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FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

**CONTINUING CONNECTED TRANSACTIONS
GENERAL MANDATE FOR INDOFOOD AGRI RESOURCES LTD
TO ISSUE SHARES**

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders of First Pacific Company Limited**



Quam Capital Limited

A letter from the board of directors of First Pacific Company Limited is set out on pages 8 to 27 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 30 to 101 of this circular.

A notice convening a special general meeting ("SGM") of the Company to be held at 9:30 a.m. on Monday, 30 June 2008 at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong is set out on pages 119 to 121 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of First Pacific Company Limited (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

13 June 2008

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DEFINITIONS

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

“20 May 2008 Announcement”	the announcement of the Company dated 20 May 2008;
“2010 Noodles Caps”	the proposed Annual Caps in respect of the Noodles Business Transactions for the financial year ending 31 December 2010 as set out in Table A below in this circular;
“2010 Plantation Caps”	the proposed Annual Caps in respect of the Plantation Business Transactions for the financial year ending 31 December 2010, as set out in Table B1 below in this circular;
“23 May 2008 Announcement”	the announcement of the Company dated 23 May 2008;
“Annual Cap”	the estimated maximum annual value in relation to each respective continuing connected transaction, as required by Rule 14A.35(2) of the Listing Rules;
“April 2007 Announcement”	the announcement of the Company dated 18 April 2007;
“AS”	PT Adithya Suramitra, an Associate of Mr. Anthoni Salim;
“ASP”	PT Agrosibur Permai, a 99.51% owned subsidiary of MSA;
“Associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	board of Directors;
“CKA”	PT Ciptakemas Abadi, a member of the Indofood Group;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Exchange;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“DUFIL”	De United Food Industries Ltd., an Associate of Mr. Anthoni Salim;
“Exchange”	The Stock Exchange of Hong Kong Limited;
“FID”	the food ingredients division of Indofood;
“Group”	the Company and its subsidiaries from time to time;
“GS”	PT Gunta Samba, a 99.99% owned subsidiary of MCP;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“IKU”	PT Indotek Konsultan Utama, a wholly-owned subsidiary of Salim Group;
“Independent Board Committee”	the independent committee of the board of directors of the Company established by the Company as required by Rule 14A.21 of the Listing Rules, to consider the terms of the transactions and Annual Caps referred to in paragraphs (a), (b) and (c) on page 21 under the heading “Appointment of Independent Board Committee and Independent Financial Adviser” of this circular and to opine as to whether those transactions and Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole, such independent board committee comprising the Independent Non-executive Directors;
“Independent Non-executive Directors”	Mr. Graham L. Pickles, Prof Edward K.Y. Chen and Sir David W.C. Tang;
“Independent Shareholders”	the shareholders of the Company other than First Pacific Investments Limited and First Pacific Investments (BVI) Limited;
“Indo Agri”	Indofood Agri Resources Ltd., an indirect subsidiary of the Company, a company listed on the SGX-ST;

DEFINITIONS

“Indo Agri General Mandate”	the general mandate approved by shareholders of Indo Agri on 28 April 2008 which primarily empowers the directors of Indo Agri to allot and issue shares and convertible securities in the capital of Indo Agri at any time until the conclusion of the next annual general meeting of Indo Agri and upon such terms and conditions and for such purposes as the directors of Indo Agri may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued shall not exceed 50% of the issued share capital of Indo Agri at the time of passing the resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of Indo Agri shall not exceed 20% of the issued share capital of Indo Agri;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, whose shares are listed on the Indonesia Stock Exchange and a 51.5% owned subsidiary of the Company;
“Indofood Group”	Indofood and its subsidiaries from time to time;
“Indonesian Rupiah”	the lawful currency of the Republic of Indonesia;
“June 2008 Announcement”	the announcement of the Company dated 10 June 2008;
“Latest Practicable Date”	12 June 2008;
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange;
“LPI”	PT Laju Perdana Indah;
“LSIP”	PT Perusahaan Perkebunan London Sumatra Indonesia, a member of the Indofood Group;
“May 2007 Circular”	the circular of the Company dated 30 May 2007;
“MCP”	PT Mega Citra Perdana, one of the Plantation Companies;

DEFINITIONS

“Model Code”	the Model Code for securities transaction by director of a listed issuers under the Listing Rules;
“MPI”	PT Multi Pacific International, a 99.97% owned subsidiary of MCP;
“MSA”	PT Mentari Subur Abadi, one of the Plantation Companies;
“New Plantations Business Transactions”	each of the continuing connected transactions relating to the Plantations Business proposed to be entered into by members of the Indofood Group, which are set out in Table B2 below in this circular;
“New Plantations Caps”	the separate Annual Cap assigned to each continuing connected transaction relating to the New Plantation Business Transactions as set out in Table B2 below in this circular;
“Noodles Business”	the consumer branded products businesses in respect of noodles carried on by the Indofood Group;
“Noodles Business Transactions”	each of the continuing connected transactions relating to the Noodles Business described in the April 2007 Announcement and the May 2007 Circular, which are set out in Table A below in this circular including the entering into of the new contracts with expiry dates of 31 December 2010 relating to those continuing connected transactions and the termination of the existing contracts relating to those continuing connected transactions, each as referred to below in this circular;
“Noodles Caps”	the separate Annual Cap assigned to each continuing connected transaction relating to the Noodles Business in respect of which members of the Indofood Group are parties, particulars of which are set out in the April 2007 Announcement and in Table A below in this circular;
“Pinehill”	Pinehill Arabian Food Ltd., an Associate of Mr. Anthony Salim;
“PIPS”	PT Prima Inti Pangan Sejati, a member of the Indofood Group;

DEFINITIONS

“Plantations Business”	the plantations business carried on by the Indofood Group;
“Plantations Business Transactions”	each of the continuing connected transactions relating to the Plantations Business, set out in Table B1 below in this circular including the entering into of the new contracts with expiry dates of 31 December 2010 relating to those continuing connected transactions and the termination of the existing contracts relating to those continuing connected transactions, each as referred to below in this circular;
“Plantations Caps”	the separate Annual Cap assigned to each continuing connected transaction relating to the Plantation Business, set out in Table B1 below in this circular;
“Plantation Companies”	SBN, MSA and MCP (all of which are limited liability companies incorporated in Indonesia and 60% owned subsidiaries of SIMP) together with their respective subsidiaries from time to time;
“Proposed Subscription”	the subscription of new shares representing 60% of the enlarged share capital of LPI by SIMP, as announced in the 20 May 2008 Announcement;
“Quam Capital”	Quam Capital Limited, independent financial adviser appointed by the Company under Rule 14A.21 of the Listing Rules to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the transactions and Annual Caps referred to in paragraphs (a), (b) and (c) on page 21 under the heading “Appointment of Independent Board Committee and Independent Financial Adviser” of this circular are fair and reasonable and in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders how to vote at the Shareholders’ Meeting in respect of the resolution (s) to be proposed to approve those matters;
“Revised Noodles Caps”	the revised estimated Annual Caps of the continuing connected transactions relating to the Noodles Business Transactions in respect of the financial years ending 31 December 2008 and 2009, which are set out in Table A below in this circular;

DEFINITIONS

“Revised Plantations Caps”	the revised estimated Annual Caps of the continuing connected transactions relating to the Plantation Business Transactions in respect of the financial years ending 31 December 2008 and 2009, which are set out in Table B1 below in this circular, but excluding any previously announced Annual Caps in respect of the Plantation Business Transactions set out in Table B1 which are not being revised (as stated in Table B1);
“RMK”	PT Rimba Mutiara Kusuma, an Associate of Mr. Anthoni Salim;
“SAIN”	PT Sarana Inti Pratama, a member of the Indofood Group;
“Salim Group”	Mr. Anthoni Salim, his father, Mr. Soedono Salim, and his brother, Mr. Andree Halim;
“SAWAB”	Salim Wazaran Brinjikji Limited, an Associate of Mr. Anthoni Salim;
“SAWAHI”	Salim Wazaran Hilaby, an Associate of Mr. Anthoni Salim;
“SAWATA”	Salim Wazaran Abu Elata, an Associate of Mr. Anthoni Salim;
“SBN”	PT Swadaya Bhakti Negaramas, one of the Plantation Companies;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“SGX-ST Listing Manual”	Singapore Exchange Securities Trading Limited Listing Manual;
“Shareholders’ Meeting”	the special general meeting of the Independent Shareholders to be convened by a notice contained in this circular, at which resolutions will be proposed to consider and, if thought fit, approve the transactions and Annual Caps referred to in paragraphs (a), (b) and (c) on page 21 under the heading “Appointment of Independent Board Committee and Independent Financial Adviser” of this circular;

DEFINITIONS

“SIMP”	PT Salim Ivomas Pratama, a 60% owned subsidiary of Indofood;
“STP”	PT Sarana Tempa Perkara, an Associate of Mr. Anthoni Salim;
“Sugar Caps”	the separate Annual Cap assigned to each continuing connected transaction relating to the Plantation Business (Sugar Transactions), particulars of which are set out in the June 2008 Announcement and in Table B3 below in this circular;
“Sugar Transactions”	each of the potential continuing connected transactions relating to the Plantations Business (Sugar Transactions) proposed to be entered into or entered into by members of the Indofood Group (following completion of the Proposed Subscription), which are set out in Table B3 below in this circular;
“SWGL”	Salim Wazaran Group Limited, an Associate of Mr. Anthoni Salim;
“US\$”	the lawful currency of the United States of America; and
“%”	percentage.

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

LETTER FROM THE BOARD



FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

Chairman:
Anthoni Salim

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

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

Independent Non-Executive Directors:
Graham L. Pickles
Professor Edward K.Y. Chen, *GBS, CBE, JP*
Sir David W.C. Tang, *KBE*

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

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

13 June 2008

To the shareholders of the Company

Dear Sir or Madam,

**(1) REVISION OF 2008 AND 2009 ANNUAL CAPS FOR
NOODLES BUSINESS TRANSACTIONS AND ANNUAL CAPS FOR 2010
IN RESPECT OF NOODLES BUSINESS TRANSACTIONS**

**(2) REVISION OF 2008 AND 2009 ANNUAL CAPS
FOR PLANTATIONS BUSINESS TRANSACTIONS,
ANNUAL CAPS FOR 2010 IN RESPECT OF
PLANTATIONS BUSINESS TRANSACTIONS,
NEW PLANTATIONS BUSINESS TRANSACTIONS AND
NEW PLANTATIONS CAPS AND
SUGAR TRANSACTIONS AND SUGAR CAPS**

**(3) GENERAL MANDATE FOR INDOFOOD AGRI RESOURCES LTD
TO ISSUE SHARES**

**(1) REVISION OF 2008 AND 2009 ANNUAL CAPS FOR NOODLES BUSINESS
TRANSACTIONS AND ANNUAL CAPS FOR 2010 IN RESPECT OF NOODLES
BUSINESS TRANSACTIONS**

Shareholders are referred to the April 2007 Announcement and the May 2007 Circular, which set out a series of continuing connected transactions relating to Indofood's Noodles Business, which are also set out in Table A, below.

LETTER FROM THE BOARD

Indofood has been monitoring the amount of the Noodles Business Transactions, having regard to internal estimates of demand and operating conditions. Since the approval of the Noodles Business Transactions and the related Noodles Caps by the Independent Shareholders, Indofood has noted that certain of the Noodles Caps will not be sufficient to meet the requirements of the relevant counterparties. Accordingly, it is proposed that those Noodles Caps be revised in accordance with the Revised Noodles Caps applicable to the relevant Noodles Business Transactions, as set out in Table A below.

The Board also announces the proposed 2010 Noodles Caps in respect of the Noodles Business Transactions for the financial year ending 31 December 2010, which are also set out in Table A below.

In addition to the revision of the Noodles Caps and the announcement of the 2010 Noodles Caps, the Board also announces its intention to terminate a number of contracts in relation to the Noodles Business Transactions prior to their expiry on the basis that the Company and the Indofood Group are in the process of aligning the renewal dates of their continuing connected transactions. It is proposed that going forward where possible, the Indofood Group will align the duration of its continuing connected transactions so that all contracts, where possible and subject always to compliance with the Listing Rules and any applicable laws and regulations, are renewed at around the same time so as to avoid the heavy administrative responsibility of monitoring a large number of contracts with different expiry dates and in order to streamline the continual monitoring of connected transactions of the Indofood Group.

In this respect, the contracts relating to the Noodles Business Transactions numbered (1), (4) and (5) in Table A below expired on 31 March 2008 and the agreement in respect of transaction number (2) below will expire on 2 October 2008. In the ordinary course of business, the Indofood Group and the counterparty thereto would negotiate and enter into a new contract for each transaction for a further period of three years. In relation to contracts in respect of transactions numbered (1), (4) and (5), this would mean those contracts would ordinarily be renewed for a period of three years until 31 March 2011, and in relation to the contract for transaction number (2), until October 2011. Given the Company and the Indofood Group intend to align, where possible, its continuing connected transactions contracts so that all or a majority of such contracts expire at the end of 2010 and with the new contracts for continuing connected transactions commencing from January 2011, it is proposed that each new contract to be entered into in respect of transactions numbered (1), (4) and (5) shall be on substantially the same terms with the same parties save that the duration of each such contract will be for a fixed term to expire on 31 December 2010, and in respect of transaction number (2), that the existing arrangement be terminated with immediate effect and a new contract be entered into on substantially the same terms with the same parties, save that the new contract will be for a fixed duration to expire on 31 December 2010. It is intended that any contracts entered into after that date will be for a period of three years, in line with the intention that all or a majority of Indofood Group contracts relating to continuing connected transactions be for a period of three years commencing 1 January 2011, where applicable, and subject always to compliance with the Listing Rules and any applicable laws and regulations.

LETTER FROM THE BOARD

In addition, the contracts in respect of transactions numbered (8), (9), (10) and (11) in Table A below will terminate on 31 December 2009 being the existing fixed expiry for each such contract. It is proposed that those contracts be terminated with immediate effect and new contracts be entered into with the same parties on substantially the same terms save for the duration of each such contract, in respect of which, the new contracts to be entered into will be for a fixed term to expire on 31 December 2010. Similar to the contracts referred to above, it is intended that going forward, upon expiry of those contracts at the end of the fixed term at 31 December 2010, any new contracts which may be entered into thereafter will be uniform in terms of duration and in line with the proposal that other contracts relating to connected transactions of the Indofood Group be for a uniform duration, subject always to the Listing Rules and any applicable laws and regulations. Expiry dates of the remaining contracts, namely those in relation to transactions numbered (3) and (12) to (23) will remain unchanged.

The sale and supply of ingredients, seasoning and flexible packaging, the licensing of the "Indomie" brand name for DUFIL, Pinehill and SAWAB and the licensing of the "Supermi" and "Pop Mie" brand name for Pinehill and the provision of technical assistance services to Associates of Mr. Salim are on normal commercial terms and in the interests of the relevant members of the Indofood Group which are parties to those agreements and their respective shareholders.

TABLE A – Revised Noodles Caps and 2010 Noodles Caps

Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	Existing Noodles Caps (US\$ millions) - as set out in the April 2007 Announcement and May 2007 Circular		Revised Noodles Caps (US\$ millions)		2010 Noodles Caps
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(1)	FID	DUFIL	Sale and supply of ingredients and seasoning used for instant noodle products	21.9	27.5	27.5	41.9	53.0
(2)	CKA	DUFIL	Sale and supply of flexible flexible packaging used for instant noodle products	8.8	11.1	13.7	19.9	26.4
(3)	Indofood	DUFIL	An exclusive license to use "Indomie" brand in the Nigerian market and the provision of technical assistance services in connection with instant noodle manufacturing operations in Nigeria	5.0	6.3	7.0	8.9	11.8
(4)	FID	Pinehill	Sale and supply of ingredients and seasonings	16.1	19.8	35.7	50.6	68.1
(5)	CKA	Pinehill	Sale and supply of flexible packaging	6.8	8.0	16.0	20.9	29.3

LETTER FROM THE BOARD

Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	Existing Noodles Caps (US\$ millions) – as set out in the April 2007 Announcement and May 2007 Circular		Revised Noodles Caps (US\$ millions)		2010 Noodles Caps
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(6)	Indofood	Pinehill	An exclusive right and license to use "Indomie", "Supermi" and "Pop Mie" brands in Saudi Arabia and the Middle East	1.1	1.2	1.9	2.4	3.0
(7)	PIPS	Pinehill	The provision of technical assistance services in connection with instant noodle manufacturing operations in Saudi Arabia and the Middle East	2.4	2.7	4.2	5.2	6.5
(8)	FID	SAWAB	Sale and supply of food ingredients and noodles seasonings for instant noodle products	1.9	2.4	9.9	11.4	14.8
(9)	CKA	SAWAB	Sale and supply of flexible packaging for the production of instant noodles	1.0	1.3	3.3	3.5	4.8
(10)	Indofood	SAWAB	Trademark license for the non-exclusive use by SAWAB of the "Indomie" trademark owned by Indofood in the Syria market	0.5	0.7	1.2	1.5	2.0
(11)	Indofood	SAWAB	Technical assistance services in connection with the instant noodle manufacturing operations of SAWAB in Syria	0.5	0.7	1.2	1.5	2.0
	Indofood	SWGL	Noodles Supply and Services Agreement for the supply of certain raw materials, ingredients, technology and know-how and the provision of certain services by members of the Indofood Group to the SWGL Group's Noodles Business in Sudan, Egypt and Yemen, as detailed in (12) to (23) below					
(12)	FID	Sudan joint venture (to be established)	Supply of ingredients and seasoning of instant noodle products in Sudan	N/A	1.2	N/A	2.5	4.5

LETTER FROM THE BOARD

Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/Arrangement	Existing Noodles Caps (US\$ millions) – as set out in the April 2007 Announcement and May 2007 Circular		Revised Noodles Caps (US\$ millions)		2010 Noodles Caps
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(13)	CKA	Sudan joint venture (to be established)	Supply of flexible packaging of instant noodle products in Sudan	N/A	0.7	N/A	1.0	1.9
(14)	ISM	Sudan joint venture (to be established)	Granting non-exclusive license of “Indomie” brand in the Sudan market	N/A	0.2	N/A	0.4	0.8
(15)	ISM	Sudan joint venture (to be established)	Provision of technical assistance services for instant noodle manufacturing operations in Sudan	N/A	0.2	N/A	0.4	0.8
(16)	FID	SAWATA	Supply of ingredients and seasoning of instant noodle products in Egypt	1.6	2.3	N/A	4.5	7.0
(17)	CKA	SAWATA	Supply of flexible packaging of instant noodle products in Egypt	0.9	1.3	N/A	1.8	2.9
(18)	ISM	SAWATA	Granting non-exclusive license of “Indomie” brand in Egypt	0.4	0.5	N/A	0.8	1.2
(19)	ISM	SAWATA	Provision of technical assistance services for instant noodle manufacturing operations in Egypt	0.4	0.5	N/A	0.8	1.2
(20)	FID	SAWAHI	Supply of ingredients and seasoning of instant noodle products in Yemen	0.3	0.5	N/A	1.8	4.3
(21)	CKA	SAWAHI	Supply of flexible packaging of instant noodle products in Yemen	0.4	0.5	N/A	0.6	1.4
(22)	ISM	SAWAHI	Granting non-exclusive of “Indomie” brand in Yemen license	0.1	0.2	N/A	0.3	0.6
(23)	ISM	SAWAHI	Provision of technical assistance services for instant noodle manufacturing operations in Yemen	0.1	0.2	N/A	0.3	0.6
Aggregated Annual Caps				70.2	90.0	121.6	182.9	248.9

LETTER FROM THE BOARD

There have been significant increases in some of the Revised Noodles Caps when compared to the Noodles Caps set out in the April 2007 Announcement and the May 2007 Circular. This is due to an increase in the projected volume of business for those transactions, as well as an increase in the price of raw materials.

