rp3.6 billion (equivalent to approximately US\$0.3 million) and Rp3.8 billion (equivalent to approximately US\$0.3 million) in 2017, 2018 and 2019 respectively, representing a growth rate of about 5% per annum after making reference to the prevailing rental rates of similar properties in similar geographical location in Indonesia; and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) possible additional space to be rented by LS from IAP due to unexpected growth in the operations of LS.

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Having considered that:

- (i) according to a quotation from an independent property agency provided to us by the management of Indofood, the prevailing monthly rental rate of the space where the warehouse is located was around Rp56,000 per square meters as at 16 November 2016. The monthly rental of around Rp107,000 per square meters charged by IAP in 2017 under the LS Rental Transaction represents a premium of around 91.1% over the quoted market rental rates, which is considered favourable to the Indofood Group; and
- (ii) a general buffer is considered acceptable taking into account the FX Volatility and the flexibility for the Indofood Group to enjoy additional rental income resulting from any possible additional space to be rented by IAP to LS due to unexpected growth in the operations of LS, and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for the LS Rental Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(m) Pension Transaction

We are advised that the Annual Caps for 2017 to 2019 is determined with reference to (i) the annual contribution to the DBP to be transferred by IAP to the custodian account managed by Indolife (the “**Annual Contribution**”); and (ii) the adoption of a general buffer of 25% after taking into account (a) the uncertainty in the exchange rate of US\$ to Rp; and (b) possible further pension assets contributed by IAP’s employees due to possible growth in the number of employees of IAP.

Having considered that:

- (i) we are advised that each of the Annual Caps of the Pension Transactions in 2017 to 2019 is equivalent to the Annual Contribution which is calculated based on the annual total payroll to IAP’s employees of around Rp115.6 billion and IAP’s contribution rate of 5% per annum;
- (ii) the management of Indofood confirms to us that, as the individual employees will be the beneficiaries of the custodian accounts managed by Indolife, the estimated transaction amounts under the Pension Transaction mainly cover the deposit of all the monthly contributions by IAP during the respective year, and the employees will account for all the management fees incurred and interest incomes which was invested by Indolife and will be responsible for payment of the management fees and/or other expenses (if any) in respect of the custodian and management services provided by Indolife; and

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- (iii) a general buffer is considered acceptable taking into account the FX Volatility and the flexibility for the Indofood Group to accommodate any possible growth in number of employees of IAP in each of the coming three years, and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s), which are considered commercially justifiable,

we are of the view that the Annual Caps for the Pension Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

- (n) Conclusion

Having considered that, in particular, the reasons and factors discussed above in relation to our assessment of the Annual Caps for each of the 2017-2019 Distribution Business Transactions, we are of the view that the proposed aggregated Annual Caps for the 2017-2019 Distribution Business Transactions are set by the Directors after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of both the Company and the Shareholders as a whole.

4 Beverages Business – the IASB-FFI Beverages Transaction

As disclosed in the letter from the Board in the Circular, IASB is a joint venture between the Indofood Group and Asahi Group Holdings South East Asia Pte. Ltd. (Asahi Group SEA) and is an operating subsidiary of Indofood. The joint-venture with Asahi Group SEA is established for the production and distribution of non-alcoholic beverages. As advised by the management of Indofood, IASB and its subsidiaries has been one of the suppliers of non-alcoholic beverages including soft drinks to FFI for over 20 years.

As mentioned in the letter from the Board in the Circular, the 5-year framework agreement in respect of the IASB-FFI Beverages Transaction will expire on 31 July 2017. The Indofood Group will enter into a new framework agreement in respect of the transaction on substantially the same terms as those of the existing agreement. The arrangements under the new framework agreement in respect of the IASB-FFI Beverages Transaction will commence on 1 August 2017 and will have a duration of five years, expiring on 31 July 2022. As required under Rule 14A.52 of the Listing Rules, the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances.