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

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

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

Under Rule 14A.36(1) of the Listing Rules, where a previously approved Annual Cap is exceeded or proposed to be exceeded or a relevant agreement is renewed, the Company must re-comply with Rules 14A.35(3) and 14A.35(4) by re-complying with the reporting, announcement and independent shareholders' approval requirements, as appropriate.

Similarly, the announcement of the 2010 Noodles Caps requires compliance with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules, as appropriate.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Revised Noodles Caps in respect of each individual financial year ending 31 December 2008, 2009 and the 2010 Noodles Caps have been aggregated. On this basis, the percentage ratios in respect of each of the financial years ending 31 December 2008, 2009 and 2010 exceed 2.5%. Therefore, it is necessary for the Independent Shareholders to approve the Revised Noodles Caps and the 2010 Noodles Caps in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The Revised Noodles Caps and the 2010 Noodles Caps specified above are estimated transaction values based on projected activity levels between the relevant parties for each of the financial years ending 31 December 2008, 2009 and 2010, taking into account substantial growth and significant increase over recent years in respect of the various regional markets, as well as the increase in the price of raw materials.

LETTER FROM THE BOARD

(2) REVISION OF 2008 AND 2009 ANNUAL CAPS FOR PLANTATIONS BUSINESS TRANSACTIONS, ANNUAL CAPS FOR 2010 IN RESPECT OF PLANTATIONS BUSINESS TRANSACTIONS, NEW PLANTATIONS BUSINESS TRANSACTIONS AND NEW PLANTATIONS CAPS AND SUGAR TRANSACTIONS AND SUGAR CAPS

Shareholders are referred to the April 2007 Announcement and the May 2007 Circular which set out a series of continuing connected transactions relating to Indofood's Plantations Business, which are also set out in Table B1 below.

Indofood has been monitoring the amount of the Plantations Business Transactions, having regard to the expansion of Indofood's Plantations Business. Indofood has noted that certain of the Plantations Caps will not be sufficient to accommodate the anticipated expansion of its Plantations Business.

Accordingly, it is proposed that those Plantations Caps be revised in accordance with the Revised Plantations Caps applicable to the relevant Plantations Business Transactions, as set out in Table B1 below.

The Board also announces the proposed 2010 Plantations Caps in respect of the Plantations Business Transactions for the financial year ending 31 December 2010, which are also set out in Table B1 below.

The contracts in respect of transactions numbered (1) to (12) in Table B1 below will terminate on 31 December 2009 and the contracts in respect of transaction numbered (13), (14) and (15) will terminate on 23 April 2010, 31 October 2010 and 5 August 2010 respectively being the existing fixed expiry of the term of each contract. In the ordinary course of business, the Indofood Group and the counterparty thereto would negotiate and enter into a new contract for each transaction for a further period of three years. Given the Indofood Group intends to align, where possible, its continuing connected transactions contracts so that all or a majority of such contracts expire at the end of 2010 and with the new contracts for the continuing connected transactions commencing from January 2011. It is proposed that these contracts be terminated with immediate effect and new contracts be entered into with the same parties on substantially the same terms save that the duration of each such contract will be for a fixed term to expire on 31 December 2010. Similar to the contracts referred to in relation to the Noodles Business Transactions at Table A above, it is intended that any contracts entered into thereafter will be for a period of three years, in line with the intention that all or a majority of Indofood Group contracts relating to continuing connected transactions be for a fixed period of three years commencing 1 January 2011, where applicable, subject always to the Listing Rules and any applicable laws and regulations. The remaining contracts, namely those in relation to transactions numbered (16) and (17) will remain unchanged.

LETTER FROM THE BOARD

TABLE B1 – Revised Plantations Caps and 2010 Plantations Caps

Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/Arrangement	Existing Plantations Caps (US\$ millions) – as set out in the April 2007 Announcement and May 2007 Circular				Revised Plantations Caps (US\$ millions)		2010 Plantations Caps (US\$ millions)
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(1)	GS	RMK	Purchases of spare parts	0.2	0.2	0.1 (Reduced)	0.2 (Not Revised)	0.3		
(2)	GS	RMK	Lease of heavy equipment	0.4	0.4	0.8	0.9	1.0		
(3)	GS	RMK	Rental of office space	0.1	0.1	0.1 (Not Revised)	0.2	0.3		
(4)	MPI	RMK	Lease of heavy equipment	0.1	0.1	0.3	0.4	0.6		
(5)	SAIN	MSA	Sale of seedlings for operations	1.0	0.7	1.3	1.4	1.6		
(6)	SAIN	SBN	Sale of seedlings for operations	0.7	0.7	0.9	1.0	1.1		
(7)	SAIN	ASP	Sale of seedlings for operations	0.6	0.6	0.8	1.7	1.8		
(8)	SAIN	GS	Sale of seedlings for operations	0.8	–	1.0	1.1	1.2		
(9)	SAIN	MPI	Sale of seedlings for operations	0.4	0.5	1.0	1.1	1.2		
(10)	SAIN	MSA	Provision of services for research	0.1	0.1	0.1 (Not Revised)	0.3	0.4		
(11)	SAIN	SBN	Provision of services for research	0.1	0.1	0.1 (Not Revised)	0.3	0.4		
(12)	SAIN	ASP	Provision of services for research	0.1	0.1	0.1 (Not Revised)	0.3	0.4		
(13)	SIMP	MSA/ASP	Granting financial assistance (including loans and guarantees)	9.6	9.6	79.4	79.4	79.4		
(14)	SIMP	SBN	Granting financial assistance (including loans and guarantees)	1.2	1.2	20.7	20.7	20.7		

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Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	Existing Plantations Caps (US\$ millions) – as set out in the April 2007 Announcement and May 2007 Circular				Revised Plantations Caps (US\$ millions)		2010 Plantations Caps (US\$ millions)
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(15)	SIMP	MCP/MPI/GS	Granting financial assistance (including loans and guarantees)	10.5	10.5	114.7	114.7	114.7		
(16)	SIMP	AS	20 year lease for use of factory property	0.1	0.1	0.1 (Not Revised)	0.1 (Not Revised)	0.1		
(17)	SIMP	STP	Pump and loading services to vessels	0.6	0.7	0.8	0.9	1.1		
			Aggregated Annual Caps	26.6	25.7	222.3	224.7	226.3		

Note: The financial assistance to be provided to the Plantation Companies by SIMP referred to in Table B1 above is an amount representing 60% of the total financial assistance proposed to be provided to each of those Plantation Companies by their shareholders and is proportionate to the 60% shareholding of SIMP in each of those Plantation Companies. The provision of financial assistance by SIMP to the Plantation Companies referred to in Table B1 above is a connected transaction for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules as it is a provision of financial assistance by a listed issuer to a connected person, therefore is subject to reporting, announcement and independent shareholders' approval requirements under Rule 14A.17 of the Listing Rules. The remaining 40% of the financial assistance to be provided to each of those Plantation Companies is proposed to be provided by the Associates of Mr. Anthoni Salim which respectively own the remaining 40% of each of the Plantation Companies. The provision of that financial assistance is a connected transaction for the Company under Rule 14A.13(2)(b)(i) of the Listing Rules as it is a provision of financial assistance by connected persons of the Company to a subsidiary of the Company, but is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

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

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

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The provision of financial assistance by Mr. Anthoni Salim and/or his Associates to the Plantation Companies, as referred to in the Note to Table B1 above, is also a connected transaction for the Company under Listing Rule 14A.13(2)(b)(i), but is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules on the basis that the financial assistance is provided by a connected person for the benefit of a subsidiary of the Company on normal commercial terms (or better to the relevant subsidiary), i.e., interest on the amounts advanced will be charged based on prevailing market rates and no security over the assets of the Company or any of its subsidiaries is granted in respect of the financial assistance.

The Plantations Business Transactions are conducted in the ordinary and usual course of business of the Group in relation to the development of plantations in Indonesia and are entered into on an arm's length basis with terms that are fair and reasonable to the parties. Currently, SIMP also gives financial assistance by way of shareholders' loan and corporate guarantees to other subsidiaries within its group (not being connected parties to SIMP). This form of financial assistance is common in Indonesia and is part of the normal course of the plantations business, such support being granted because those subsidiaries are still in their development phase and are often unable to support their operations financially, therefore a parent company will assist a subsidiary financially until it is able to support its own operations independently.

Under Rule 14A.36(1) of the Listing Rules, where a previously disclosed Annual Cap is exceeded or proposed to be exceeded or a relevant agreement is renewed, the Company must re-comply with Rules 14A.35(3) and 14A.35(4) by re-complying with the reporting, announcement and independent shareholders' approval requirements, as appropriate.

Similarly, the announcement of Annual Caps for the year ending 31 December 2010 requires compliance with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules, as appropriate.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the unrevised Plantation Caps and the Revised Plantations Caps in respect of each individual financial year ending 31 December 2008 and 2009 have been aggregated. Similarly, the 2010 Plantations Caps have been aggregated. On this basis, the percentage ratios in respect of each of the financial years ending 31 December 2008, 2009 and 2010 exceed 2.5%.

At the time of the April 2007 Announcement, the percentage ratios in respect of the Plantations Business Transactions and the related Plantations Caps, aggregated as described above, exceeded 0.1% but were less than 2.5%. However, following the revisions of the Plantations Caps as referred to above and the setting of the 2010 Plantation Caps, the percentage ratios in respect of each of the financial years ending 31 December 2008, 2009 and 2010 exceed 2.5%.

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Therefore, it is necessary for the Independent Shareholders to approve the Plantations Business Transactions, the Revised Plantations Caps and the 2010 Plantation Caps, in accordance with the requirements of Rule 14A.18 of the Listing Rules.

The Plantations Caps set out in Table B1 are estimated transaction values based on projected activity levels between the relevant parties for each of the financial years ending 31 December 2008, 2009 and 2010, 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 requirement of each plantation company in respect of its respective planting activities and operations. In relation to financing such development of raw land into planted areas, the Plantation Companies need sufficient funds either from their shareholders, including loans from shareholders, or from financial institutions or other sources. Such funding is calculated on the basis of the estimates of costs needed to develop the land into planted areas based on the projected planting plan. The funds from financial institutions are for a seven year period (comprising a two year grace period and five years of repayments by instalments) and the bank guarantee shall remain in place until the loans from the financial institutions have been repaid.

The Company also announces that members of the Indofood Group proposed to enter into the following New Plantations Business Transactions, set out in Table B2, below:–

TABLE B2 – New Plantations Business Transactions

Transaction number	Name of entity of the Indofood Group ("Party A")	Name of Connected Party ("Party B")	Nature of Agreement/ Arrangement	New Plantation Caps		
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(1)	GS	MPI	Party A will sell agronomy material to Party B	0.6	0.7	0.9
(2)	MPI	GS	Party A will sell agronomy material to Party B	0.6	0.7	0.9
(3)	GS	RMK	Party A will buy heavy equipment from Party B	0.9	0.9	0.9
(4)	GS	RMK	Party A will buy building materials from Party B	0.2	0.3	0.4
(5)	MPI	RMK	Party A will buy building materials from Party B	0.2	0.3	0.4
(6)	MPI	RMK	Party A will buy spareparts from Party B	0.1	0.2	0.3
(7)	LSIP	MSA	Party A will sell seedlings to Party B, which will be used for its operations	1.3	1.4	1.6
(8)	LSIP	SBN	Party A will sell seedlings to Party B, which will be used for its operations	0.9	1.0	1.1

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Transaction number	Name of entity of the Indofood Group ("Party A")	Name of Connected Party ("Party B")	Nature of Agreement/ Arrangement	New Plantation Caps		
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(9)	LSIP	ASP	Party A will sell seedlings to Party B, which will be used for its operations	0.8	1.7	1.8
(10)	LSIP	GS	Party A will sell seedlings to Party B, which will be used for its operations	1.0	1.1	1.2
(11)	LSIP	MPI	Party A will sell seedlings to Party B, which will be used for its operations	1.0	1.1	1.2
Aggregated Annual Caps				7.6	9.4	10.7

In respect of transactions between GS and MPI, these transactions have been entered into because those companies are located in close proximity to each other, and accordingly it is more efficient in time and costs for the sale and purchase of such agronomy materials (e.g. fertilizer, chemical goods, seeds, polybags, plantation tools, fuel, lubrication and grease, etc.) between those parties rather than to source and transport the same from elsewhere. In respect of the transactions relating to the supply by RMK to GS and MPI of building materials (mostly plywood) which is used in the construction of plantation offices, warehouse and other buildings which are required by the estates, RMK is the chosen supplier on the basis of the quality and price of their plywood. In respect of transactions involving LSIP, these will be entered into in order to maintain the quality of the palm oil plants at Party B's plantations by the purchase of good quality seedlings from LSIP.

The New Plantation Business Transactions will be conducted in the normal course of business of the Group in relation to the development of plantations in Indonesia. Those transactions will be entered into on an arm's length basis with terms that are fair and reasonable to the parties.

The New Plantation Caps set out in Table B2 are estimated transaction values based on projected activity levels between the relevant parties for the financial years ending 31 December 2008, 2009 and 2010, taking into account the continuing development of raw land. In relation to the financing of such development, the Plantation Companies need sufficient funds either from their shareholders or from financial institutions or other sources.

When the percentage ratios of the New Plantation Business Transactions are aggregated with those Plantation Caps which have not been revised (as indicated where applicable in Table B1) and the Revised Plantation Caps as set out in Table B1 above, those percentage ratios in respect of the New Plantations Business Transactions for each of the financial years ending 31 December 2008, 2009 and 2010 exceed 2.5%. Accordingly the New Plantation Caps are subject to Independent Shareholders' approval requirement of Rule 14A.18 of the Listing Rules.

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Shareholders are referred to the June 2008 Announcement which sets out a series of potential continuing connected transactions relating to Indofood's Plantations Business referred to as "Sugar Transactions", which are also set out in Table B3 below. The Sugar Transactions are continuing connected transactions for the Company subject to the completion of the Proposed Subscription.

Reference is made to the 20 May 2008 Announcement in relation to the Proposed Subscription and to the June 2008 Announcement. Upon completion of the Proposed Subscription, LPI will become an indirect subsidiary of the Company.

Subject to completion of the Proposed Subscription, each of the following transactions constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules because:

- (i) Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and President Director and CEO of Indofood;
- (ii) IKU is wholly owned by the Salim Group and is therefore an Associate of Mr. Anthoni Salim; and
- (iii) LPI shall become an indirect subsidiary of the Company, which is owned as to 32% by the Salim Group.

TABLE B3 – Sugar Transactions

Transaction number	Name of entity of the Indofood Group	Name of Connected Party	Nature of Agreement/ Arrangement	New Plantation Caps		
				For the Year Ending 31 December 2008	For the Year Ending 31 December 2009	For the Year Ending 31 December 2010
(1)	SIMP	LPI	SIMP granting financial assistance (including loans and guarantees) to LPI	135.0	135.0	135.0
(2)	LPI	IKU	IKU providing consulting/ technical services for project development to LPI	0.2	0.2	0.2
			Aggregated Annual Caps	135.2	135.2	135.2
			Aggregated Plantation Business Transactions set out in tables B1, B2 and B3	365.1	369.3	372.2

Transaction numbered (1) in Table B3 above is referred to as the "SIMP Financing Transaction" and transaction numbered (2) in Table B3 above is referred to as the "IKU Consulting Transaction".

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The bases for determination of the Annual Caps for the Sugar Transactions are:

- (a) in respect of the SIMP Financing Transaction – an estimate of funds needed for LPI's operation; and
- (b) in respect of the IKU Consulting Transaction – projected activity level per project taking into account factors such as number of staff required and time involved.

Under Rule 14A.25 of the Listing Rules, for the purposes of compliance with Chapter 14A of the Listing Rules, the Sugar Caps have been aggregated with the Plantation Caps as disclosed in the 23 May 2008 Announcement for each individual financial year ending 31 December 2008, 2009 and 2010. The Sugar Caps, the Plantation Caps and the New Plantations Caps are aggregated and their respective transactions are aggregated on the basis that the Sugar Transactions are related to the Plantation Business Transactions. On this basis, the percentage ratios in respect of the Aggregated Plantation Caps for each of the financial years ending 31 December 2008, 2009 and 2010 exceed 2.5%. Therefore, it is necessary for the Independent Shareholders to approve the Sugar Transactions and the Sugar Caps in accordance with the requirements of Rule 14A.18 of the Listing Rules.

APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee consisting of the Independent Non-executive Directors to advise the Independent Shareholders as to whether the:

- (a) Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps;
- (b) Plantations Business Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Business Transactions and the New Plantation Caps; and
- (c) Sugar Transactions and the Sugar Caps;

are fair and reasonable, whether such transactions and the respective Annual Caps are in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders as to how to vote at the Shareholders' Meeting to be convened to consider those matters.

The Company has appointed Quam Capital to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the transactions and Annual Caps referred to in (a), (b) and (c) above are fair and reasonable and whether they are in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders how to vote at the Shareholders' Meeting.

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Under Rule 14A.18 of the Listing Rules, any connected persons of the Company with a material interest in the transactions and the Annual Caps referred to in (a), (b) and (c) above are required to abstain from voting at the Shareholders' Meeting on the resolution(s) approving the relevant matters. Accordingly, First Pacific Investments Limited and First Pacific Investments (BVI) Limited, both being Associates of Mr. Anthoni Salim and which in aggregate hold shares of the Company representing approximately 44% of the issued share capital of the Company will abstain from voting at the Shareholders' Meeting on each of those resolutions.

All Shareholders can vote on the resolution approving the Indo Agri General Mandate.

REASONS FOR THE ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

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

(i) Revision of 2008 and 2009 Annual Caps for Noodles Business Transactions and Annual Caps for 2010 in respect of Noodles Business Transactions

The Directors have been monitoring the continuing connected transactions of the Indofood Group. Having regarding to internal estimates of demand and operating conditions, the 2008 and 2009 Annual Caps will not be sufficient to meet the requirements of the relevant counterparties. The Revised Noodles Caps and the 2010 Noodles Caps are estimated transaction values based on projected activity levels between the parties for each of the financial years ending 31 December 2008, 2009 and 2010, taking into account substantial growth and significant increases over recent years in respect of the various regional markets as well as the increase in the price of raw materials.

(ii) Revision of 2008 and 2009 Annual Caps for Plantations Business Transactions, Annual Caps for 2010 in respect of Plantations Business Transactions and New Plantations Business Transactions

Indofood has been monitoring the amount of the Plantations Business Transactions, having regard to the expansion of Indofood's Plantations Business. Indofood has noted that certain of the Plantations Caps will not be sufficient to accommodate the anticipated expansion of its Plantations Business.

In relation to the new Plantation Business Transactions proposed to be entered into among the Plantation Companies, members of the Indofood Group and Associates of Mr Anthoni Salim, those transactions between GS and MPI will be entered into as the parties are located closely to each other and given such close proximity, it is more efficient in time and cost to order the agronomy materials than to source, order and transport the same from elsewhere. In relation to the supply by

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RMK to GS and MPI of building materials, mostly plywood, which is used in the construction of the plantation offices, warehouses and other buildings required in the estates, these transactions are entered into because of the quality and price of the plywood supplied by RMK. In respect of transactions involving LSIP, these have been entered into in order to maintain the quality of the palm oil plants at Party B's plantations by the purchase of good quality seedlings from LSIP.

(iii) Assigning of Annual Caps for 2008, 2009 and 2010 in respect of the Sugar Transactions

The Sugar Transactions are entered into as part of the LPI's regular ongoing business arrangements in relation to the business and operations of LPI and in particular, to acquire and utilise the consulting services relating to specific technical aspects of project development and to receive financial assistance from within the Group (following completion of the Proposed Subscription). Financial assistance is given by way of shareholder's loan and corporate guarantees to other subsidiaries within this group. This form of financial assistance is common in Indonesia and is part of the normal course of the plantations business, such support being granted because those subsidiaries are still in their developments phase and are often unable to support their operations financially, therefore a parent company will assist a subsidiary financially until it is able to support its own operations independently. There is a negative pledge clause in the documentation of the existing loan arrangements of SIMP which restricts members of the SIMP group of companies to pledge their assets to secure a loan. Following completion of the Proposed Subscription, LPI shall become a subsidiary of SIMP. Accordingly, LPI will be unable to pledge its assets to banks lending money to LPI without SIMP breaching the negative pledge clause in its existing loan documentation. Instead, a corporate guarantee will be granted by SIMP (as a holding company of LPI) in respect of loans taken out by LPI in favour of lenders of LPI's loans.

IEWS OF THE DIRECTORS

Accordingly, the Directors (other than members of the Independent Board Committee, who have expressed their opinion in a separate letter to the Independent Shareholders as contained in pages 28 to 29 of this circular) consider that the terms of the transactions and Annual Caps referred to in (a), (b) and (c) above are on normal commercial terms, fair and reasonable and that they are in the best interests of the Company and its shareholders as a whole.

The Directors consider that it would be commercially desirable, and in the interests of the Company and the Group as a whole, for Indo Agri to have the flexibility to raise further equity capital and/or to issue securities having an equity element, from time to time as and when suitable opportunities and market conditions arise, pursuant to the Indo Agri general mandate approved by Indo Agri shareholders on 28 April 2008 ("**Indo Agri General Mandate**"). Accordingly, in view of the language of Rule 13.36(1)(a) of the

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Listing Rules (including Note 2) and for the avoidance of doubt, the Directors propose to seek the consent of the Shareholders at the Shareholders Meeting, for the purposes of Rule 13.36(1)(a)(ii) of the Listing Rules, for Indo Agri to issue shares or convertible securities from time to time pursuant to the Indo Agri General Mandate.

An ordinary resolution (being Ordinary Resolution numbered 4) (the “**Indo Agri General Mandate Issuance Consent Resolution**”) as set out in the notice of the Shareholders Meeting, which appears in Appendix IV to this circular) will be proposed at the Shareholders Meeting to grant the consent referred to in the preceding paragraph above, for the purposes of Rule 13.36(1)(a)(ii) of the Listing Rules.

In the event the issue of new securities by Indo Agri constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements accordingly.

INFORMATION IN RESPECT OF THE COUNTERPARTIES

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

- (a) SWGL is a joint venture company between Salim Group and its partner in the Middle East, and used as an investment or holding company in the joint venture companies to be established by SWGL and the local partners in respective countries.
- (b) SAWATA is a company established to engage in manufacturing, sales, and distribution of instant noodles products in Egypt.
- (c) SAWAHI is a company established to engage in manufacturing, sales, and distribution of instant noodles products in Yemen.

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

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

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- (d) ASP is a 99.51% owned subsidiary of MSA; GS is a 99.99% owned subsidiary of MCP and MPI is a 99.97% owned subsidiary of MCP;
- (e) RMK and AS are 100% owned by Salim Group, while STP is 50% owned by Salim Group;
- (f) IKU is engaged in the business of consultancy and engineering in Indonesia. IKU is considered one of the most reputable consultant companies which provide services in relation to engineering and project management in Indonesia; and
- (g) IKU is 100% owned by Salim Group, while LPI will be 32% owned by Salim Group.
- (h) SIMP is engaged in the business of owning and operating oil palm plantations, crude palm oil (CPO) milling facilities, production of branded cooking oil and other related products.
- (i) LPI is an Indonesia incorporated limited liability company in the business of plantation development in Indonesia. It is currently in a pre-operating stage and has not yet formally commenced its operation. LPI currently owns:
 - (i) a sugar cane plantation located in Kabupaten Ogan Komering Ulu Timur, a province of South Sumatra, Indonesia, with a total certificated land of approximately 21,500 hectares, of which approximately 18,600 hectares is intended to be cultivated with sugar cane. As of 31 March 2008, approximately 2,745 hectares is planted with sugar cane;
 - (ii) a sugar cane production factory located in Kabupaten Pati, a province of Middle Java, Indonesia, which is currently being rehabilitated to re-commerce sugar cane production and is expected to commence production by about June 2008; and
 - (iii) a sugar cane production factory located in Kabupaten Ogan Komering Ulu Timur, a province of South Sumatra, Indonesia, for which construction commenced in April 2008 and production is presently expected to commence by the end of 2010.

As at the Latest Practicable Date, the plantation land owned by the Plantation Companies is utilised, or anticipated to be utilised, for oil palm plantation.

INFORMATION IN RESPECT OF THE COMPANY AND INDOFOOD

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

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Indofood is the premier processed-food company in Indonesia. It is based in Jakarta and is listed on the Indonesia Stock Exchange. Through its four strategic business groups, Indofood offers and distributes a wide range of food products throughout Indonesia: Consumer Branded Products (noodles, nutrition and special foods, snack foods and food seasonings), Bogasari (flour and pasta), Agribusiness (cooking oils, margarine and shortening) and Distribution. Indofood is one of the world's largest instant noodle manufacturers by volume and plantation companies by hectare, and the largest flour miller in Indonesia. Indofood's flourmill in Jakarta is one of the largest in the world in terms of production capacity in one location. It also has an extensive distribution network in the country.

(3) GENERAL MANDATE FOR INDO AGRI TO ISSUE SHARES

Indo Agri being a subsidiary of the Company, is a company with its securities listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). As at the date hereof, Indo Agri constitutes a "major subsidiary" of the Company for the purposes of Chapter 13 of the Listing Rules. Pursuant to Part II of Chapter 8 of the Singapore Exchange Securities Trading Limited Listing Manual (the "SGX-ST Listing Manual") to which Indo Agri is bound, the shareholders of Indo Agri have pre-emptive rights comparable to that provided under Rule 13.36(1) of the Listing Rules. The text of Parts II, IV and VI of Chapter 8 of the SGX-ST Listing Manual which set out the relevant rules governing the issuance of securities (including shares, company warrants and convertible securities) by Singapore listed issuers, as currently in force, is reproduced in Appendix II to this circular. **Although the pre-emptive right rules contained in the Listing Rules and the SGX-ST Listing Manual are comparable, there are differences between the two sets of rules. If you are in any doubt as to any aspects of these rules, you should consult a solicitor or other professional adviser.**

The Directors understand that it is common market practice in the Singapore market for listed companies to seek and obtain from the SGX-ST Listing Manual General Mandate for the issue of shares or convertible securities pursuant to Part II of Chapter 8 of SGX-ST Listing Manual.

On 28 April 2008, the shareholders of Indo Agri granted the Indo Agri General Mandate pursuant to the SGX-ST Listing Manual to the directors of Indo Agri which primarily empowers the directors of Indo Agri to allot and issue shares and convertible securities in the capital of Indo Agri at any time until the conclusion of the next annual general meeting of Indo Agri and upon such terms and conditions and for such purposes as the directors of Indo Agri may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued shall not exceed 50% of the issued share capital of Indo Agri at the time of passing the resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of Indo Agri shall not exceed 20% of the issued share capital of Indo Agri.

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For the purpose of determining the aggregate number of shares of Indo Agri that may be issued under the Indo Agri General Mandate, the percentage of issued shares shall be based on the issued shares of the Indo Agri as at the date of the passing of its relevant resolution, after adjusting for (1) new shares of Indo Agri arising from the conversion or exercise of convertible securities; (2) new shares of Indo Agri arising from exercising share options or vesting of share awards outstanding or subsisting at the time the relevant resolution is passed and any subsequent consolidation or subdivision of the shares of Indo Agri. Pursuant to the SGX-ST Listing Manual, an issue of shares by a company listed on the SGX-ST must not be priced at more than 10% discount to the weighted average price for trades done on SGX-ST for the full market day on which the placement or subscription agreement is signed.

The terms of the Indo Agri General Mandate are set out in Appendix III to this circular. Based on the terms of the Indo Agri General Mandate and the share capital structure of Indo Agri as at the Latest Practicable Date, exercise in full by the Indo Agri directors of their power to issue, or agree to issue, shares or convertible securities pursuant to such mandate would result in the Company's effective equity interest in Indo Agri being reduced from 29.8% to 23.8%.

GENERAL INFORMATION

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

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



FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

13 June 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

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

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the following:-

- (a) Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps;
- (b) the Plantations Business Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Business Transactions and the New Plantation Caps; and
- (c) Sugar Transactions and the Sugar Caps.

Having considered the Noodles Business Transactions, Revised Noodles Caps, the 2010 Noodles Caps, the Plantations Business Transactions, the Revised Plantations Caps, the 2010 Plantation Caps, the New Plantations Business Transactions, the New Plantations Caps, the Sugar Transactions and the Sugar Caps as well as the advice and opinion of Quam Capital in relation thereto are set out on pages 30 to 101 of the Circular, the Independent Board Committee considers that the Noodles Business Transactions, the Revised Noodles Caps, the 2010 Noodles Caps, the Plantations Business Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Business Transactions, the New Plantations Caps, the Sugar Transactions and the Sugar Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders of the Company as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions to be proposed in the SGM to approve the Noodles Business Transactions, the Revised Noodles Caps, the 2010 Noodles Caps, the Plantations Business Transactions, the Revised Plantations Caps, the 2010 Plantation Caps, the New Plantations Business Transactions, the New Plantations Caps, the Sugar Transactions and the Sugar Caps.

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

Yours faithfully,

Independent Board Committee

Graham L. Pickles

Independent Non-executive Director

Prof. Edward K.Y. Chen

Independent Non-executive Director

Sir David W.C. Tang

Independent Non-executive Director

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of (1) the Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps; and (2) the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps.



Financial Services Group

Quam Capital Limited 華富嘉洛企業融資有限公司

A Member of The Quam Group

13 June 2008

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

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (1) the Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps; and (2) the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps. Details of the terms of the Noodles Business Transactions, the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to its shareholders (the "**Shareholders**") dated 13 June 2008 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Messrs. Graham L. Pickles, Professor Edward K.Y. Chen and Sir David W.C. Tang, the Independent Non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether each of the Noodles Business Transactions, the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions are within the Group's ordinary and usual course of business based on normal commercial terms; and their respective terms and conditions together with (1) the Revised Noodles Caps and the 2010 Noodles Caps; and (2) the Revised Plantations Caps, the 2010 Plantations Caps, the New

LETTER FROM QUAM CAPITAL

Plantations Caps and the Sugar Caps (collectively, the “**Transactions Caps**”) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the Noodles Business Transactions, the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions and the adoption of the Transactions Caps. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders.

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

In formulating our recommendation, we have relied on the information and facts supplied by the Group and its advisers, and the opinions expressed by and the representations of the Directors and management of the Group (including the Indofood Group). We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true as at the date thereof. We have relied on the confirmation from the Directors that each of the new agreements with expiry date of 31 December 2010 to be entered into in relation to the Noodles Business Transactions, the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions respectively will contain the same terms and conditions as stipulated under the respective drafts of such agreements (as referred to the Standardised Noodles Agreements and the Standardised Plantations Agreements defined in section (A)(1)(b)(i) and section (B)(1)(d)(xi) below respectively) supplied by the Group. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group (including the Indofood Group) and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information currently (including, but not limited to, the existing agreements in relation to the Noodles Business Transactions and the Plantations Business Transactions respectively and the respective drafts of the Standardised Noodles Agreements and the Standardised Plantations Agreements as discussed above) available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group and the counterparties to the Noodles Business Transactions, the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions as detailed in the Letter from the Board or any of their respective subsidiaries or associates.

LETTER FROM QUAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of (1) the Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps; and (2) the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps, we have taken into consideration the following principal factors and reasons:

A. Noodles Business

1. *Background of and reasons for the Noodles Business Transactions, the Revised Noodles Caps and the 2010 Noodles Caps*

(a) The Noodles Business and expansion strategy of the Indofood Group

The Indofood Group is engaged in the provision of total food solutions in Indonesia. It is based in Jakarta and the shares of Indofood are listed on the Indonesia Stock Exchange. Its principal products are noodles, flour, palm oil and cooking oil. It also has food seasonings, snack foods, nutrition and special foods, plantations and distribution businesses. “Indomie”, “Supermi” and “Pop Mie” are among the principal brands for its noodle products.

We were advised that Indofood is the market leader in Indonesia and one of the largest instant noodle producers by volume in the world. One of Indofood’s stated objectives is to continue to enhance its brand equity and strengthen its market position by leveraging its industry competence. Hitherto, the Indofood Group leverages its own industry competence outside Indonesia by conducting businesses through local noodles manufacturing and marketing companies in the relevant markets. 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 market that the Indofood Group can then provide services to. In view of the above, we concur with the management of Indofood that such a strategy is beneficial to both the Company and the Shareholders.

(b) The Noodles Business Transactions

The Noodles Business Transactions comprise transactions with DUFIL (the “**DUFIL Transactions**”), Pinehill (the “**Pinehill Transactions**”), SAWAB (the “**SAWAB Transactions**”) and the SWGL, SAWATA and SAWAHI (collectively, the “**SWGL Group**”) (the “**SWGL Transactions**”) in relation to the Noodles Business.

LETTER FROM QUAM CAPITAL

- (i) Reasons for the Standardised Noodles Agreements (as defined in the paragraph below)

We noted that certain existing agreements in relation to the Noodles Business Transactions entered into by the Indofood Group are not standardised in terms of their respective expiry dates. In order to reduce the heavy administrative burden of monitoring a large number of agreements with different expiry dates and streamline the continual monitoring of connected transactions of the Indofood Group, the Indofood Group intends to align the expiry dates of all the agreements in relation to the Noodles Business Transactions. Accordingly, it is proposed that upon approval of the Independent Shareholders, those existing agreements (other than that related to transaction type (3) as described in Table Three below) which are due to expire prior to 31 December 2010 will be terminated early, and the Indofood Group will simultaneously enter into new agreements for the relevant Noodles Business Transactions with the same respective contracting parties substantially on the same terms and conditions (save for the duration of such new agreements whereby their expiry dates are to be standardised at 31 December 2010) (collectively, the “**Standardised Noodles Agreements**”). It is noted that the Standardised Noodles Agreements can be renewed for further three years upon expiration, subject to the Listing Rules and any applicable laws and regulations.

It is noted that the agreements in respect of transactions type (1), (4) and (5) as described in Table Three below expired on 31 March 2008. We were advised that according to the three-year automatic renewal clause stated in the respective agreements, such agreements should be renewed under identical terms for a further period of three years until 31 March 2011 upon negotiations between the relevant parties. It is further noted that the agreements in respect of the transaction type (2) as described in Table Three and transactions type (8) to (11) as described in Table Three below are due to expire on 2 October 2008 and 31 December 2009 respectively. In order to align the expiry dates of each of the aforesaid agreements, the Directors proposed early termination of each of the aforesaid existing agreements and enter into the Standardised Noodles Agreements subject to the approval by the Independent Shareholders.

LETTER FROM QUAM CAPITAL

We were advised that the agreement in respect of transaction type (3) of a term of four years as described in Table Three below was approved by the then Independent Shareholders on 14 June 2006 and is due to expire on 29 November 2010. We were also advised that the management of Indofood intends to renew such agreement for a further four-year period upon its expiry, subject to the Listing Rules and any applicable laws and regulations. Save for the aforementioned agreements, all the remaining existing agreements in respect of the Noodles Business Transactions will continue to remain in place until their respective expiry dates on 31 December 2010. It is the intention of the Directors that upon the entering into of the Standardised Noodles Agreements, all agreements in respect of the Noodles Business Transactions, save for the agreement in respect of transaction type (3) as described in Table Three below, will have an expiration date of 31 December 2010, and all renewal agreements relating thereto to be entered into upon expiry are for a term of three years (or such duration the parties may mutually agreed) commencing from 1 January 2011, subject to the Listing Rules, any applicable laws and regulations.

- (ii) Principal business and expansion strategies of DUFIL, Pinehill, SAWAB and the SWGL Group

We were advised that DUFIL and Pinehill have been principally engaged in the manufacture, sale and distribution of instant noodles products in Western Africa and the Middle East respectively for more than 12 years. We were also advised that as at the date of this Circular, save for the instant noodles products under the trademark of "Indomie", DUFIL had not conducted any manufacture, sale and distribution of instant noodles products under other trademarks; while the instant noodles products under the trademark of "Indomie", "Supermi" and "Pop Mie" manufactured by Pinehill in aggregate accounted for over 90% of its total sales volume.