In assessing the fairness and reasonableness on the duration of the new framework agreement in respect of the IASB-FFI Beverages Transaction of more than three years, we have taken into consideration the information set out in the letter from the Board, and the following principal factors based on the information provided by, and discussion with the management of Indofood:

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- (i) we are advised by the management of Indofood that the arrangements under the IASB-FFI Beverages Transaction with, in particular, a term over five years, is not unusual in the market. As provided by the Indofood Group, IASB has from time to time entered into similar transactions with another company in Indonesia, which is an independent third party in relation to the supply of non-alcoholic beverages by IASB with a term of five years. As at the Latest Practicable Date, IASB has entered into one similar supply agreements with term of 5 years with an independent third party. In this regard, we have requested the Indofood Group to provide us with a comparable agreement with the independent third party and we note that, the arrangements under such comparable agreement also have a duration of five year. We are further advised by the management of Indofood that it is a normal commercial term and is normal business practice for the Indofood Group to enter into contracts of this type;
- (ii) because of the increase in the number of soft drink manufacturers entering into the market, the Indonesian soft drinks sector has become increasingly competitive since 2014. Intense competition between manufacturers has resulted in widespread price competitions to seize corporate customers from the competitors. Accordingly, a longer duration will allow the Indofood Group to secure a customer in view of the intense competition in beverages market in Indonesia, and in turn, a revenue source for a longer period which is considered beneficial to the Indofood Group; and
- (iii) the Indofood Group and FFI have established a solid business relationship which allows them to develop further business opportunities in Indonesia. Therefore, the Indofood Group intends to continue to work closely on a commercial arm's length basis with FFI.

Based on the above considerations, particularly the intense competition in beverages market in Indonesia, we are of the view that a duration longer than three years under the new framework agreement in respect of the IASB-FFI Beverages Transaction to be entered into between FFI and IASB is in line with the normal business practice for agreements of this type in Indonesia.

5 Internal control procedures

5.1 Monitoring of the utilisation of the Annual Caps

As disclosed in the letter from the Board in the Circular, the Company and Indofood has in place procedures to ensure that Annual Caps in respect of continuing connected transactions are not exceeded. A specific continuing connected transactions team has been established within Indofood, which is responsible for the identification and reporting of the Indofood Group's continuing connected transactions.

As part of the reporting processes implemented by the Company and Indofood, we note that each month, Indofood's business units are required to submit a report to Indofood's continuing connected transactions team, setting out the transaction amounts and an indication of whether transaction volumes are expected to remain within the approved disclosed annual caps.

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Indofood's continuing connected transactions team collates such monthly reports from all business units and compiles the data to prepare a monthly certification report, which is provided to and agreed with the Company and on which the legal team and finance team of the Company provides comments to Indofood's continuing connected transactions team.

The finance team of the Company calculates its own forecasts of the projected transaction values for the remainder of the relevant year and if the Company anticipates that an annual cap might be exceeded, the Company initiates discussions with Indofood's continuing connected transactions team to establish revised annual caps as necessary.

Please refer to the letter from the Board in the Circular for further details of the internal control procedures of the Group and the Indofood Group.

We consider the aforesaid internal procedures, including but not limited to, the submissions of reports by Indofood's business units to Indofood's continuing connected transactions team and certification report from Indofood's continuing connected transactions team to the Company as well as the regular calculation of forecasts of the projected transaction values for the remainder of the relevant year by the finance team of the Company following receipt of the monthly certification report, all on a monthly basis, can facilitate a regular communication and reporting to the Company which shall enable the legal team and finance team of the Company to effectively monitor the utilisation of the Annual Caps on timely manner.

5.2 *Pricing policies*

As disclosed in the letter from the Board in the Circular, Indofood Group takes into account the following procedures and/or policies in negotiating with the connected parties to agree and determine the prices of the transactions with reference to normal commercial terms and on an arm's length basis between Indofood Group and the connected parties and are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality and those offered to or by independent third parties.

- (1) In relation to the transactions involving sales of goods or services by Indofood Group (including the Dufil Transactions, the Pinehill Transactions, the SAWAZ Transactions, the IGER Transactions, the Frying Oil Transaction, the Palm Oil Transactions, the Margarine Transaction, the Indosugar Transaction, the Packaging Material Transaction, the Indomaret Finished Goods Transactions, the Indogrosir Finished Goods Transactions, the IAP-LS Consumer Products Transactions, the IAP-FFI Transactions, the PDU-LS Consumer Products Transactions, the Indo Car Transaction, the IAP-Indomaret Finished Goods Transactions, the IAP-Indogrosir Finished Goods Transactions, the PDU-Indomaret Finished Goods Transactions, the PDU-Indogrosir Finished Goods Transactions and the IASB-FFI Beverages Transaction), the Indofood Group has established the following procedures to ensure the prices of the transaction are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality and those offered to or by independent third parties,