We were also advised that the DUFIL Transactions and the Pinehill Transactions have long been revenue and profit contributors to the Group. As disclosed in the Company's annual report for the year ended 31 December 2007 (the "2007 Annual Report"), the Group's aggregate annual income derived from the Noodles Business Transactions for the financial year 2007 amounted to about US\$35.6 million. Furthermore, the management of Indofood confirmed that the gross profit margins of Indofood generated from the Noodles Business Transactions for the financial year ended 31 December 2007 and the three months ended 31 March 2008 respectively were higher than those derived from the Indofood Group's own sales of its instant noodles products manufactured in the domestic market of Indonesia for the relevant periods.

LETTER FROM QUAM CAPITAL

In view of the foregoing and that the entering into of the DUFIL Transactions and the Pinehill Transactions are consistent with the stated business objectives of the Indofood Group as discussed in sub-section (a) above, we consider that the DUFIL Transactions and the Pinehill Transactions facilitate the Indofood Group's ability to leverage its expertise in the Nigerian, Saudi Arabian and the Middle East markets, which in turn would enhance the geographical presence of the Noodles Business.

SAWAB, which was incorporated in December 2005, is principally engaged in the production, sale and distribution of instant noodles products in Syria; while the principal activities of the SWGL Group are production, sale and distribution of instant noodles products in Egypt, Sudan and Yemen.

It is noted that SAWAB only commenced its commercial operations in 2008. The management of Indofood confirmed that the initial demand for the instant noodles products in Syria met their expectation and the gross profit margins of the SAWAB Transactions for the three months ended 31 March 2008 were higher than those derived from the Indofood Group's own sales of its instant noodles products manufactured in the domestic market of Indonesia for the relevant period. We were advised that as at the date of this Circular, save for the instant noodles products under the trademark of "Indomie", SAWAB had not conducted any manufacture, sale and distribution of instant noodles products under other trademarks.

We were advised that the Group will not have major market presence in relation to the Noodles Business in Egypt, Sudan or Yemen until 2009 since the construction of production facilities had been delayed. In view of the successful launch of instant noodles products in Nigeria, Saudi Arabia, Syria and the Middle East under the brand names of Indofood, we concur with the Directors' view that the respective business relationship with the SWGL Group, whose major target markets are among the same region as those of DUFIL, Pinehill and SAWAB, will play a significant role in helping the Group in the implementation of its strategy in the aforementioned areas and hence, further enhance the geographical expansion and presence of its Noodles Business.

In view of the foregoing and the Indofood Group's expansion policies as discussed in sub-section (a) above, we consider that the Noodles Business Transactions, through its business relationship with DUFIL, Pinehill, SAWAB and the SWGL Group, facilitate the development of the Nigerian, Syrian, Saudi Arabian and the Middle East markets, enhancing the geographical presence of the Noodles Business.

LETTER FROM QUAM CAPITAL

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

(c) The Revised Noodles Caps and the 2010 Noodles Caps

As disclosed in the May 2007 Circular, the aggregate Annual Caps in respect of the Noodles Business Transactions for each of the three financial years ending 31 December 2009 previously approved by the then Independent Shareholders amounted to US\$57.2 million, US\$70.2 million and US\$90.0 million respectively. It should be noted that the 3-years conditional waiver granted by the Exchange to the Company from strict compliance with the relevant requirements of the Listing Rules in relation to the Noodles Business Transactions will expire on 31 December 2009 (the "Existing Waiver"). Furthermore, no Annual Caps are set for any of the Noodles Business Transactions for the financial year ending 31 December 2010.

We were advised that based on the recent internal forecast of the respective business volumes from DUFIL, Pinehill, SAWAB and the SWGL Group and the prevailing operating conditions in their respective markets, the Directors anticipate that there will be deviations in the expected transaction amounts with DUFIL, Pinehill, SAWAB and the SWGL Group respectively for the supply of food ingredients, noodle seasonings and flexible packaging materials, grant of licenses and provision of technical assistance services for their respective instant noodle manufacturing operations for the two years ending 31 December 2009 respectively, from what they originally envisaged in the application for the Existing Waiver mentioned above.

Given the aforesaid and for reasons discussed in sub-sections (a) and (b) above, we believe the adoption of the Revised Noodles Caps, which reflects the expected changes in the business volumes in the relevant markets based on the projection by the management of Indofood, and the 2010 Noodles Caps are essential for the Indofood Group's continued business development, horizontal diversification of its Noodles Business and to fully capitalise from the growth potential of the respective markets of DUFIL, Pinehill, SAWAB and the SWGL Group.

LETTER FROM QUAM CAPITAL

(d) Conclusion

Based on the foregoing, we are of the view that the Noodles Business Transactions together with the adoption of the Revised Noodles Caps and the 2010 Noodles Caps are conducted in the ordinary and usual course of business of the Group and are in the interests of both the Company and the Shareholders as a whole in that respect.

2. *Principal terms of the Standardised Noodles Agreements*

The management of Indofood has confirmed to us that each category of transactions of similar nature contemplated under the Standardised Noodles Agreements will consist of similar terms and conditions and on normal commercial terms, and particularly, the price/fee to be charged by the Indofood Group will be in line with the current pricing/fee structure adopted for the existing Noodles Business Transactions. We have reviewed the draft Standardised Noodles Agreements and noted that the terms of the Standardised Noodles Agreements are the same as the relevant existing agreements save for the expiry date of 31 December 2010 for the Standardised Noodles Agreements.

Set out below are the principal terms of those Noodles Transactions contemplated under the Standardised Noodles Agreements:

(a) Sales and supply of food ingredients and noodle seasonings (transactions type (1) and (4) and transaction type (8) as stated in Table Three and Table Four below respectively)

(i) Nature of the transactions

Pursuant to the Standardised Noodles Agreements in respect of the sales and supply of food ingredients and noodle seasonings, the Indofood Group agrees to supply noodle seasoning materials (including seasoning powder, seasoning oil and ingredients) to each of DUFIL, Pinehill and SAWAB to be used for their respective production of instant noodles products commencing from the effective date of the relevant agreements and expiring on 31 December 2010.

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

LETTER FROM QUAM CAPITAL

(ii) Pricing basis

We were advised that save for the expiry dates, the terms specified in the relevant Standardised Noodles Agreements are substantially the same as compared to the existing seasoning materials supply agreements with DUFIL, Pinehill and SAWAB respectively.

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

The Company advised that as at the date of this Circular, save for DUFIL, Pinehill and SAWAB, the Group had not in the past conducted any similar transactions with other parties as the Indofood Group will not supply noodle seasoning materials to other party without a parallel trademark license agreement to preserve secrecy of the unique recipe for its noodle seasonings and a technical service agreement to provide the technical know-how for manufacturing instant noodles products incorporated with its noodle seasonings. As such, there are no independent relevant transactions available for direct comparison. Notwithstanding this, in order to assess the reasonableness of the prices of noodle seasonings supplied to DUFIL, Pinehill and SAWAB, we have reviewed the gross profit margin of similar transactions of sale of seasoning products undertaken by another Hong Kong listed company, namely Vedan International (Holdings) Limited ("**Vedan**"), which is principally engaged in the manufacture and sale of seasoning products. Under our review, it is noted that Vedan recorded a gross profit margin of about 19.1% in the year ended 31 December 2007 based on its annual report for the year ended 31 December 2007. It was confirmed by the Directors that Indofood's gross profit margins derived from the sales of noodle seasonings to each of DUFIL, Pinehill and SAWAB for the year ended 31 December 2007 and the three months ended 31 March 2008 respectively were in excess of 19.1%.

LETTER FROM QUAM CAPITAL

- (b) Sales and supply of flexible packaging materials (transactions type (2) and (5) and transaction type (9) as stated in Table Three and Table Four below respectively)

- (i) Nature of the transactions

Pursuant to the relevant Standardised Noodles Agreements, the Indofood Group agrees to supply flexible packaging materials to each of DUFIL, Pinehill and SAWAB for their respective production of instant noodles products commencing from the effective date of the relevant agreements and expiring on 31 December 2010.

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

- (ii) Pricing basis

We were advised that save for the expiry dates, the terms specified in the relevant Standardised Noodles Agreements are substantially the same as compared to the existing packaging materials supply agreements with DUFIL, Pinehill and SAWAB respectively.

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

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

LETTER FROM QUAM CAPITAL

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

- (c) Granting of trademark licence and provision of technical services (transactions type (10) and (11) as stated in Table Four below)

- (i) Nature of the transactions

Pursuant to the relevant Standardised Noodles Agreement, the Indofood Group agrees to grant the right and license for use of the "Indomie" trademark to SAWAB in Syria on a non-exclusive and non-transferable basis for the production, sale, distribution, advertising and promotion of the instant noodles products commencing from the effective date of the relevant agreement and expiring on 31 December 2010.

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

LETTER FROM QUAM CAPITAL

(ii) Pricing basis

We were advised that save for the expiry dates, the terms specified in the relevant Standardised Noodles Agreements are substantially the same as compared to the existing licensing and technical service agreements with SAWAB respectively.

Pursuant to the relevant Standardised Noodles Agreements, the licensing fees and the technical service fees for the granting of the “Indomie” trademark and the provision of technical services respectively payable by SAWAB on a quarterly basis shall be determined at 1.5% each of the actual sales amount of the instant noodles products to be manufactured by SAWAB under the brand name of “Indomie”. We were advised that the aforementioned pricing basis has been determined by the parties involved after arm’s length negotiations with reference to the prevailing market rates, after taking into account the local tax exposure to SAWAB.

For comparison purposes, we have reviewed similar licensing and technical service arrangements between (1) an associated company of Indofood and an independent international noodle manufacturer; (2) a joint venture company of Indofood and an independent international food company; and (3) the Indofood Group and DUFIL or Pinehill. Based on our reviews, we noted that each of the aforementioned comparable transactions adopted similar pricing policy and the licensing and technical service rates of 1.5% each stipulated under the SAWAB Licensing Agreements are within the range of those levied under the aforementioned comparable transactions, which ranged from 0.5% to 2.5%.

In light of the foregoing, we are of the opinion that the respective terms and conditions of the Standardised Noodles Agreements are fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

3. *Requirements of the Listing Rules*

For each financial year of the Company during the terms of each of the agreements related to the Noodles 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.37 and 14A.38 of the Listing Rules respectively. The Independent Non-executive Directors must confirm in the annual report and accounts that the Noodles Business Transactions have been entered into:

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

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

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

It was stated in the 2007 Annual Report that, pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors have confirmed that for the year ended 31 December 2007, each of the Noodles Business Transactions has 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 Indofood than terms available to independent third parties; (3) in accordance with the relevant agreement except for late settlement of invoices; and (4) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

The auditors of the Company have performed a review of the Noodles Business Transactions for the year ended 31 December 2007 and have confirmed that the Noodles Business Transactions were conducted in the manner stated in Rule 14A.38 of the Listing Rules except for late settlement of invoices.

Given the above, we are of the opinion that there will be sufficient procedures and arrangements in place to ensure that the Noodles 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.

4. *The Annual Caps*

(a) Overview of the instant noodles market

Set out in Table One below are the major consumers of instant noodles by country/union in terms of the consumption volume and their respective consumption volume for each of the five years ended 31 December 2007:

Table One

	For the year ended 31 December									
	2003		2004		2005		2006		2007	
	<i>billion pieces</i>	<i>% (Note)</i>	<i>billion pieces</i>	<i>% (Note)</i>	<i>billion pieces</i>	<i>% (Note)</i>	<i>billion pieces</i>	<i>% (Note)</i>	<i>billion pieces</i>	<i>% (Note)</i>
China (including Hong Kong)	32.00	45.8	39.00	48.8	44.26	51.5	46.79	50.9	50.11	51.2
Indonesia	11.20	16.0	12.01	15.0	12.40	14.4	14.09	15.3	14.99	15.3
Japan	5.40	7.7	5.54	6.9	5.43	6.3	5.44	5.9	5.46	5.6
Nigeria	0.00	0.0	0.60	0.8	0.65	0.8	0.70	0.8	1.00	1.0
Gulf Cooperation Council Countries (including Saudi Arabia)	0.06	0.1	0.50	0.6	0.55	0.6	0.60	0.7	0.67	0.7
Global	69.82		79.97		85.99		91.96		97.87	

Source: World Instant Noodles Association

Note: These represent the proportion of the total global consumption volume.

As illustrated in Table One above, the global demand for instant noodles increased at an average rate of about 8.8% per annum from 2003 to 2007. China (including Hong Kong) has been the largest consumer in the world and consumed over 50% of global supply of instant noodles in recent years, with its consumption volume growing at an average rate of about 11.9% per annum from 2003 to 2007. It is also noted that the average annual growth rate of

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demand for instant noodles in Nigeria and Gulf Cooperation Council Countries (including Saudi Arabia), which are among the same/geographical locations of the target markets of DUFIL, Pinehill, SAWAB and the SWGL Group, is about 18.6% and 10.2% respectively from 2004 to 2007, exceeding the average annual growth rate of the global demand. Based on our discussion with the management of Indofood regarding the principal growth factors driving the instant noodles market and review on the overall instant noodles market, we noted that the continuous growth in global demand for instant noodles principally results from (1) the functional concept of convenience epitomised and embodied by the products; (2) the characteristics of easy preparation, preservability, affordability, rich taste and numerous flavour choices of instant noodles; (3) the rise in disposable income; (4) the increase in the global population; (5) the increased interest in ethnic eastern cuisines; and (6) the fast-vanishing time, skill and knowledge of cooking. It is also noted that the global instant noodles market is projected to reach about 158.7 billion pieces by 2010.

In view of (1) the rising demand for convenience food and continuous innovation in product flavours and packaging; (2) the increasing popularity of instant noodles in the global market; (3) the growing population and disposable income of the respective target markets of DUFIL, Pinehill, SAWAB and the SWGL Group in the recent years; and (4) the average annual growth rate of demand for instant noodles in Nigeria and Gulf Cooperation Council Countries (including Saudi Arabia) of about 18.6% and 10.2% respectively as discussed above, the management of Indofood expects that the growth rate of demand for instant noodles in the respective markets of DUFIL, Pinehill, SAWAB and the SWGL Group will continue to outpace the global average demand growth rate.

Given the above, it is considered to be reasonable for the Group to increase the transaction volumes of the Noodles Business Transactions, anticipating an increase in local demand for instant noodles products under the brand names of "Indomie"/"Supermi"/"Pop Mie" in the respective markets of DUFIL, Pinehill, SAWAB and the SWGL Group.

- (b) The Revised Noodles Caps and the 2010 Noodles Caps in respect of the DUFIL Transactions and the Pinehill Transactions
 - (i) The historical record of the transaction volumes of the DUFIL Transactions and the Pinehill Transactions

Set out below are details of the actual transacted amount of each of the DUFIL Transactions and the Pinehill Transactions for each of the three financial years ended 31 December 2007 and the three months ended 31 March 2008 respectively; and the comparison of the transacted

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amount with the relevant Annual Cap under the Existing Waiver for the two years ended 31 December 2007 (the “**Noodles Utilisation Rate**”):

Table Two

Type of the DUFIL Transactions and the Pinehill Transactions	For the year ended 31 December		For the three months ended	
	2005 <i>US\$ million</i>	2006 <i>US\$ million</i>	2007 <i>US\$ million</i>	31 March 2008 <i>US\$ million</i>
DUFIL Transactions				
(1) Sale and supply of food ingredients and noodle seasoning by FID to DUFIL	8.2	10.0	6.7	2.1
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	53.2%	38.5%	<i>Note</i>
(2) Sale and supply of flexible packaging materials by CKA to DUFIL	3.3	3.4	3.0	0.6
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	56.7%	42.3%	<i>Note</i>
(3) Granting of an exclusive right and licence of the “Indomie” brand and provision of technical services in Nigeria by Indofood to DUFIL	1.5	2.0	2.2	0.6
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	58.8%	53.7%	<i>Note</i>
Pinehill Transactions				
(4) Sale and supply of food ingredients and noodle seasoning by FID to Pinehill	8.1	11.1	15.6	3.4
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	82.2%	93.4%	<i>Note</i>
(5) Sale and supply of flexible packaging materials by CKA to Pinehill	2.2	3.2	5.2	1.1
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	97.0%	98.1%	<i>Note</i>
(6) Granting of an exclusive right and licence of the “Indomie”, “Supermi” and “Pop Mie” brands in Saudi Arabia and the Middle East by Indofood to Pinehill	0.5	0.6	0.7	0.2
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	75.0%	77.8%	<i>Note</i>
(7) Provision of technical services in Saudi Arabia and the Middle East by PIPS to Pinehill	1.0	1.2	1.6	0.5
<i>Noodles Utilisation Rate:</i>	<i>n.a.</i>	80.0%	80.0%	<i>Note</i>

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Note: Due to the seasonal factors in the respective markets of DUFIL and Pinehill, we do not consider it appropriate to estimate the Noodles Utilisation Rate for the year ending 31 December 2008 by annualising the actual transacted amount for the first quarter of 2008, as such estimates may not be accurately reflective of the actual Noodles Utilisation Rate.

DUFIL Transactions

As illustrated above in Table Two, as contrary to their historical steady growth trends, it is noted that the transacted amounts of transactions type (1) and (2) decreased by about 33.0% and 11.8% in 2007 respectively; while the growth rate of transaction type (3) decreased from about 33.3% in 2006 to about 10.0% in 2007.

We were advised that the downturn results in 2007 were mainly due to the decrease in the sales volume of the instant noodles products by DUFIL by about 7% in 2007; as a result of (1) the unanticipated increase in market competition due to emergence of new competitors; and (2) the unfavourable impact on the demand for "Indomie" products resulting from the increases in their unit selling prices due to the unexpected significant increase in raw material costs. These unexpected external factors also contribute to the relatively low Noodles Utilisation Rates for the DUFIL Transactions for the financial year 2007.

Notwithstanding the above, based on our discussion with the management of Indofood, it is expected that certain new products to be launched in second half of 2008 will significantly increase the sales volume of noodles products under the brand name of "Indomie".

Pinehill Transactions

There has been a steady annual growth for the Pinehill Transactions, and this was generally in line with the respective growth trend in the sales amount of the instant noodles products by Pinehill for the relevant periods. It is also noted that the respective Noodles Utilisation Rates for the Pinehill Transactions for the financial year 2006 and 2007 are generally high.

Given the above, we are of the view that the generally high Noodles Utilisation Rate for the Pinehill Transactions, to a very large extent, is reflective of the local market expertise of Pinehill and its perceptive operational planning and sales projections related thereto.

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- (ii) The bases of determination of the Revised Noodles Caps and the 2010 Noodles Caps in respect of the DUFIL Transactions and the Pinehill Transactions

The following table sets out the details of the relevant Revised Noodles Caps and the 2010 Noodles Caps for each of the DUFIL Transactions and the Pinehill Transactions:

Table Three

Type of the DUFIL Transactions and the Pinehill Transactions	The relevant Revised Noodles Caps and the 2010 Noodles Caps* <i>US\$ million</i>
DUFIL Transactions	
(1) Sale and supply of food ingredients and noodle seasoning by FID to DUFIL	2008: 27.5 (21.9) 2009: 41.9 (27.5) 2010: 53.0
(2) Sale and supply of flexible packaging materials by CKA to DUFIL	2008: 13.7 (8.8) 2009: 19.9 (11.1) 2010: 26.4
(3) Granting of an exclusive right and licence of the "Indomie" brand and provision of technical services in Nigeria by Indofood to DUFIL	2008: 7.0 (5.0) 2009: 8.9 (6.3) 2010: 11.8**
Pinehill Transactions	
(4) Sale and supply of food ingredients and noodle seasoning by FID to Pinehill	2008: 35.7 (16.1) 2009: 50.6 (19.8) 2010: 68.1
(5) Sale and supply of flexible packaging materials by CKA to Pinehill	2008: 16.0 (6.8) 2009: 20.9 (8.0) 2010: 29.3
(6) Granting of an exclusive right and licence of the "Indomie", "Supermi" and "Pop Mie" brands in Saudi Arabia and the Middle East by Indofood to Pinehill	2008: 1.9 (1.1) 2009: 2.4 (1.2) 2010: 3.0

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Type of the DUFIL Transactions and the Pinehill Transactions	The relevant Revised Noodles Caps and the 2010 Noodles Caps* US\$ million
(7) Provision of technical services in Saudi Arabia and the Middle East by PIPS to Pinehill	2008: 4.2 (2.4) 2009: 5.2 (2.7) 2010: 6.5

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

** *It should be noted that this proposed 2010 Noodles Caps in respect of the DUFIL Transaction type (3) is determined based on the assumption that the relevant agreement will be renewed immediately upon its expiry as at 29 November 2010.*

It is noted that the Revised Noodles Caps for each of the DUFIL Transactions and the Pinehill Transactions increased significantly as compared to the relevant existing Annual Caps. We have discussed the above with the management of Indofood regarding the underlying reasons and noted that it has principally taken into account (1) the expected increase in demand for food ingredients, noodle seasonings and flexible packaging materials; (2) the sales volume projections in respect of the instant noodles products to be manufactured and sold by DUFIL and Pinehill in their respective markets incorporated in the respective annual operating plans of DUFIL and Pinehill for each of the three financial years ending 31 December 2010; (3) the projected annual level of supply of seasoning products and packaging materials to DUFIL and Pinehill for the three financial years ending 31 December 2010 based on DUFIL's and Pinehill's sales projections as mentioned above; (4) that the unit prices of the existing seasoning products and packaging materials to be sold to DUFIL and Pinehill will be increased moderately; (5) the adoption of general buffers of 50% for the DUFIL Transactions and the Pinehill Transactions to accommodate unanticipated future variations in sales volume and price adjustments; (6) a royalty and technical service rates of 1% each will be charged for the granting of an exclusive right and license of the "Indomie" brand and the provision of technical services in Nigeria by Indofood to DUFIL based on the projected sales volume; (7) a royalty rate of 1% will be charged for the granting of an exclusive right and license of the "Indomie", "Supermi" and "Pop Mie" brands in Saudi Arabia and the Middle East by the Indofood Group to Pinehill based on the projected sales volume; (8) a technical service rate of 2% will be charged for the provision of technical services in Saudi Arabia and the Middle East by the Indofood Group to Pinehill based on the projected sales volume; and (9) a one-off charge of US\$0.3 million applicable to the Annual Cap for 2008 in respect of transaction (3) set out in Table Three above representing a one-off technical fee charged for the construction of a blending and packaging factory of DUFIL.

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In our assessment of the respective reasonableness and fairness of the Revised Noodles Caps and the 2010 Noodles Caps, we have reviewed the respective operating plans and the related sales projections for the three years ending 31 December 2010 compiled by DUFIL and Pinehill and the underlying bases and assumptions related thereto as detailed above. We concur with the Directors' view that it will be fair and reasonable and in the interests of both the Company and the Shareholders to set the relevant Revised Noodles Caps and the 2010 Noodles Caps at the proposed levels, after taking into consideration the following:

- the enhanced production capacity of DUFIL with the plans to (1) install additional new production lines in each of 2008, 2009 and 2010; (2) establish a new production plant; and (3) replace low productivity machinery with advanced models which can double the production rate, aiming to increase the production capacity of DUFIL by about 77% by 2010 to capture the expected increases in demand in its core market of Nigeria which has the highest population in the Western African continent, with population expected to reach about 138.3 million by July 2008;
- the expansion plan of Pinehill to enhance its production capacity in 2008, 2009 and 2010 by installing several new production lines; in order to accommodate (1) the increasing local demand for its existing instant noodles products in its markets; and (2) the launch of new cup noodles under the brand name of "Pop Mie" and related new noodles products with an aim to enhance its competitive advantages in the local market, namely Saudi Arabia which is one of the top five countries in terms of population within the Middle East region with population expected to reach about 28.2 million by July 2008 and in the existing export countries of Egypt and Jordan, and new export countries of Iraq and Sudan, and hence to increase its market share;
- the significant decrease in demand of seasoning powder by Pinehill after 2008 because Pinehill started to produce seasoning powder through its own production facilities in late 2007;
- the significant downward adjustment to the forecasted sales volume of food ingredients and noodle seasoning of DUFIL for 2008 and 2009 of about 32% and 21% respectively; as a result of the fact that the actual sales volume of food ingredients and noodle seasoning in 2007 was about 30% below the expectation of the management of Indofood due to the reasons discussed in sub-section (i) above;

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- the current intention of Pinehill to launch a new cup noodles under the brand name of “Pop Mie” and the related new noodles products and DUFIL to launch new noodles products to enhance their competitive advantages and market shares in their respective major markets;
- the significant increase in the selling price of food ingredients and noodle seasoning and flexible packaging materials of DUFIL and Pinehill in view of the expectation of increase in the cost of raw material of around 5% to 10% per annum in average for the three years ending 31 December 2010;
- that the respective average sales volume ratios (i.e. the sale volume of packaging materials over that of the instant noodles products) for Pinehill for the three years ending 31 December 2010 are in line with that for the preceding three years;
- a higher general buffer of 50% is adopted for the DUFIL Transactions and the Pinehill Transactions taking into account (1) that the increase in the unit selling prices and costs of noodles products and food ingredient of DUFIL exceeded the expectation of the management of Indofood for 2007; (2) the uncertainty in the growth rate of the unit selling prices in view of the increase in volatility in the price of crude oil and other agricultural commodities; and (3) the uncertainty in the sufficiency of supply of raw material of noodles products by DUFIL and Pinehill; and
- the present and prospective instant noodles market as discussed in sub-section (a) above.

(iii) Conclusion

Based on the factors and reasons discussed above, we are of the view that the Revised Noodles Caps and the 2010 Noodles Caps in respect of the DUFIL Transactions and the Pinehill Transactions are set by the Group after careful and due consideration and are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

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- (c) The Revised Noodles Caps and the 2010 Noodles Caps in respect of the SAWAB Transactions and the SWGL Transactions
- (i) The bases of determination of the Revised Noodles Caps and the 2010 Noodles Caps in respect of the SAWAB Transactions and the SWGL Transactions

The following table sets out the details of the relevant Revised Noodles Caps and the 2010 Noodles Caps for each of the SAWAB Transactions and the SWGL Transactions:

Table Four

Type of the SAWAB Transactions and the SWGL Transactions	The relevant Revised Noodles Caps and the 2010 Noodles Caps* <i>US\$ million</i>
SAWAB Transactions	
(8) Sale and supply of food ingredients and noodle seasoning by FID to SAWAB	2008: 9.9 (1.9) 2009: 11.4 (2.4) 2010: 14.8
(9) Sale and supply of flexible packaging materials by CKA to SAWAB	2008: 3.3 (1.0) 2009: 3.5 (1.3) 2010: 4.8
(10) Granting of a non-exclusive and non-transferable licence of the "Indomie" brand in Syria by Indofood to SAWAB	2008: 1.2 (0.5) 2009: 1.5 (0.7) 2010: 2.0
(11) Provision of technical services in Syria by PIPS to SAWAB	2008: 1.2 (0.5) 2009: 1.5 (0.7) 2010: 2.0

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Type of the SAWAB Transactions and the SWGL Transactions	The relevant Revised Noodles Caps and the 2010 Noodles Caps* <i>US\$ million</i>
SWGL Transactions	
(12) Sale and supply of food ingredients and noodle seasoning by FID to SWGL in Sudan	2008: n.a. (n.a.) 2009: 2.5 (1.2) 2010: 4.5
(13) Sale and supply of flexible packaging materials by CKA to SWGL in Sudan	2008: n.a. (n.a.) 2009: 1.0 (0.7) 2010: 1.9
(14) Granting of a non-exclusive and non-transferable licence of the "Indomie" brand in Sudan by Indofood to SWGL	2008: n.a. (n.a.) 2009: 0.4 (0.2) 2010: 0.8
(15) Provision of technical services in Sudan by PIPS to SWGL	2008: n.a. (n.a.) 2009: 0.4 (0.2) 2010: 0.8
(16) Sale and supply of food ingredients and noodle seasoning by FID to SAWATA in Egypt	2008: n.a. (1.6) 2009: 4.5 (2.3) 2010: 7.0
(17) Sale and supply of flexible packaging materials by CKA to SAWATA in Egypt	2008: n.a. (0.9) 2009: 1.8 (1.3) 2010: 2.9
(18) Granting of a non-exclusive and non-transferable licence of the "Indomie" brand in Egypt by Indofood to SAWATA	2008: n.a. (0.4) 2009: 0.8 (0.5) 2010: 1.2
(19) Provision of technical services in Egypt by PIPS to SAWATA	2008: n.a. (0.4) 2009: 0.8 (0.5) 2010: 1.2
(20) Sale and supply of food ingredients and noodle seasoning by FID to SAWAHI in Yemen	2008: n.a. (0.3) 2009: 1.8 (0.5) 2010: 4.3

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Type of the SAWAB Transactions and the SWGL Transactions	The relevant Revised Noodles Caps and the 2010 Noodles Caps* <i>US\$ million</i>
(21) Sale and supply of flexible packaging materials by CKA to SAWAHI in Yemen	2008: n.a. (0.4) 2009: 0.6 (0.5) 2010: 1.4
(22) Granting of a non-exclusive and non-transferable licence of the "Indomie" brand in Yemen by Indofood to SAWAHI	2008: n.a. (0.1) 2009: 0.3 (0.2) 2010: 0.6
(23) Provision of technical services in Yemen by PIPS to SAWAHI	2008: n.a. (0.1) 2009: 0.3 (0.2) 2010: 0.6

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

We have discussed with the management of Indofood regarding the underlying assumptions and bases that have been taken into account by the Indofood Group in determining the Revised Noodles Caps and the 2010 Noodles Caps for the SAWAB Transactions and the SWGL Transactions. We noted that it has principally taken into account (1) the respective sales volume projections prepared by SAWAB and the SWGL Group in respect of the instant noodles products to be manufactured and sold by them in their respective markets for each of the three financial years ending 31 December 2010 (together, the "**SAWAB and SWGL Sales Projections**"); (2) the projected annual level of supply of seasoning products and packaging materials to SAWAB and the SWGL Group for each of the three financial years ending 31 December 2010 based on the SAWAB and SWGL Sales Projections (together, the "**SAWAB and SWGL Supply Projections**"); (3) the unit prices of seasoning products and packaging materials to be sold to SAWAB and the SWGL Group are to be set at about the similar level as those of transactions of the same nature between the Indofood Group and DUFIL or Pinehill; (4) the adoption of general buffers of 50% for both the SAWAB Transactions and the SWGL Transactions to accommodate unanticipated future variations in sales volume and price adjustments; (5) the expected royalty and technical service rates of 1.5% each for the trademark licensing and provision of technical services arrangements under the relevant SAWAB Transactions and the SWGL Transactions; and (6) in respect of the SWGL Transactions, the operation schedules of the SWGL Group in the Egypt, Yemen and Sudan markets.

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In our assessment of the reasonableness and fairness of the Revised Noodles Caps and the 2010 Noodles Caps in respect of the SAWAB Transactions and the SWGL Transactions respectively, we have reviewed the SAWAB and SWGL Sales Projections, the SAWAB and SWGL Supply Projections, the operation schedules of the SWGL Group and the underlying reasons related thereto. We concur with the Directors' view that it will be fair and reasonable and in the interests of both the Company and the Shareholders to set the Revised Noodles Caps and the 2010 Noodles Caps in respect of the SAWAB Transactions and the SWGL Transactions respectively at the proposed levels, after taking into consideration the following:

- the expansion plans of SAWAB and the SWGL Group to enhance their production capacity in 2009 and 2010 by installing new production lines, applying prolonged production hours and increasing headcount; in order to accommodate the growth potential of the Noodles Business in the target markets of both SAWAB and the SWGL Group with Egypt having the largest population, followed by Sudan, in the Northern African continent, with population expected to reach 81.7 million and 40.2 million respectively by July 2008; and Yemen and Syria, among the largest countries in terms of population within the Middle East region with population expected to reach about 23.0 million and 19.7 million respectively by July 2008;
- that the SAWAB and SWGL Sales Projections prepared by SAWAB and the SWGL Group respectively were principally based on their respective projected production capacity and knowledge of the existing market conditions in the relevant countries;
- the significant increase in the projected sales volume of food ingredients and packaging materials of SAWAB and the SWGL Group in 2009 and 2010 as compared to their previous years, given (1) satisfactory consumer acceptance of the noodles products introduced by SAWAB in Syria; (2) the Indofood Group's expectation of relatively low market competition in the Syrian, Egyptian, Sudan and Yemen markets; and (3) aggressive marketing programs to be launched in 2008 and 2009 in order to boost the brand image and market shares;

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- the significant increase in the selling price of food ingredients and noodle seasoning and flexible packaging materials supplying to SAWAB and the SWGL Group in view of the expectation of increase in the cost of raw material of around 5% to 10% per annum in average for the three years ending 31 December 2010 with reference to the unit selling prices of similar products supplying to Pinehill;
- no Annual Caps have been adopted for each of the SWGL Transactions for the year ending 31 December 2008, as the commercial production and sales of instant noodles products of the SWGL Group are postponed to 2009 due to delay in the construction of the production facilities;
- the adoption of the general buffer of 50% to accommodate (1) that the increase in the unit selling prices and costs of noodles products and food ingredient of DUFIL and Pinehill exceeded the expectation of the management of Indofood for 2007; (2) the uncertainty in the cost of raw materials and unit selling prices of food ingredients and packaging materials in view of the increase in volatility in the price of crude oil and other agricultural commodities; (3) the uncertainty in the sufficiency of supply of raw materials of noodles products; and (4) that the management of SAWAB and the SWGL Group are currently only at the initial stage of business with relatively limited knowledge of market conditions and characteristics in the subject markets; and
- the present and prospective instant noodles market as discussed in sub-section (a) above.

(ii) Conclusion

Based on the factors and reasons discussed above, we are of the view that the Revised Noodles Caps and the 2010 Noodles Caps in respect of the SAWAB Transactions and the SWGL Transactions respectively were set by the Group after due and careful consideration and are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

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RECOMMENDATION

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

- the nature of the DUFIL Transactions, the Pinehill Transactions, the SAWAB Transactions and the SWGL Transactions;
- that the DUFIL Transactions and the Pinehill Transactions facilitate the Indofood Group's ability to leverage its expertise in the Nigerian, Saudi Arabian and Middle East markets, which in turn would enhance the geographical presence of the Noodles Business;
- that both the SAWAB Transactions and the SWGL Transactions, which will be conducted on normal commercial terms, are in line with the Group's adopted business expansion strategy in new markets outside Indonesia and are expected to enhance the growth potential of the Noodles Business in their respective target markets;
- that the termination of certain existing agreements in respect of the Noodles Business Transactions and the entering into of the Standardised Noodles Agreements will reduce the Group's heavy administrative burden of monitoring a large number of agreements with different expiry dates and streamline the continual monitoring of connected transactions of the Group;
- that the respective terms as provided under each of the Standardised Noodles Agreements are substantially the same compared to each of the respective existing agreements save for the expiry dates;
- the control and review procedures and arrangements in place to safeguard the interests of the Company and the Shareholders in relation to the DUFIL Transactions, the Pinehill Transactions, the SAWAB Transactions and the SWGL Transactions; and
- that the Revised Noodles Caps and the 2010 Noodles Caps have been set by the Group, after careful and due considerations, at a level which will be in the interests of both the Company and the Shareholders, in view of the positive growth factors as discussed in detail above,

we consider that the Standardised Noodles 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 Revised Noodles Caps and the 2010 Noodles Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Shareholders' Meeting to approve the Standardised Noodles Agreements and the adoption of the Revised Noodles Caps and the 2010 Noodles Caps.

B. Plantations Business

1. *Background of and reasons for the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions, the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps*

(a) The existing agribusiness and expansion strategy of the Indofood Group

The Indofood Group conducts vertically integrated agribusinesses in Indonesia through Indofood Agri Resources Ltd., a listed company in Singapore, and its subsidiaries (together, the "**Indo Agri Group**"). The Indo Agri Group, a major producer of edible oils and fats in Indonesia with widely accepted and recognised brands, is principally engaged in the research and development of oil palm seed breeding, oil palm cultivation and milling, branding and marketing of cooking oil, margarine, shortening and other oil palm derivative products. We were advised that its long term business strategies are to expand its agribusinesses through (1) vertical integration of oil palm plantation by acquiring additional plantation lands; and (2) horizontal integration with other sectors of the plantations business through merger and acquisition.

Followed by the acquisition of 60% interest in the Plantation Companies from the Salim Group, 70% interest in PT Mitra Inti Sejati Plantation and about 64.4% interest in LSIP in 2007, the Indo Agri Group's plantation land bank increased by about 193% to 406,519 hectares as at the Latest Practicable Date. We were advised that as a result of the aforesaid acquisitions, the Indo Agri Group has become one of the largest listed plantation corporations in Indonesia in terms of the total planted area and mature palm oil area respectively. Out of the 406,519 hectares of the Indo Agri Group's total plantation land bank, 219,537 hectares remain unplanted. The management of the Indo Agri Group intends to have planted 250,000 hectares by 2010 from 161,457 hectares at the end of 2007, of which 37,000 hectares are targeted to be planted in 2008. This acceleration is being made after considering (1) the upward trend of price of the crude palm oil, the rising wages, production costs and inflation in recent years; (2) the large reserve of unplanted land bank; (3) the objective to achieve self-sufficiency for its production of edible oils and fats business through vertical integration of the agribusiness; and (4) leveraging economies of scale for higher productivity and output; boosting competitiveness by reducing unit cost of production.