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- (a) for products or services where there are comparable products or services in the market:
- the Sales and Marketing Department of the Indofood Group maintains a database of the market price of the products the Indofood Group sells and the services the Indofood Group provides;
 - such database tracks the historical selling price and rates of the Indofood Group, as well as competitors, for such products and services (in each case covering a period of approximately one year);
 - the information in the database is obtained from the Indofood Group's internal sources (including information in respect of transactions entered into by different divisions of the Indofood Group) and publicly available information;
 - to the extent possible the competitors' price being tracked are for the same products/services as those sold/provided by the Indofood Group; however, in some cases the products/services sold/provided by competitors would be of a slightly different specification, but in any event would be of the same type and sold/provided in the same market;
 - the proposed selling price to be quoted under a continuing connected transaction would be determined based on, among other things, production cost (raw material commodity price) and on a comparison with at least two comparable transactions (as per the market price database described above); the proposed selling price/service fee under a continuing connected transaction would be no less favourable (as far as the Indofood Group is concerned) than those in the transactions being compared; and
 - the Sales and Marketing Department of the Indofood Group reviews and updates such database on a monthly basis as required.
- (b) for products manufactured with specific specifications and operational services provided with specific scope in respect of which there are no comparable products or services in the market, the prices are determined by reference to estimates of Indofood Group's costs of production plus a fair and reasonable profit margin, which would be no lower than the profit margin which the Indofood party to the continuing connected transaction estimates to be enjoyed by other suppliers of similar products or services, such estimates being calculated by reference to the quoted selling price of such similar products or services of the other suppliers and on the basis that the cost of production would not differ significantly between the Indofood party to the continuing connected transaction and such other suppliers. with reference to the general range of profit margins in the industry as agreed between the parties, which are determined by agreement between the parties to the continuing connected transactions but would be not lower than the average profit margins calculated by the Indofood Group of the profit margins charged for similar types of products in the

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market, based on data maintained by the Indofood Group. The Indofood Group's profit margins are subject to quarterly review and are consistent with the historical prices for such products or services offered to the connected parties; and

- (c) for license or services fees charged based on a certain percentage of the net sales of the connected parties, the percentage is compared to the percentage charged to independent third parties. The terms are subject to periodic review to ensure that they are no less favourable (as far as the Indofood Group is concerned) than those offered to independent third parties.
- (2) In relation to the transactions involving purchases of goods or services by the Indofood Group (including the Indomobil Transactions, the Pumping Services, the RMK Services, the Consulting Services, the Sugar Transaction, the Indo Car (Plantations) Transaction, the Indofood-SDM Transaction and the Pension Transaction), we also note that the Indofood Group conducts the following bidding process to ensure that the price and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties:
- (a) request and compare at least two quotations for products or services of the same type and quality from qualified suppliers; a supplier is classified as a qualified supplier if it meets the criteria set by the Central Procurement and Engineering Division of the Indofood Group (relating to the supplier's (being producers who supply the products or services which meet the required specifications, quality, standard and quantity requirements, most of which are independent) with similar size, reputation, quality of services, capabilities (delivery, safety etc.) and track records). The Central Procurement and Engineering Division (which has in excess of fifty persons) of the Indofood Group assesses suppliers against these criteria by engaging in dialogue, and meeting with, relevant suppliers. Reviews of qualified suppliers are carried out on a quarterly basis. Most qualified suppliers are independent;
 - (b) review and evaluate each quotation to check if it meets the respective specification and scope of products or services; and
 - (c) negotiate with the suppliers to get the best price and service.
- (3) For the products or services from the sole manufacturer or sole distributor or sole service provider in respect of which substitutes are not available and there are no comparable products or services in the market, the prices are determined by reference to the price and cost analysis conducted by the Indofood Group to estimate the suppliers' costs of production with a profit margin that conforms with the profit margins that are customary for the type of products or services. When conducting a price and cost analysis, the Indofood Group:

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- (a) monitors the historical price trend in the market by gathering historical price data from the relevant market through distribution channels and publicly available information, the Indofood Group's historical purchase price to date, the budgeted price and the current market price and their causes of variances;
 - (b) gathers detailed information on production cost components and the suppliers' value added chains, especially for major materials based on the information on Indofood's own production costs from Indofood's database and an estimate of the costs of materials;
 - (c) gathers information on the supply and demand conditions in the market; and
 - (d) compares the quotation from each sole manufacturer or sole distributor or sole service provider to its other customers and the Indofood Group's historical purchase price to date.
- (4) In relation to the transactions involving leasing of real properties (including the Leasing Transaction, the Infrastructure Transaction, the RMK Rental Transaction, the Indomaret Rental Transaction and the LS Rental Transaction) The rents and terms are determined with reference to independent quotations from third party real property agency firms and the market terms of similar real properties in the same region for the same period. Alternatively, the price should be based on valuation reports on the relevant properties provided by independent valuers.

We understand that the relevant business units to which each Indofood party to a continuing connected transaction belongs conducts quarterly checks to review and assess whether the continuing connected transactions are conducted in accordance with the terms of the respective agreements, while the Sales and Marketing Department of the Indofood Group on a monthly basis updates the market price database referred to above for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the above pricing policies. In addition, as described in the sub-section headed "5.1 Monitoring of the utilisation of the Annual Caps" above, Indofood's continuing connected transactions team collates monthly reports from all business units and prepares a monthly certification report which is provided to and commented on by the Company. Further, the Company's external auditors and the Audit and Risk Management Committee conduct annual reviews on the pricing and the Annual Caps of the Group's continuing connected transactions pursuant to requirements under the Listing Rules.

Please refer to the letter from the Board in the Circular for further details of other pricing policies of the Group and the Indofood Group.

We consider that the procedures above, in particular, (i) as regards sales of products/services, the performance of a comparison with at least two comparable transactions, or if no comparable products/services available, pricing with profit margin not lower than the average profit margins calculated by Indofood Group of the profit margins charged for similar types of products in the market; (ii) as regards purchases of products/services, the carrying out of the bidding process and the performance of a comparison with at least two quotations for products or services of the same type and quality from

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qualified suppliers; (iii) the price and cost analysis conducted by the Indofood Group to estimate the suppliers' costs of production with a profit margin that conforms with the profit margins that are customary for the type of products or services; and (iv) as regards leasing transactions, the reference to independent quotations from third party real property agency firms or valuation reports by independent valuers; and (v) the respective aforesaid regular review involved, have demonstrated Indofood Group's practices of getting access to pricing information in the market and regular assessment and review on pricing of products/services being sold/purchased so as to ensure that prices and other terms of the relevant transactions with connected persons are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality or those offered to independent third parties.

Based on the discussion above, we concur with the view of the Directors that the internal control as regards the continuing connected transactions are efficient to safeguard the interest of the Company and its Shareholders as a whole.

6 Listing Rules requirements

It was stated in the 2015 Annual Report that, pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that for the year ended 31 December 2015, each of the continuing connected transactions, among other things, the existing noodles business transactions, the existing plantations business transactions, the existing distribution business transactions, have been entered into (1) in the ordinary and usual course of business of the Company; (2) on normal commercial terms or on terms no less favourable to the Indofood Group than terms available to independent third parties; (3) in accordance with the relevant agreement; and (4) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company have performed a review of the continuing connected transactions, among other things, the existing noodles business transactions, the existing plantations business transactions, the existing distribution business transactions for the year ended 31 December 2015 and have confirmed that such continuing connected transactions were conducted in the manner stated in Rule 14A.56 of the Listing Rules.

For each financial year of the Company during the terms of each of the Noodles Agreements relating to the 2017-2019 Noodles Business Transactions, the Plantations Agreements relating to the 2017-2019 Plantations Business Transactions, the Distribution Agreements relating to the 2017-2019 Distribution Business Transactions, 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.55 and 14A.56 of the Listing Rules respectively. The independent non-executive Directors must confirm in the annual report that the 2017-2019 such transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) 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

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- (3) 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 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions:

- (1) have received the approval of the Board;
- (2) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company have been entered into in accordance with the relevant agreement governing the transactions; and
- (3) 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 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions will be conducted on terms that are fair and reasonable and on normal commercial terms as far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following:

- that each of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, which will be conducted on normal commercial terms, are in line with the Indofood Group's adopted business expansion strategies and are expected to facilitate the growth of the Indofood Group's businesses;
- that the respective pricing basis as provided under the Noodles Agreements, the Plantations Agreements and the Distribution Agreements 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 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions as discussed under the sections namely "5 Internal control procedures" and "6 Listing Rules requirements" above; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- that the respective Annual Caps for each of the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, have been set by the Directors, 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 factors as discussed in details above,