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During 2007, about half of the Indofood Group's crude palm oil for the production of edible oils and fats are sourced from independent third parties. In order to achieve the self-sufficiency objective as stated above, the management of Indofood intends to accelerate the planting of land held by the Plantation Companies.

- (b) The Plantation Companies' contribution to the Indofood Group's successes in business developments and expansions

The Plantation Companies are based in Indonesia and own plantation land for oil palm cultivation. We were advised that about 20% of the total plantation land of the Indo Agri Group is owned by the Plantation Companies, which is currently either unplanted or in a cultivation stage and will be matured in about three to four years. We were also advised that the majority of palm oil produced by the Plantation Companies will be delivered to the Indofood Group for its production of the edible oils and fats. The management of Indofood expects that upon maturity of the said plantation land, about 24% of the internal demand of palm oil from the Indofood Group will be fulfilled by the supply from the Plantation Companies.

We were advised that the Plantations Business Transactions and the New Plantations Business Transactions are essential and imperative to the integrated supply chains of palm oil within the Indofood Group, aiming to (1) vertically integrate the production of edible oils and fats business of the Indofood Group and the oil palm plantation business of the Plantation Companies; (2) ensure necessary equipment and facilities are in place for the cultivation of oil palm plantations; (3) secure reliable sources of high-quality palm oil attributable to the self-developed high quality seeds to fulfil the internal demand from the Indofood Group; (4) utilise the technology developed by the research facilities of LSIP to improve the yield rate and quality of palm oil of the Plantation Companies given that LSIP is renowned in the production of high quality and high yield crude palm oil in Indonesia; and (5) enhance productivity and achieve cost efficiency.

In view of the foregoing, we concur with the view of the management of Indofood that the vertical integration strategy as described above is beneficial to the overall business of the Indofood Group.

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- (c) Further business developments and expansion resulting from the Proposed Subscription

We noted that the Indo Agri Group has effected the Proposed Subscription (subject to completion) recently, with an aim to expand and diversify its existing agribusiness activities into the area of sugar cultivation and processing. Upon completion of the Proposed Subscription, LPI will become an indirect non-wholly owned subsidiary of the Company. LPI is principally engaged in the sugar cane plantation development in Indonesia and owns a sugar cane plantation of about 21,500 hectares in aggregate and two sugar cane production factories in Indonesia, details of which are set out in the Letter from the Board. LPI is currently in a pre-operating stage and has not yet formally commenced its operation. Subject to completion of the Proposed Subscription, the scope of the Indo Agri Group's agribusiness activities will be extended to include sugar cane plantation business. This conforms to the Indo Agri Group's long term expansion strategy as discussed in sub-section (a) above. Please refer to the 20 May 2008 Announcement for details of the Proposed Subscription.

We noted that the existing contractual arrangement in relation to the provision of consulting and technical services for project development will continue to be conducted between LPI and IKU, a wholly-owned subsidiary of the Salim Group, after completion of the Proposed Subscription. As stated in the Letter from the Board, IKU is engaged in the business of consultancy and engineering in Indonesia, and is considered as one of the most reputable consultancy companies which provide services in relation to engineering and project management in Indonesia. Furthermore, we also noted that SIMP proposed to provide financial assistance to LPI (by way of provision of shareholders' loans and/or corporate guarantees on a pro rata basis). The Directors have confirmed to us that the implementation of such financial assistance arrangement is conditional upon completion of the Proposed Subscription.

Independent Shareholders should note that subject to completion of the Proposed Subscription, each of the aforementioned consulting and financial assistance arrangements will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval by poll at the Shareholders' Meeting.

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We were advised that following completion of the Proposed Subscription, the majority of sugar cane produced by LPI will be sold to independent third parties by leveraging on the established distribution network of the Indofood Group in Indonesia. The management of the Indofood Group expects an upward trend in the price of sugar in the future in view of (1) the growing demand for sugar in both the Indonesian and international markets; (2) the rapid population growth in Indonesia; (3) the rapid development in the local processed food and beverage industries; (4) the expansion of sugar-based industries such as ethanol processing which utilises molasses as a basic raw material; and (5) the policies announced by the local government to boost sugar supply aiming to achieve self-sufficiency of sugar in Indonesia.

In view of the foregoing, we concur with the view of the management of Indofood that the horizontal integration strategy as described above is beneficial to the overall business of the Indofood Group.

- (d) The Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions
 - (i) Sales of seedlings from SAIN and LSIP to the Plantation Companies (collectively, the “**Seedlings Transactions**”) (as referred to transactions type (5) to (9) and transactions type (7) to (11) as set out in Table Seven and Table Eight below respectively)

We were advised that SAIN is principally engaged in the breeding of seedlings and sprouts and the research on plantation technology. It also has interest in the Plantations Business. One of the objectives of SAIN is to develop high quality seedlings and sprouts for the production of high quality and high yield palm oil in the plantation land of the Indofood Group (including the Plantation Companies). LSIP also operates three similar research facilities in Indonesia for the development and advancement of high quality palm oil seedlings and sprouts.

According to the management of Indofood, it is the current intention of the Indofood Group that upon the maturity of the Plantation Companies’ oil palm plantations, it will source the palm oil produced by the Plantation Companies for the processing of its edible oils and fats. In view of that (1) a stable supply of high quality and high yield rate seedlings and sprouts can be secured, ensuring the quality standard of the palm oil to be produced by the Plantation Companies for use in the production of edible oils and fats business of the Indofood Group; and (2) the Seedlings Transactions are in line with the objectives and expansion strategies of the Indofood Group as stated in section (B)(1)(a) above, we concur with the view of the Directors that the Seedlings Transactions are beneficial to the Indofood Group.

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- (ii) Provision of research services from SAIN to certain Plantation Companies (collectively, the “**Research Services**”) (as referred to transactions type (10) to (12) as set out in Table Seven below)

As discussed in sub-section (i) above, SAIN undergoes various researches and surveys with an aim to develop high quality and high yield rate palm oil seedlings and sprouts. SAIN also provides various research services including, but not limited to, land and soil feasibility study, drainage and water management and fertiliser recommendation to build up an optimal environment for the oil palm plantation. The management of Indofood believes that the Research Services are essential and imperative to the quality and yield of palm oil and thus, beneficial to the overall edible oils and fats business of the Indofood Group. In this regard, we concur with the Directors’ view that the Research Services are beneficial to the Indofood Group.

- (iii) Purchases and leases of heavy equipment and purchases of spare parts from RMK by certain Plantation Companies, namely GS and MPI (collectively, the “**Heavy Equipment Transactions**”) (as referred to transactions type (1), (2) and (4) and transactions type (3) and (6) as set out in Table Seven and Table Eight below respectively)

We were advised by the management of Indofood that RMK, a wholly-owned subsidiary of the Salim Group, is principally engaged in the trading and rental of heavy equipment and spare parts, which are applicable to both GS’s and MPI’s oil palm plantation activities.

We were advised that the Indofood Group consider that it would be more cost effective for GS and MPI to continue to implement the Heavy Equipment Transactions for their plantation activities purposes, given that unit whole-sale prices will be offered by RMK to both GS and MPI even when making their purchases in small quantities, which is not offered by any other independent suppliers. Please refer to section (2)(c) below for further details of the pricing policy of the Heavy Equipment Transactions.

In light of the above and after taking into account (1) the close proximity among GS, MPI and RMK; and (2) the technical soundness and satisfactory quality of the heavy equipment and spare parts supplied from RMK, we concur with the Directors’ view that the Heavy Equipment Transactions are beneficial to the Indofood Group.

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- (iv) Rental of office from RMK by GS, one of the Plantation Companies (the “**Office Rental Transaction**”) (as referred to transaction type (3) as set out in Table Seven below)

As advised by the management of Indofood, GS has been leasing the relevant office unit from RMK for administrative purposes since 2004. We were also advised that RMK has no present intention to dispose of or use such office for its business operation in the short to medium term.

In view of the above, and after taking into account the cost and time effectiveness in terms of savings on office relocation and rental payment, and for the avoidance of business interruption, we concur with the view of the Directors that the Office Rental Transaction is beneficial to the Indofood Group. Details of the pricing basis of the Office Rental Transaction are set out in section (2)(d) below.

- (v) Lease of land from AS by SIMP (the “**Leasing Transaction**”) (as referred to transaction type (16) as set out in Table Seven below)

SIMP, a subsidiary of Indofood, is principally engaged in the oil palm plantations, crude palm oil milling, production of branded cooking oil and other related products. AS, a wholly-owned subsidiary of the Salim Group, owns a particular land in North Jakarta which is the present site of the refinery facilities of SIMP.

The agreement in relation to the Leasing Transaction entered into between SIMP and AS is for a term of 20 years, which came into effect in 1996. Notwithstanding this, since 1984, the relevant land is being utilised by SIMP for the establishment of its refinery facilities. We were advised that the total annual rental charge is about Rp550 million (equivalent to about US\$0.1 million), amounting to Rp11 billion (equivalent to about US\$1.2 million) for the entire 20-year term, which has already been settled in full by SIMP. We were advised that the Indofood Group has no present intention to relocate its refinery facilities elsewhere; while AS also currently has no intention to dispose of or use any part of the aforesaid land for its business operation prior to the expiration of the agreement in relation to the Leasing Transaction.

In view of the above, and after taking into account its cost and time effectiveness in terms of savings on facilities relocation and rental payment, and for the avoidance of operation interruption, we concur with the view of the Directors that the Leasing Transaction is beneficial to the Indofood Group. Details of the pricing basis of the Leasing Transaction is set out in section (2)(e) below.

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- (vi) Provision of pumping and loading services by STP to SIMP (the “**Pumping Service**”) (as referred to transaction type (17) as set out in Table Seven below)

As advised by the management of Indofood, STP is a joint venture formed by the Salim Group and is principally engaged in the pumping service business at Dumai port in Indonesia, where the bulk storage tanks of SIMP are located. We were also advised that SIMP has been utilising the pumping facilities owned by STP to infuse/extract crude palm oil into/from its storage tanks.

Having considered the proximity of location and the favourable service fee levied by STP facilitating the storage and transportation process of crude palm oil at a cost effective rate, we concur with the view of the Directors that the Pumping Service is beneficial to the Indofood Group. Details of the pricing basis of the Pumping Service are set out in section (2)(f) below.

- (vii) Sales and purchases of agronomy materials between GS and MPI (the “**Agronomy Materials Transactions**”) (as referred to transactions type (1) and (2) as set out in Table Eight below)

We were advised that GS and MPI are located in close proximity to each other and they both possess certain amount of agronomy materials (including fertilizer, chemical goods, seeds, polybags, plantation tools, fuel, lubrication and grease) in stock to be consumed in the oil palm plantation businesses. Given this, the management of the Indofood Group consider that in the event that either GS or MPI is in shortage of while another party is in excess of any particular agronomy materials, it would be more efficient in terms of time and cost for either of them to source the agronomy materials from each other compared to purchasing in bulk from other suppliers located far away from their respective plantation sites at comparable selling prices.

Given that the related logistic costs, storage costs and the required production and transportation lead time can be minimised and better managed, and the Agronomy Materials Transactions will facilitate both GS’s and MPI’s business operation continuity, we concur with the view of the Directors that the Agronomy Materials Transactions are beneficial to the Indofood Group.

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- (viii) Purchases of building materials from RMK by certain Plantation Companies, namely GS and MPI (the “**Building Materials Transactions**”) (as referred to transactions type (4) and (5) as set out in Table Eight below)

We were advised that both GS and MPI have been purchasing certain building materials (mostly plywood) from RMK for use in the construction of plantation offices, warehouse and other buildings which are required by their respective estates. We noted that the selection of RMK by GS and MPI as their supplier is based on the quality and price of plywood supplied by RMK.

Given (1) that the selling price of plywood from RMK is lower than independent suppliers; (2) the close proximity among GS, MPI and RMK; and (3) the consistency of the quality of the plantation offices, warehouse and other buildings of GS and MPI respectively, we concur with the view of the Directors that the Building Materials Transactions are beneficial to the Indofood Group. Details of the pricing basis of the Building Materials Transactions are set out in section (2)(h) below.

- (ix) Grant of financial assistance by SIMP to the Plantation Companies and LPI (collectively the “**Financial Assistance**”) (as referred to transactions type (13) to (15) and transaction type (1) as set out in Table Seven and Table Nine below respectively)

We were advised that all of the Plantation Companies and LPI are still in the start-up stage and therefore require equity or debt financing either from their respective shareholders (including SIMP) or the external financial institutions (with corporate guarantee from their respective shareholders on a pro-rata basis) to support their respective plantation projects. We were also advised that subject to completion of the Proposed Subscription, the shareholders of the Plantation Companies and LPI (including SIMP and the Salim Group) currently have no intention to increase their respective investments in the Plantation Companies or LPI (save for the Proposed Subscription), but are willing to provide shareholders’ loans and corporate guarantee in respect of debt financing.

Based on our discussion with the management of Indofood regarding the future development of the Plantation Companies, we noted that about Rp2,478 billion funding is expected to be required for the development of plantation land of the Plantation Companies for the period between 2008 and 2010.

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The management of Indofood has confirmed to us that LPI currently has secured bank loan facilities of Rp1,167 billion (equivalent to about US\$130 million) which is interest bearing at an average rate of State Bank Interest Rate (Certificate Bank of Indonesia) quoted by Central Bank of Indonesia from time to time (“SBI”) plus 4%, and such entire loan facilities have been and will be used by LPI for its development of sugar cane plantation business which are considered to be essential and imperative for its overall business development. We were advised that the purpose of the Financial Assistance relating to LPI is to seek additional fundings for the development of its sugar cane plantation business and to refinance the aforesaid existing bank loans, given that the average borrowing rate for LPI’s existing bank loans of SBI plus 4% is higher than the current average borrowing rate for the Indofood Group’s existing bank loans granted by the local banks of SBI plus 1%. The management of Indofood considers that it is highly beneficial to have the aforesaid refinancing arrangement, as it would enable LPI to obtain sufficient funding to accomplish its development plans while avoiding unnecessarily high funding cost.

According to the management of Indofood, the current local financial institutions are only willing to grant loans up to 65% (for sugar cane plantations) and 70% (for oil palm plantations) of the total funding required for any plantation projects with either corporate guarantees or pledged assets as the security. We were advised by the management of Indofood that, subject to the negative pledge clause agreed between SIMP and its existing creditors, SIMP, together with its subsidiaries, are restricted to pledge their assets for any purpose, and therefore, the local banks have requested and will continue to request corporate guarantees as security for the loans granted or to be granted to any of the Plantation Companies and LPI.

Given the above, the shareholders of the Plantation Companies and LPI (including SIMP and the Salim Group) have provided and will continue to provide up to 30% or 35% (as the case may be) of the total funding requirement for the Plantation Companies’ or LPI’s (as the case may be) plantation projects by way of shareholders’ loans with interest charged at a rate no less than that charged by the other shareholders of the Plantation Companies and LPI (the “**Shareholders’ Loans**”) respectively; while the remaining of around 65% or 70% of the total funding (as the case may be) are/will be financed by loans granted by certain local financial institutions whereby the shareholders of the Plantation Companies and LPI (including SIMP and the Salim Group) have/will provide corporate guarantees on a pro rata basis for the same amount as the security relating thereto.

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The management of Indofood has confirmed to us that the provision of the Financial Assistance is solely to facilitate the Plantation Companies and LPI to implement their respective projected planting plans, which are palm oil and sugar cane plantation development projects in Indonesia and is within the ordinary and usual course of business of the Plantation Companies and LPI respectively.

We were advised that the loans from the relevant local financial institutions to any of the Plantation Companies and LPI are of and will probably have a term of seven years (comprising a two-year grace period and a five-year repayment period) and ten years (comprising a four-year grace period and a six-year repayment period), respectively, and the corporate guarantees relating thereto shall remain in place until the relevant loans are fully repaid. We were also advised that the durations of the loan facilities are in line with the respective general production cycle time related to the Plantation Companies' oil palm plantations and LPI's sugar cane plantations, which are considered to be the industry norm commonly applied to oil palm and sugar cane plantation companies in Indonesia. Notwithstanding the above, the entire Shareholders' Loans are repayable by 31 December 2010, which will be extended for a further three-year period upon expiration, if necessary, subject to the Listing Rules and any applicable laws and regulations.

The management of Indofood confirmed that the provision of the shareholders' loans and corporate guarantees by SIMP are not expected to have any material adverse impact on the Indofood Group's financial position in view of (1) the existing financial position of the Indofood Group, the Plantation Companies and LPI respectively; and (2) the economic benefits to be generated from the loan facilities. The Directors further confirmed that notwithstanding the above, the Indofood Group will assess its then financial position every time prior to drawdown of the loan facilities by the Plantation Companies or LPI in order to avoid any material impact on its financial position.

Having considered (1) the background of and reason for the Financial Assistance as discussed above; (2) that the Shareholders' Loans are interest bearing at a rate no less than that charged by the other shareholders of LPI; (3) no security over the assets of the Group is granted; (4) that the provision of the corporate guarantees by SIMP is to facilitate the Plantation Companies and LPI to secure bank facilities; (5) that the granting of the Financial Assistance is on a pro rata basis and will not have any material adverse impacts to SIMP or the Indofood Group as discussed above; and (6) the objective of the Indofood Group to expedite the development process of its plantation business as stated in section (B)(1)(a) above, we concur with the view of the Directors that the Financial Assistance is essential for the Indofood Group's continued

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business development. In this regard, we also concur with the view of the Directors that the Financial Assistance in respect of the Plantation Companies and LPI (subject to completion of the Proposed Subscription) is beneficial to the Indofood Group.

It should be noted that although SIMP or the Indofood Group is not a financial institution as classified in Rule 14.04(e) of the Listing Rules and the Directors consider that the Financial Assistance is not part of the Group's principal activities, the arrangement is and will be conducted in the normal course of business of the Group in relation to the development of oil palm and sugar cane plantations (subject to completion of the Proposed Subscription) in Indonesia based on normal commercial terms.

- (x) Provision of consulting and technical services for project development by IKU to LPI (the "**Consulting Service**") (as referred to transaction type (2) as set out in Table Nine below)

We were advised that IKU provides various consulting and technical services for project development including, but not limited to, soil survey, integrated environment feasibility study, placement of engineers, environment management and preparation of monitoring report to build up an optimal environment and monitor the environmental impact of the sugar cane plantation. We were also advised that an environmental assessment report is required to be submitted to the Ministry of Environment of Indonesia and other concerned parties quarterly, and IKU employs a team of qualified engineers who are capable to prepare such reports. The management of Indofood believes that the Consulting Service is essential and imperative to the quality and yield of sugar cane as well as the compliance to the relevant Indonesian laws and regulations. In this regard, we concur with the Directors' view that the Consulting Service is beneficial to the Indofood Group subject to completion of the Proposed Subscription.

- (xi) Reasons for the Standardised Plantations Agreements (as defined in the paragraph below)

Similar to the Noodles Business Transactions, certain existing agreements in respect of the Plantations Business Transactions entered into by the Indofood Group are not standardised in terms of their respective expiry dates. The Indofood Group proposes to, upon approval of the Independent Shareholders, (1) for the same reasons for the entering into of the Standardised Noodles Agreements as discussed in section (A)(1)(b)(i) above, terminate all the existing agreements in relation to the Plantations Business Transactions with expiration prior to 31 December 2010 (i.e. transactions type (1) to (15) as set out in Table Seven below), and simultaneously enter into new agreements for the relevant

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Plantation Business Transactions with the same respective contracting parties substantially on the same terms and conditions (save for the duration of such new agreements whereby their expiry dates are to be standardised at 31 December 2010); and (2) enter into agreements in relation to all the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription) with the relevant parties with expiry dates standardised at 31 December 2010 (collectively, the “**Standardised Plantations Agreements**”). It is noted that the Standardised Plantations Agreements can be renewed for a further three years upon expiration, subject to the Listing Rules and any applicable laws and regulations.

Given that the existing agreement in respect of transactions type (16) and (17) as set out in Table Seven below are due to expire on 31 May 2016 and 31 December 2010 respectively, both agreements will remain in place and no change will be made to any of them.

(e) Conclusion

Given the above and in particular (i) the business nature and objectives of the Indofood Group regarding the agribusinesses as described in section (B)(1)(a) above; and (ii) the respective principal activities of the Indofood Group (including SIMP, the Plantation Companies, LSIP and LPI (subject to completion of the Proposed Subscription)), it is reasonable to expect that each of the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription) will continue to take place on a regular and frequent basis and in the normal (for transactions type (13) to (15) and transaction type (1) regarding the Financial Assistance as set out in Table Seven and Table Nine below respectively) or in the ordinary and usual (for all remaining plantation and sugar related transactions) course of business of the Indofood Group in future. As such, we are of the view that it would be impractical for the Company to strictly comply with the Listing Rules requirements regarding “connected transactions” on each occasion when they arise.

In this respect, we are of the view that it is beneficial to the Group to have the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions (subject to completion of the Proposed Subscription) and the Standardised Plantations Agreements in place and to adopt the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps, as that would help facilitate the smooth operation and future development of the Indofood Group’s business for the three financial years ending 31 December 2010.

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Given the above, we consider that the entering into of the Plantations Business Transactions, the New Plantations Business Transactions, the Sugar Transactions (subject to completion of the Proposed Subscription) and the Standardised Plantations Agreements together with the adoption of the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps (Subject to completion of the Proposed Subscription) are conducted in the normal or ordinary and usual (as the case may be) course of the Group's business and are in the interests of both the Company and the Shareholders as a whole.

2. *Principal terms of the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions*

The Directors confirmed to us that each category of transactions of similar nature contemplated under the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription) will be conducted in accordance with similar terms and conditions and on normal commercial terms, and particularly, the price/fee to be charged/paid by the Indofood Group (including the Plantation Companies and LPI (subject to completion of the Proposed Subscription)) will be in line with the current pricing/fee structure adopted for the existing transactions of similar nature and those for the New Plantations Business Transactions and the Sugar Transactions will be based on prevailing market rate.

Set out below are the principal terms of each category of transactions contemplated under the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions:

(a) Seedlings Transactions

(i) Nature of the transactions

SAIN and LSIP agree to supply seedlings and sprouts to each of the Plantation Companies to be used for the oil palm plantations in their respective plantation land commencing from the effective date of the relevant Standardised Plantations Agreements and expiring on 31 December 2010.

The Directors have confirmed that all seedlings and sprouts to be supplied by SAIN and LSIP to the Plantation Companies will be solely used in their plantation land.

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(ii) Pricing basis

The selling prices of the seedlings and sprouts shall be determined by and mutually agreed between the relevant contracting parties from time to time. Based on our discussion with Indofood's management, it is our understanding that the seedlings and sprouts to be supplied to each of the Plantation Companies will principally be of the same nature and that the unit selling prices set out in the predetermined quotations will be determined after arm's length negotiations between the relevant parties involved with reference to the then prevailing market prices for seedlings and sprouts. We have reviewed the respective predetermined quotations contained in the respective Standardised Plantations Agreements, and noted that the unit selling prices of the seedlings and sprouts are the same to each of the Plantation Companies.

For comparison purposes, we have reviewed (1) certain invoices regarding the purchase of seedlings from an independent third party by the Plantation Companies; and (2) certain invoices regarding the purchase of sprouts from an independent third party by the Plantation Companies, and noted that the selling prices of seedlings and sprouts offered to the Plantation Companies are more favourable to SAIN and LSIP when compared to the prices levied by such independent suppliers under our review.

(b) Research Services

(i) Nature of the transactions

SAIN agrees to provide certain research services (including land and soil feasibility study, drainage and water management and fertiliser recommendation) to certain Plantation Companies in order to build up an optimal environment for the oil palm plantation commencing from the effective date of the relevant Standardised Plantations Agreements and expiring on 31 December 2010.

(ii) Pricing basis

The fees regarding each of the Research Services shall be determined by and mutually agreed between the relevant parties by entering into a letter of work instruction which specifies the scope, the procedure, the time schedule and the service fees quotation. Pursuant to the relevant Standardised Plantations Agreements, the fees will be determined by the parties involved through arm's length negotiations with reference to the area of the plantation land, the scope of work, the total working hours and the prevailing market rate. We also noted that additional fees will be charged for out-of-pocket expenses like transportation and accommodation expenses and also for the presentation exercises.

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The Company advised that as at the Latest Practicable Date, the Group had not in the past conducted any similar transactions with other independent third parties as the provision of research services are of specific application and secrecy, and therefore there are no comparable transactions with independent third parties available for our analysis. Notwithstanding this, in assessing the reasonableness of the research fees, we have reviewed the quotation from an independent third party on provision of similar research services, and noted that the service fees charged by SAIN are more favourable when compared to the fees levied by such independent service provider under our review.

(c) Heavy Equipment Transactions

(i) Nature of the transactions

GS agrees to lease and purchase, and MPI agrees to lease, certain models of heavy equipment from RMK for their respective oil palm plantation businesses purposes commencing from the effective date of the relevant Standardised Plantations Agreements and expiring on 31 December 2010.

We noted that pursuant to the Standardised Plantations Agreements in respect of purchases and lease of heavy equipment, GS and MPI are required to bear the cost of maintenance due to tear or wear under normal circumstances. As such, GS and MPI further agree to purchase spare parts from RMK.

The Directors have confirmed to us that all the heavy equipment leased and purchased from RMK will be used for GS's and MPI's own plantations businesses and all the spare parts purchased will be applied for the maintenance of the heavy equipment used by GS and MPI.

(ii) Pricing basis

The leasing rates of the heavy equipment and the selling prices of the heavy equipment and the spare parts shall be determined by and mutually agreed between the relevant contracting parties through arm's length negotiations with reference to the prevailing market rates.

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The Company advised that as at the Latest Practicable Date, the Plantation Companies had not in the past conducted any similar transactions with other independent parties. Notwithstanding the above, it is the belief of the management of Indofood that based on the previous Heavy Equipment Transactions, GS and MPI will be able to purchase spare parts from RMK in small quantities at whole-sale prices. Furthermore, the Directors have confirmed to us that the purchasing prices and leasing fee payable by GS or MPI for any future Heavy Equipment Transactions will be determined through arm's length negotiations between the relevant parties involved based on normal commercial terms in accordance with the prevailing market rates.

(d) Office Rental Transaction

(i) Nature of the transactions

GS agrees to lease an office from RMK commencing from the effective date of the relevant Standardised Plantations Agreement and expiring on 31 December 2010.

(ii) Pricing basis

Pursuant to the relevant Standardised Plantations Agreement, the total rental fee for the three-year period shall be Rp450 million (equivalent to about US\$50,000), excluding the value added tax and income tax which shall be borne by the parties involved in accordance with the prevailing tax regulations, payable in advance and the rental fee is determined based on prevailing market rental rate.

The Directors have confirmed to us that based on a quotation from an independent property owner, the rental fee charged for rental of similar office is around Rp510 million (equivalent to about US\$57,000) for a three-year period. It is noted that the rental rate payable by GS is more favourable when compared to the rental rate levied by such independent local property owner under our review.

(e) Leasing Transaction

(i) Nature of the transactions

SIMP agrees to lease a land in Jakarta which has a total area of 19,875 square metres from AS for an initial term of 20 years commencing on 1 June 1996 and expiring on 31 May 2016.

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It should be noted that the 20-year tenure of the agreement in respect of the Leasing Transaction exceeds the three-year limit as set out in Rule 14A.35(1) of the Listing Rules. In this regard, we have discussed with the management of Indofood, and are advised that the relevant land has been utilising by SIMP for the establishment of its refinery facilities since 1984, and SIMP currently has no intention to relocate its refinery facilities elsewhere. We are also advised that the long tenure of the relevant agreement is essential for the success of the edible oils and fats business of SIMP as this will allow long-term operational stability, and at the same time, facilitate production continuity of SIMP and a smooth long-term business co-operation between SIMP and other members of the Indofood Group which are also engaged in agribusiness, which will be beneficial to the Indofood Group.

The table below summaries the relevant terms of the rental and leasing agreements for land undertaken in the recent years by other listed companies in Hong Kong (the “**Licensing Comparables**”) for a term in excess of three years, which we have reviewed for comparison purposes.

Table Five

Name of the Licensing Comparables	Term
Aluminium Corporation of China Limited (Stock code: 2600)	Up to a maximum of 50 years
AviChina Industry & Technology Company Limited (Stock code: 2357)	20 years
Beijing Capital International Airport Company Limited (Stock code: 694)	20 years
China Merchants Holdings (International) Company Limited (Stock code: 144)	25 years
China National Building Materials Company Limited (Stock code: 3323)	Ranging from 13 to 40 years
China Petroleum & Chemical Corporation (Stock code: 386)	50 years for land for industrial use; and 40 years for land for commercial use
Dongfeng Motor Group Company Limited (Stock code: 489)	45 years and 8 months

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Name of the Licensing Comparables	Term
Eyang Holdings (Group) Co., Limited (Stock code: 117)	9 years and 8 months
Geely Automobile Holdings Limited (Stock code: 175)	20 years
Guangnan (Holdings) Limited (Stock code: 1203)	28 years and 4 months
China Shenhua Energy Company Limited (Stock code: 1088)	20 years
Petrochina Company Limited (Stock code: 857)	50 years
Shanghai Electric Group Company Limited (Stock code: 2727)	20 years
TravelSky Technology Limited (Stock code: 696)	10 years

Sources: The announcements, circulars, prospectus and latest annual reports of the respective Licensing Comparable published on the website of the Exchange.

As illustrated in Table Five above, the terms of the rental and leasing agreements undertaken by other Hong Kong listed companies could range from 9 to 50 years. As such, we are of the view that it is not unusual for the Indofood Group to enter into the Leasing Transaction with tenure longer than three years, as this would mitigate its exposure to the risk of unnecessary business disruption in case of relocation of its production facilities.

(ii) Pricing basis

Pursuant to the existing agreement, the total rental fee for a 20-year period shall be Rp11 billion (equivalent to about US\$1.2 million) or about Rp28,000 (equivalent to about US\$3.1) per square metre per year, excluding the value added tax and income tax which shall be borne by the parties involved in accordance with the prevailing tax regulations. The rental fee was fully paid in advance in 1996.

We were advised that the aforesaid rental fee has been determined by the parties involved after arm's length negotiations with reference to the then prevailing market rental rates.

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The Directors have confirmed to us that based on a quotation from an independent property agency, the rental fee charged for rental of similar land is around Rp50,000 (equivalent to about US\$5.6) per square metre per year. It is noted that the rental rate payable by SIMP is more favourable when compared to the rental rate levied by such independent property agency under our review.

(f) Pumping Service

(i) Nature of the transaction

STP agrees to provide services for pumping and channelling the crude palm oil and palm kernel oil into and out of the storage tanks to SIMP for an initial term of three years commencing on 2 January 2008 and expiring on 31 December 2010.

(ii) Pricing basis

The fees regarding the Pumping Service shall be at a rate of Rp20 per kilogram (excluding 10% value added tax) (or such other rate which shall be determined by and mutually agreed between the relevant contracting parties from time to time). The Directors confirmed that the aforesaid predetermined rate has been determined after arm's length negotiations between the relevant parties involved with reference to the prevailing market rates.

The management of Indofood advised that as at the Latest Practicable Date the Indofood Group had not in the past conducted any similar transactions with other third parties, and therefore there are no comparable third party transactions available for our analysis. Notwithstanding this, in assessing the reasonableness of the service fees, we have reviewed a quotation from an independent third party for provision of similar pumping and loading services, and noted that the service fees payable by SIMP are more favourable when compared to the fee levied by such independent service provider under our review.

(g) Agronomy Materials Transactions

(i) Nature of the transactions

GS and MPI agree to supply agronomy materials to each other for the oil palm plantations for their respective plantation land commencing from the effective date of the relevant Standardised Plantations Agreements and expiring on 31 December 2010.

The Directors have confirmed to us that all agronomy materials to be transacted between GS and MPI will be solely used in their plantation land only.

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(ii) Pricing basis

Pursuant to the respective Standardised Plantations Agreements, the selling prices of the agronomy materials shall be determined by and mutually agreed between the relevant contracting parties from time to time at cost.

The Directors confirmed that the consideration payable by GS or MPI to the other party is only to reimburse the actual sourcing costs of the relevant agronomy material to be incurred in the procurement process by the relevant party, and therefore no profit would be generated by either party as a result of their sales of agronomy materials to each other.

(h) Building Materials Transactions

(i) Nature of the transactions

GS and MPI agree to purchase building materials from RMK commencing from the effective date of the relevant Standardised Plantations Agreements and expiring on 31 December 2010.

The management of Indofood have confirmed to us that all building materials to be purchased by GS and MPI will be solely used only in the construction of plantation offices, warehouses and other buildings which are required by their respective estates.

(ii) Pricing basis

Pursuant to the respective Standardised Plantations Agreements, the selling prices of the building materials shall be determined by and mutually agreed between the relevant contracting parties from time to time with reference to the then prevailing market rates.

The management of Indofood advised that as at the Latest Practicable Date the Indofood Group had not in the past conducted any similar transactions. The management of Indofood further confirmed that notwithstanding the fact that the Building Materials Transactions have yet to be commenced, the relevant purchase prices payable by GS or MPI for any Building Materials Transactions will be determined through arm's length negotiations between the relevant parties involved based on normal commercial terms in accordance with the prevailing market rates.

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(i) Financial Assistance

(i) Nature of the transactions

The shareholders of the Plantation Companies and LPI (including SIMP and the Salim Group) agree to, on a pro rata basis, provide financial assistance in form of shareholders' loan and corporate guarantee to (1) facilitate the Plantation Companies' and LPI's (subject to completion of the Proposed Subscription) total funding requirement for the development of their oil palm and sugar cane plantations businesses respectively; and (2) refinance LPI's existing bank loan facilities of Rp1,167 billion (equivalent to about US\$129.7 million) (subject to completion of the Proposed Subscription). The provision of shareholders' loans is subject to a fixed term expiring on 31 December 2010, which will be extended for a further three-year period upon expiration, if necessary, subject to subject to the Listing Rules and any applicable laws and regulations.

Up to the date of the Circular, the total shareholders' loan granted by SIMP to the Plantation Companies amounted to about Rp83.3 billion (equivalent to about US\$9.3 million), which represents 60% of the total shareholders' loans currently obtained by the Plantation Companies and shall be repayable by 31 December 2010 (which will be extended for a further three-year period upon expiration, if necessary, subject to the Listing Rules and any applicable laws and regulations); while the corporate loan guarantees granted by SIMP on a no charge basis are in an amount of about Rp73.0 billion (equivalent to about US\$8.1 million) in aggregate, which represents 60% of the Plantation Companies' total amount of loans currently granted by the local financial institutions and shall be released upon maturity of the related bank loan granted to the relevant Plantation Companies. As confirmed by the management of Indofood, save for such guarantees, there is no other security or charges provided for the Plantation Companies' present bank facilities. The management of Indofood also confirmed that as at the Latest Practicable Date, no shareholders' loan or corporate guarantee has been granted by SIMP to LPI and the Financial Assistance relating to LPI will only be executed upon completion of the Proposed Subscription. We understand from the Directors that such loan facilities will continuously be used to, directly, or indirectly, finance the development costs of the Plantation Companies' and LPI's projected planting plans.

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(ii) Pricing basis

Pursuant to the relevant Standardised Plantations Agreements in relation to the Plantation Companies, the interest rate will be charged at SBI plus 1% (or such other rate which shall be determined by and mutually agreed between the relevant contracting parties), and in any event, the interest rate to be charged by SIMP to the Plantation Companies for any shareholders' loan will not be less than the interest rate charged by the other shareholders of the Plantation Companies. We were advised by the management of Indofood that such interest rate is the borrowing rate of the bank loans currently charged to the Plantation Companies and the current average borrowing rate for the Indofood Group's existing bank loans.

Pursuant to the Standardised Plantations Agreement in relation to LPI, (1) the shareholders' loan will be granted to LPI on a pro-rata basis based on the respective shareholding interest of its shareholders; and (2) the interest rate to be charged by SIMP to LPI for any shareholders' loan will not be less than the interest rate charged by the other shareholders of LPI.

According to Indofood's management, SIMP has also provided financial assistance (by way of provision of shareholders' loans or corporate guarantees on a pro rata basis) to other members of the Indofood Group based on the same terms and conditions as stipulated in the Standardised Plantations Agreements in respect of the Financial Assistance, and it is a common practice for the shareholder to provide financial assistance to its subsidiaries in Indonesia. Furthermore, Indofood's management considers that the terms of the relevant Standardised Plantations Agreements reflect the essence of the pro rata equity interests of the Indofood Group in each of the Plantation Companies and LPI.

(j) Consulting Service

(i) Nature of the transaction

IKU agrees to provide certain consulting and technical services for project development (including soil survey, integrated environment feasibility study, placement of engineer, environment management and preparation of monitoring report) to LPI upon completion of the Proposed Subscription in order to build up an optimal environment and monitor the environmental impact of the sugar cane plantation commencing from the effective date of the relevant Standardised Plantations Agreement and expiring on 31 December 2010.