we consider that the Noodles Agreements, the Plantations Agreements and the Distribution Agreements will be entered into within the ordinary and usual course of business of the Group based on normal commercial terms and their respective terms and conditions together with the respective Annual 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 SGM to approve the 2017-2019 Noodles Business Transactions, the 2017-2019 Plantations Business Transactions and the 2017-2019 Distribution Business Transactions, and the adoption of the respective Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry (including but not limited to advising on corporate exercises as regard compliance of the Listing Rules).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(I) Long positions in securities of the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957 ^{(C)(i)}	44.97	–
Manuel V. Pangilinan	67,293,078 ^{(P)(ii)}	1.57	25,224,972
Edward A. Tortorici	35,702,149 ^(P)	0.83	20,573,666
Robert C. Nicholson	3,983,595 ^{(P)(iii)}	0.09	27,632,368
Benny S. Santoso	446,535 ^{(P)(iv)}	0.01	4,934,412
Ambassador Albert F. del Rosario	1,722,231 ^{(P)(v)}	0.04	–
Prof. Edward K.Y. Chen, <i>GBS, CBE, JP</i>	1,791,908 ^{(P)(vi)}	0.04	4,502,790
Margaret Leung Ko May Yee, <i>SBS, JP</i>	1,131,652 ^{(P)(vii)}	0.03	1,812,887
Philip Fan Yan Hok	1,131,652 ^{(P)(viii)}	0.03	1,812,887
Madeleine Lee Suh Shin	893,070 ^{(P)(ix)}	0.02	–

(C) = Corporate interest, (P) = Personal interest

- (i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 82.55% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, 18.9% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company in which Anthoni Salim owns 100% share interests). The remaining 17.45% interest in First Pacific Investments Limited is owned as to 12.12% by Sutanto Djuhar (a former Non-executive Director of the Company), 4.04% by Tedy Djuhar (a Non-executive Director of the Company) and 1.29% by a company controlled by the estate of the late Mr. Ibrahim Risjad (a former Non-executive Director of the Company).
- (ii) It included Mr. Pangilinan's interests in 5,147,048 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the "Share Award Scheme") which remain unvested, and interests in 29,033,817 shares transferred to certain family trusts.
- (iii) It included Mr. Nicholson's interests in 3,082,903 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (iv) It represented Mr. Santoso's interests in 446,535 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (v) It included Ambassador del Rosario's interests in 893,070 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (vi) It included Prof. Chen's interests in 988,504 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (vii) It included Mrs. Leung's interests in 988,504 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (viii) It included Mr. Fan's interests in 988,504 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (ix) It represented Ms. Lee's interests in 893,070 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(II) Long positions in securities of associated corporations

- Manuel V. Pangilinan owned 28,092,404 common shares^(P) (0.09%)* (which included 2,500,000 unvested stock grants) and 2,000,000 share options in Metro Pacific Investments Corporation ("MPIC"), 234,033 common shares^(P) (0.11%)* in PLDT Inc. ("PLDT") as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee, 4,655,000 common shares^(P) (0.09%)* in Philex Mining Corporation ("Philex"), 1,603,465 common shares^(P) (0.09%)* in PXP Energy Corporation ("PXP"), 40,000 common shares^(P) (less than 0.01%)* in Manila Electric Company ("Meralco"), as well as 61,547 common shares^(P) (less than 0.01%)* and 500,000 share options in Roxas.
- Edward A. Tortorici owned 69,596 common shares^(C) and 10,660,000 common shares^(P) (collectively 0.03%)* and 5,000,000 share options in MPIC, 104,874 common shares^(P) (0.05%)* in PLDT, 3,285,100 common shares^(P) (0.07%)* and 1,515,000 share options in Philex, 494,233 common shares^(P) (0.03%)* in PXP as well as US\$600,000 of bonds due 2019 issued by FPC Finance Limited, which is a wholly-owned subsidiary of the Company.

- Robert C. Nicholson owned 1,250 common shares^(P) (less than 0.01%)* in Philex, 337 common shares^(P) (less than 0.01%)* in PXP, 5,000,000 share options and 600,000 common shares (less than 0.01%)* (representing 600,000 unvested stock grants) in MPIC, as well as US\$400,000 of bonds due 2017 issued by FPMH Finance Limited, US\$200,000 of bonds due 2020 issued by FPT Finance Limited and US\$600,000 of bonds due 2019 issued by FPC Finance Limited, all of which are wholly-owned subsidiaries of the Company.
- Tedy Djuhar owned 15,520,335 ordinary shares^(C) (0.18%)* in Indofood.
- Anthoni Salim owned 1,329,770 ordinary shares^(P) (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)* through the Company's group companies, a direct interest of 2,007,788 shares^(C) (0.14%)* in IndoAgri through his controlled corporations other than the Company and an indirect interest of 1,037,760,830 IndoAgri shares (74.34%)* through the Company's group companies and a direct interest of 20,483,364 shares (0.13%)* in SIMP through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares (80.46%)* through the Company's group companies.

Mr. Salim is deemed to be interested in 652,643,414 shares (99.57%)* in China Minzhong Food Corporation Limited ("CMZ"). Marvellous Glory Holdings Limited ("Marvellous BVI"), a company owned as to 92.99% by Mr. Salim, has received valid acceptances in respect of an aggregate of 652,643,414 issued CMZ Shares (including the 543,252,517 and 32,183,600 CMZ Shares owned by Indofood and the Management of CMZ respectively) under the voluntary general offer made by Marvellous BVI as at the close of the said offer on 8 December 2016.

- Ambassador Albert F. del Rosario owned 1 common share^(P) in personal capacity and 142,409 common shares^(P) (collectively 0.07%)* under joint names in PLDT, 2,050,000 common shares^(P) (which included 600,000 unvested stock grants) in personal capacity and 11,516,624 common shares^(P) (collectively 0.04%)* under joint names in MPIC, 100 common shares^(P) in personal capacity and 675,000 common shares^(P) (collectively 0.01%)* under joint names in Philex, 28 common shares^(P) in personal capacity and 187,650 common shares^(P) (collectively 0.01%)* under joint names in PXP, 25,700 common shares^(P) in personal capacity and 474,640 common shares^(P) (collectively 0.04%)* under joint names in Meralco, as well as US\$200,000 of bonds due 2020 issued by FPT Finance Limited and US\$200,000 of bonds due 2019 issued by FPC Finance Limited, both of which are wholly-owned subsidiaries of the Company.

(P) = Personal interest, (C) = Corporate interest

- * Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors of the Company who are directors or employees of companies having an interest or short position in the securities of the Company

As at the Latest Practicable Date, the following Directors were also directors or employees of a company which had an interest or short position in the shares or 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:

Name of Director	Name of Company and Position
Anthoni Salim	Director of Salerni International Limited Director of First Pacific Investments (B.V.I.) Limited Director of First Pacific Investments Limited
Benny S. Santoso	Director of Salerni International Limited Director of First Pacific Investments (B.V.I.) Limited Director of First Pacific Investments Limited
Tedy Djuhar	Director of First Pacific Investments Limited

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or 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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

5. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT

The following are existing continuing connected transactions entered into between associates of Mr. Salim and members of the Group, which have previously been announced by the Company in accordance with the Listing Rules:

A. Transactions relating to the Insurance Policies of the Indofood Group

Parties to the agreement/ arrangement		Nature of agreement/arrangement	Period covered by the agreement/ arrangement		Annual cap for the year ending 31 December 2016 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Indofood and its subsidiaries	PT Asuransi Central Asia ("ACA"), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to Indofood and its subsidiaries.	1 January 2014	31 December 2016	27.0
Indofood and its subsidiaries	PT A.J. Central Asia Raya ("CAR"), an associate of Mr. Salim	CAR provides insurance services for personal accident and health to Indofood and its subsidiaries.	2 January 2014	31 December 2016	5.9
Indofood and its subsidiaries	PT Indosurance Broker Utama ("IBU"), an associate of Mr. Salim	IBU provides insurance services to Indofood and its subsidiaries.	2 January 2014	31 December 2016	9.0
Aggregated amount:					41.9

B. Transactions relating to the Flour Business of the Indofood Group

Parties to the agreement/ arrangement		Nature of agreement/arrangement	Period covered by the agreement/ arrangement		Annual cap for the year ending 31 December 2016 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Bogasari	NIC	Bogasari sells flour to NIC.	1 January 2014	31 December 2016	40.0
Bogasari	FFI	Bogasari sells flour and spaghetti to FFI.	1 January 2014	31 December 2016	1.4
Bogasari	PT Tarumatex ("Tarumatex"), an associate of Mr. Salim	Bogasari rents warehouse from Tarumatex.	1 January 2014	31 December 2016	0.5
Indofood and its subsidiaries	IKU	IKU provides consulting services to Indofood and its subsidiaries.	2 January 2014	31 December 2016	0.6
Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	2 January 2014	31 December 2016	2.0
Indofood and its subsidiaries	SDM	Indofood and its subsidiaries use human resources outsourcing services from SDM.	2 January 2014	31 December 2016	4.3
Indofood and its subsidiaries	PT Primajasa Tunas Mandiri ("PTM"), an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from PTM.	2 January 2014	31 December 2016	3.8
Bogasari	Indogrosir	Bogasari sells finished goods to Indogrosir.	2 January 2014	31 December 2016	12.3
Aggregated amount:					64.9

C. Transactions relating to the Beverages Business of the Indofood Group

Parties to the agreement/ arrangement		Nature of agreement/arrangement	Period covered by the agreement/ arrangement		Annual cap for the year ending 31 December 2016 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
IASB	SDM	IASB uses human resources outsourcing services from SDM.	2 January 2014	31 December 2016	0.4
IASB	Indomaret	IASB sells finished goods to Indomaret.	2 January 2014	31 December 2016	12.0
IASB	Indogrosir	IASB sells finished goods to Indogrosir.	2 January 2014	31 December 2016	1.5
IASB	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent vehicles, provide car services and sell spare parts to IASB.	2 January 2014	31 December 2016	4.0
IASB	LS	IASB sells drinking products to LS.	2 January 2014	31 December 2016	1.5
Aggregated amount:					19.4

D. Transactions relating to the Dairy Business of the Indofood Group

Parties to the agreement/ arrangement		Nature of agreement/arrangement	Period covered by the agreement/ arrangement		Annual cap for the year ending 31 December 2016 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Indofood and its subsidiaries	IKU	IKU provides consulting services to Indofood and its subsidiaries.	2 January 2014	31 December 2016	0.3
Indofood and its subsidiaries	Indomobil and its subsidiaries	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to Indofood and its subsidiaries.	2 January 2014	31 December 2016	1.3
Indofood and its subsidiaries	SDM	Indofood and its subsidiaries use human resources outsourcing services from SDM.	2 January 2014	31 December 2016	0.8
PT Indolakto ("Indolakto")	Indomaret	Indolakto sells finished goods to Indomaret.	2 January 2014	31 December 2016	3.5
Indolakto	Indogrosir	Indolakto sells finished goods to Indogrosir.	2 January 2014	31 December 2016	0.3
Indolakto	LS	Indolakto sells finished goods to LS.	2 January 2014	31 December 2016	0.7
Indolakto	NIC	Indolakto sells finished goods to NIC.	2 January 2014	31 December 2016	1.0
Indolakto	FFI	Indolakto sells finished goods to FFI.	2 January 2014	31 December 2016	0.4
Aggregated amount:					8.3

E. Revolving Loan Facility to the Company's Connected Subsidiaries relating to the Plantations Business of the Indofood Group

On 1 August 2016, SIMP entered into a revolving loan agreement with MSA, ASP, SBN, MCP, MPI, GS and LPI (collectively, the “**Borrowers**”), whereby SIMP has agreed to provide a revolving loan facility of up to US\$40 million to the Borrowers, for the period from 1 August 2016 to 31 December 2016. The Borrowers are associates of Mr. Anthoni Salim and the Company's connected subsidiaries relating to the Indofood Group's plantations business. The revolving loan facility is provided to the Borrowers in order to finance the immediate and urgent working capital requirements of the Borrowers and to facilitate the smooth running of their operations.

F. Others

In addition, on 14 March 2016 ICBP entered into a framework agreement with PT Transcosmos Indonesia in relation to the provision of call centre services by PT Transcosmos Indonesia to ICBP. PT Transcosmos Indonesia is an associate of Mr. Salim and therefore this transaction constitutes a continuing connected transaction of the Company. As all of the applicable percentage ratios of this transaction are less than 0.1%, this transaction is fully exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, pursuant to an implementation agreement dated 6 September 2016 between Indofood, China Minzhong Holdings Limited (“**CMZ BVI**”) and Marvellous BVI, Indofood has agreed to sell, and Marvellous BVI has agreed to purchase, 543,252,517 shares in CMZ, for a consideration of S\$1.20 (equivalent to approximately US\$0.38 or HK\$6.99) per share. As at the date of the implementation agreement, CMZ was owned as to 82.88% by Indofood, was a subsidiary of Indofood and had its shares listed on Singapore Exchange Securities Trading Limited. The sale and purchase is part of a general offer to be made by Marvellous BVI for all the issued shares in CMZ. In connection with the sale and purchase, Indofood will receive from Marvellous BVI an aggregate of approximately S\$651.9 million (equivalent to approximately US\$479.3 million or HK\$3.7 billion). Marvellous BVI is owned as to 92.99% by Mr. Salim.

Save as disclosed above and save for the 2014-2016 Distribution Business Transactions referred to on pages 43 to 44 of the “Letter from the Board” section of this circular, the 2014-2016 Noodles Business Transactions referred to on pages 11 to 12 of the “Letter from the Board” section of this circular, and the 2014-2016 Plantations Business Transactions referred to on pages 21 to 23 of the “Letter from the Board” section of this circular, as at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any 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;
- (b) did not have any direct or indirect interest in any assets which had been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group; and
- (c) has given and had not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which it appears.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 30 December 2016 for incorporation in this circular.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:30 p.m. (Saturdays, Sundays and public holidays excepted) at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the draft framework agreements proposed to be entered into in respect of the 2017-2019 Noodles Business Transaction referred to on pages 11 to 12 of the “Letter from the Board” section of this circular;
- (b) the draft framework agreements proposed to be entered into in respect of the 2017-2019 Plantations Business Transactions referred to on pages 21 to 23 of the “Letter from the Board” section of this circular;
- (c) the draft framework agreements proposed to be entered into in respect of the 2017-2019 Distribution Business Transactions referred to on page 43 of the “Letter from the Board” section of this circular;
- (d) the framework agreements in respect of the existing 2014-2016 Noodles Business Transactions referred to on pages 11 to 12 of the “Letter from the Board” section of this circular;
- (e) the framework agreements in respect of the existing 2014-2016 Plantations Business Transactions referred to on pages 21 to 23 of the “Letter from the Board” section of this circular;
- (f) the framework agreements in respect of the existing 2014-2016 Distribution Business Transactions referred to on page 43 of the “Letter from the Board” section of this circular;
- (g) letter from the Independent Board Committee to the Independent Shareholders dated 30 December 2016, the text of which is set out on pages 68 to 69 of this circular;
- (h) letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 30 December 2016, the text of which is set out on pages 70 to 146 of this circular;
- (i) the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (j) this circular.

NOTICE OF SGM



FIRST PACIFIC COMPANY LIMITED

第一太平洋有限公司

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of First Pacific Company Limited (the “Company”) will be held at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen’s Road Central, The Landmark, Central, Hong Kong on Monday, 23 January 2017 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following three resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **THAT** each of the continuing connected transactions and the related new annual caps for each of the years ending 31 December 2017, 2018 and 2019 relating to the noodles business carried on by PT Indofood Sukses Makmur Tbk (“Indofood”) and its subsidiaries, as described in Table A on pages 11 to 12 of the “Letter from the Board” section of the circular of the Company dated 30 December 2016 (the “Circular”), be and are hereby approved and any director of the Company be and is hereby authorized to do all such further acts and things and execute and/or approve all such further documents which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such transactions;
2. **THAT** each of the continuing connected transactions and the related new annual caps for each of the years ending 31 December 2017, 2018 and 2019 relating to the plantations business carried on by Indofood and its subsidiaries, as described in Table B on pages 21 to 23 of the “Letter from the Board” section of the Circular, be and are hereby approved and any director of the Company be and is hereby authorised to do all such further acts and things and execute and/or approve all such further documents which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such transactions; and

NOTICE OF SGM

3. **THAT** each of the continuing connected transactions and the related new annual caps for each of the years ending 31 December 2017, 2018 and 2019 relating to the distribution business carried on by Indofood and its subsidiaries, as described in Table C on page 43 of the “Letter from the Board” section of the Circular, be and are hereby approved and any director of the Company be and is hereby authorised to do all such further acts and things and execute and/or approve all such further documents which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such transactions.

By Order of the Board of
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 30 December 2016

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

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

Explanatory Notes to the SGM Notice:

1. For the purpose of determining the identity of the Company’s shareholders who are entitled to attend and vote at the SGM, the Company’s Register of Members will be closed from Thursday, 19 January 2017 to Monday, 23 January 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 18 January 2017.
2. Every member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. A Form of Proxy for use at the SGM is enclosed with the circular which contains the SGM Notice. The Form of Proxy will also be published on the website of the Stock Exchange and can also be downloaded from the Company’s website: <http://www.firstpacific.com>.
4. In order to be valid, the Form of Proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority must be deposited at the principal office of the Company (Attention: Corporate Secretarial Department) not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
5. The English text of the Circular shall prevail over the Chinese text in case of any inconsistency.