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(ii) Pricing basis

The service fees regarding the Consulting Service shall be determined by and mutually agreed between the relevant parties by entering into a letter of work instruction which specifies the scope, the procedure, the time schedule and the service fees quotation. Pursuant to the relevant Standardised Plantations Agreement, the fees will be determined by the parties involved through arm's length negotiations with reference to the area of the plantation land, the scope of work, the total working hours and the prevailing market rate.

The management of Indofood advised that as at the Latest Practicable Date, the Indofood Group had not in the past conducted any similar transactions and therefore there are no comparable transactions with independent third parties available for our analysis. The management of Indofood further confirmed that notwithstanding the fact that the Consulting Service has yet to be commenced, the relevant service fees payable by LPI for any Consulting Service will be determined through arm's length negotiations between the relevant parties involved based on normal commercial terms in accordance with the prevailing market rates.

In light of the foregoing, we are of the opinion that the respective terms and conditions of the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions are fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

3. *Requirements of the Listing Rules*

For each financial year of the Company during the terms of each of the agreements related to the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar 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.37 and 14A.38 of the Listing Rules respectively. The Independent Non-executive Directors must confirm in the annual report and accounts that the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions have been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

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- 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 Exchange at least ten business days prior to the bulk printing of the annual report of the Company), confirming that the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions:

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

It was stated in the 2007 Annual Report that, pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors have confirmed that for the year ended 31 December 2007, each of the Plantations Business Transactions has 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 Indofood 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 Plantations Business Transactions for the year ended 31 December 2007 and have confirmed that the Plantations Business Transactions were conducted in the manner stated in Rule 14A.38 of the Listing Rules.

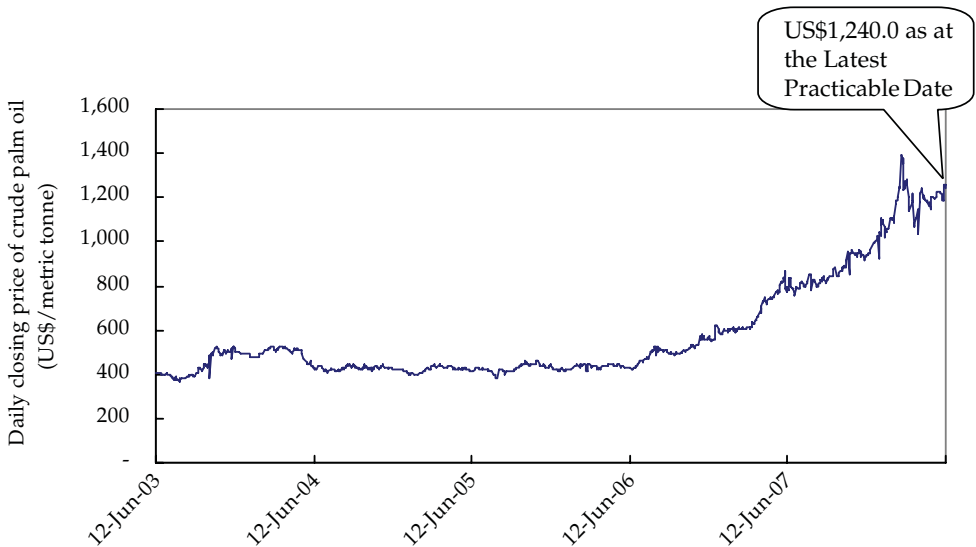
Given the above, we are of the opinion that there will be sufficient procedures and arrangements in place to ensure that the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions will be conducted on terms that are fair and reasonable and on normal commercial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

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4. *The Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps*

(a) Overview of change in price of crude palm oil

The following chart illustrates the daily closing price trend of crude palm oil during the last five years preceding the Latest Practicable Date (the “Five-year Period”):



Source: Bloomberg

As illustrated above, we noted that the price of crude palm oil has been generally on an upward trend during the Five-year Period, increasing by some 208.1% from US\$402.5 per metric tonne as at 12 June 2003 to US\$1,240.0 per metric tonne as at the Latest Practicable Date. In particular, the price of crude palm oil continued rising briskly since early 2007 and reached the highest of US\$1,395.0 per metric tonne on 3 March 2008. Based on our discussion with the management of Indofood regarding the recent variations in the price of crude palm oil and our review on the crude palm oil market, we understand that the continued upward trend since early 2007 was mainly due to (1) the deficit in global supply for vegetable oils; and (2) the reduction in the stock levels of vegetable oils.

According to the independent forecasts of the global crude palm oil market by the United States Department of Agriculture, it is expected that (1) vegetable oil (including crude palm oil) prices will likely remain above historic averages in 2009 as demand remains strong primarily due to surging growth in the developing world; and (2) increased availability of vegetable oils due to rebounding and growing production will help mitigate upward price pressure in 2009 but likely will not be enough to push prices down to historic levels.

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Based on our review on the crude palm oil market, we noted that both the global demand for and unit price of crude palm oil have been continuously increasing since 2003 and is expected to remain strong in 2009, resulting principally from (i) the relatively higher prices of soybean oil, which is an alternative product of palm oil; (ii) the popularity of palm oil based edible vegetable oils; (iii) the strong demand for processed foods (especially instant noodles); (iv) the increase in the demand for crude palm oil as a renewable energy source; (v) the increasing demand for biodiesel prompted by the world trend to reduce dependence on crude oil and carbon dioxide emission (given palm oil used as second-generation biofuel may reduce carbon dioxide emissions by more than 80% according to The Malaysian Palm Oil Council); and (vi) the continuing economic and demographic growth in key markets. Given this, it is considered to be reasonable for the Group to increase the transaction volumes of the Plantations Business Transactions and expand the existing Plantations Business profile to include the New Plantations Business Transactions, with an aim to reduce the level of risk exposure to the expected continued growth in the price of crude palm oil and avoid shortage in supply of crude palm oil for its edible oils and fats businesses.

- (b) The historical record of the transaction volumes of the Plantations Business Transactions

Set out below are details of the actual transacted amount of each of the Plantations Business Transactions for each of the three financial years ended 31 December 2007 and the three months ended 31 March 2008 respectively; and the comparison of the transacted amount with the relevant Annual Caps under the existing Annual Caps as detailed in the May 2007 Circular for the year ended 31 December 2007 (the “**Plantation Utilisation Rate**”):

Table Six

Type of the Plantations Business Transactions	For the year ended 31 December			For the three months ended
	2005	2006	2007	31 March 2008
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
(1) Purchase of spare parts from RMK by GS	n.a.	n.a.	-	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	-	<i>Note</i>
(2) Lease of heavy equipment from RMK by GS	n.a.	n.a.	0.33	0.15
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	82.50%	<i>Note</i>

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Type of the Plantations Business Transactions	For the year ended 31 December			For the three months ended
	2005	2006	2007	31 March 2008
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
(3) Rental of office space from RMK by GS	n.a.	n.a.	0.04	0.00
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	40.00%	<i>Note</i>
(4) Lease of heavy equipment from RMK by MPI	n.a.	n.a.	0.11	0.04
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	78.57%	<i>Note</i>
(5) Sales of seedlings from SAIN to MSA	n.a.	n.a.	0.53	0.11
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	40.77%	<i>Note</i>
(6) Sales of seedlings from SAIN to SBN	n.a.	n.a.	0.22	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	36.67%	<i>Note</i>
(7) Sales of seedlings from SAIN to ASP	n.a.	n.a.	-	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	-	<i>Note</i>
(8) Sales of seedlings from SAIN to GS	n.a.	n.a.	-	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	-	<i>Note</i>
(9) Sales of seedlings from SAIN to MPI	n.a.	n.a.	-	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	-	<i>Note</i>
(10) Provision of services for research from SAIN to MSA	n.a.	n.a.	0.04	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	40.00%	<i>Note</i>
(11) Provision of services for research from SAIN to SBN	n.a.	n.a.	0.01	-
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	10.00%	<i>Note</i>

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Type of the Plantations Business Transactions	For the year ended 31 December			For the three months ended
	2005			2006
	2007	2008		
	US\$ million	US\$ million	US\$ million	US\$ million
(12) Provision of services for research from SAIN to ASP	n.a.	n.a.	0.01	–
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	10.00%	<i>Note</i>
(13) Grant of financial assistance (including loans and guarantees) from SIMP to MSA and ASP	n.a.	n.a.	8.00	8.20
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	83.33%	<i>Note</i>
(14) Grant of financial assistance (including loans and guarantees) from SIMP to SBN	n.a.	n.a.	0.64	0.65
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	53.20%	<i>Note</i>
(15) Grant of financial assistance (including loans and guarantees) from SIMP to MCP, MPI and GS	n.a.	n.a.	7.82	8.11
<i>Plantation Utilisation Rate:</i>	<i>n.a.</i>	<i>n.a.</i>	74.50%	<i>Note</i>
(16) Lease of land from AS to SIMP	0.06	0.06	0.06	0.01
<i>Plantation Utilisation Rate:</i>	60.00%	60.00%	60.00%	<i>Note</i>
(17) Pumping and loading services from STP to SIMP	0.34	0.34	0.31	0.08
<i>Plantation Utilisation Rate:</i>	60.00%	60.00%	62.00%	<i>Note</i>

Note: Due to the disproportionate amount of the Plantations Business Transactions on a month-by-month basis, we do not consider it appropriate to estimate the Plantation Utilisation Rate for the year ending 31 December 2008 by annualising the actual transacted amount for the first quarter of 2008, as such estimates may not be accurately reflective of the actual Plantation Utilisation Rate.

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As illustrated in Table Six above, no transactions type (1), (7), (8) and (9) had been effected during the financial year 2007 and the first quarter of 2008; while it is noted that the respective Plantation Utilisation Rate for the transactions type (3), (5), (6) and (10) to (12) for the financial year 2007 was relatively low as compared with those for the remaining Plantations Business Transactions respectively for the relevant year. As advised by the management of Indofood, the above circumstances was mainly due to the delay in the relevant Plantation Companies' plantation progress as a result of extra time required for funding solicitation, which will be expedited in second half of 2008 upon receipt of additional funds (subject to the approval of the Revised Plantations Caps in respect of the Financial Assistance and availability of additional bank facilities). Notwithstanding the above, there have been steady transacted amounts for the remaining Plantations Business Transactions (as referred to transactions type (2), (4) and (13) to (17) for the financial year 2007).

Given the short history of all the Plantations Business Transactions (save for transactions type (16) and (17)) which were only initially commenced in 2007 and the unexpected external factors contributing to the relatively low Plantation Utilisation Rates for the relevant Plantations Business Transactions as discussed above, we concur with the Directors' view that the generally low Plantation Utilisation Rates and the actual transacted amount deviations from the initial forecasts for the relevant Plantations Business Transactions, on the whole, are acceptable.

- (c) The bases of determination of the Revised Plantations Caps, the 2010 Plantations Caps and the Sugar Caps

The following table sets out the details of the Revised Plantations Caps and the 2010 Plantations Caps for each of the Plantations Business Transactions:

Table Seven

Type of the Plantations Business Transactions	The relevant Revised Plantations Caps and the 2010 Plantations Caps* <i>US\$ million</i>
(1) Purchase of spare parts from RMK by GS	2008: 0.1 (0.2) 2009: 0.2 (0.2) 2010: 0.3
(2) Lease of heavy equipment from RMK by GS	2008: 0.8 (0.4) 2009: 0.9 (0.4) 2010: 1.0

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Type of the Plantations Business Transactions	The relevant Revised Plantations Caps and the 2010 Plantations Caps* <i>US\$ million</i>
(3) Rental of office space from RMK by GS	2008: 0.1 (0.1) 2009: 0.2 (0.1) 2010: 0.3
(4) Lease of heavy equipment from RMK by MPI	2008: 0.3 (0.1) 2009: 0.4 (0.1) 2010: 0.6
(5) Sales of seedlings from SAIN to MSA	2008: 1.3 (1.0) 2009: 1.4 (0.7) 2010: 1.6
(6) Sales of seedlings from SAIN to SBN	2008: 0.9 (0.7) 2009: 1.0 (0.7) 2010: 1.1
(7) Sales of seedlings from SAIN to ASP	2008: 0.8 (0.6) 2009: 1.7 (0.6) 2010: 1.8
(8) Sales of seedlings from SAIN to GS	2008: 1.0 (0.8) 2009: 1.1 (<i>n.a.</i>) 2010: 1.2
(9) Sales of seedlings from SAIN to MPI	2008: 1.0 (0.4) 2009: 1.1 (0.5) 2010: 1.2
(10) Provision of services for research from SAIN to MSA	2008: 0.1 (0.1) 2009: 0.3 (0.1) 2010: 0.4
(11) Provision of services for research from SAIN to SBN	2008: 0.1 (0.1) 2009: 0.3 (0.1) 2010: 0.4
(12) Provision of services for research from SAIN to ASP	2008: 0.1 (0.1) 2009: 0.3 (0.1) 2010: 0.4
(13) Grant of financial assistance (including loans and guarantees) from SIMP to MSA and ASP	2008: 79.4 (9.6) 2009: 79.4 (9.6) 2010: 79.4

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Type of the Plantations Business Transactions	The relevant Revised Plantations Caps and the 2010 Plantations Caps* <i>US\$ million</i>
(14) Grant of financial assistance (including loans and guarantees) from SIMP to SBN	2008: 20.7 (1.2) 2009: 20.7 (1.2) 2010: 20.7
(15) Grant of financial assistance (including loans and guarantees) from SIMP to MCP, MPI and GS	2008: 114.7 (10.5) 2009: 114.7 (10.5) 2010: 114.7
(16) Lease of land from AS by SIMP	2008: 0.1 (0.1) 2009: 0.1 (0.1) 2010: 0.1
(17) Pumping and loading services from STP to SIMP	2008: 0.8 (0.6) 2009: 0.9 (0.7) 2010: 1.1

* *The figures in parentheses denote the Annual Caps under the existing Annual Caps as detailed in the May 2007 Circular for the relevant financial year.*

Set out below are the details of the relevant New Plantations Caps for each of the New Plantations Business Transactions for the three years ending 31 December 2010:

Table Eight

Type of the New Plantations Business Transactions	The relevant New Plantations Caps <i>US\$ million</i>
(1) Sales of agronomy materials from GS to MPI	2008: 0.6 2009: 0.7 2010: 0.9
(2) Sales of agronomy materials from MPI to GS	2008: 0.6 2009: 0.7 2010: 0.9
(3) Purchase of heavy equipment from RMK by GS	2008: 0.9 2009: 0.9 2010: 0.9
(4) Purchase of building materials from RMK by GS	2008: 0.2 2009: 0.3 2010: 0.4

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Type of the New Plantations Business Transactions	The relevant New Plantations Caps <i>US\$ million</i>
(5) Purchase of building materials from RMK by MPI	2008: 0.2 2009: 0.3 2010: 0.4
(6) Purchase of spare parts from RMK by MPI	2008: 0.1 2009: 0.2 2010: 0.3
(7) Sales of seedlings from LSIP to MSA	2008: 1.3 2009: 1.4 2010: 1.6
(8) Sales of seedlings from LSIP to SBN	2008: 0.9 2009: 1.0 2010: 1.1
(9) Sales of seedlings from LSIP to ASP	2008: 0.8 2009: 1.7 2010: 1.8
(10) Sales of seedlings from LSIP to GS	2008: 1.0 2009: 1.1 2010: 1.2
(11) Sales of seedlings from LSIP to MPI	2008: 1.0 2009: 1.1 2010: 1.2

Set out below are the details of the relevant Sugar Caps for each of the Sugar Transactions for the three years ending 31 December 2010:

Table Nine

Type of the Sugar Transactions	The relevant Sugar Caps <i>US\$ million</i>
(1) Grant of financial assistance (including loans and guarantees) from SIMP to LPI	2008: 135.0 2009: 135.0 2010: 135.0
(2) Provision of consulting and technical services for project development by IKU to LPI	2008: 0.2 2009: 0.2 2010: 0.2

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(i) Seedlings Transactions

It is noted that a substantial growth in the Annual Cap is generally expected for each of the Seedlings Transactions involving SAIN as the supplier for the two years ending 31 December 2009 when compared to their respective existing Annual Cap for the same periods. It is also noted that, save for the significant increase in the Annual Cap of the Seedlings Transactions involving ASP as the purchaser for the year ending 31 December 2009, the Annual Caps for all other Seedlings Transactions increase moderately for the two years ending 31 December 2010 when compared to the respective Annual Cap for the previous years. In this regard, we have discussed with the management of Indofood regarding the underlying reasons for the aforesaid growth, and noted that the management has principally taken into account (1) that the global demand for the crude palm oil is expected to continuously outstrip the global supply in the foreseeable future leading to continuous increase in the price of crude palm oil, in view of, among others, the continuing economic and demographic growth particularly in Asia Pacific and the limited availability of acreage for arable crops; (2) the internal demand for crude palm oil from the Indofood Group for use in its production of edible fats and oils production; (3) the projected plantation plans of the Plantation Companies for the coming three years; (4) the expected increase in the prices of the seedlings and sprouts along with the domestic inflation; (5) the relatively high quality and high yield rates of seedlings produced by SAIN and LSIP when compared to the market average; and (6) the adoption of general buffers of 30% to accommodate unanticipated future variations in plantation plans and the related development costs of seedlings and sprouts including the cost of raw materials and accessories.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Seedlings Transactions, we have reviewed (1) the industry outlook of crude palm oil market as detailed in sub-section (a) above; (2) the three-year projected plantation plans of the Plantation Companies; and (3) the existing market prices for seedlings and sprouts. We have also discussed with the management of Indofood regarding the underlying bases and assumptions related thereto as detailed above. We concur with the Directors' view that it will be fair and reasonable and in

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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:

- that 219,537 hectares, representing about 54.0% of the total land bank of the Indofood Group, remain unplanted as at the Latest Practicable Date and the Indofood Group intends to speed up the development of its unplanted land bank in order to fulfill its internal demand for crude palm oil from a cost-effective aspect;
- the current intention of the Indofood Group to achieve 250,000 hectares of planted oil palm plantation area by 2010;
- that no sprouts will be sold to the Plantation Companies for the three years ending 31 December 2010 by SAIN or LSIP unless the supply of seedlings by SAIN and LSIP is in shortage;
- the estimated increase in the unit selling price of seedlings of 10% per annum, which is in line with the five-year average domestic inflation rate of about 9.7%;
- that the unit selling prices of seedlings are considered to be fair and reasonable as detailed in section (B)(2)(a)(ii) above; and
- the significant increase of about 112.5% in the proposed Annual Cap in respect of the Seedlings Transactions involving ASP as the purchaser for the year ending 31 December 2009 as compared to that for the previous year; given the intention of ASP to double its plantation areas in 2009.

(ii) Research Services

It is noted that a substantial growth in the Annual Cap is generally expected for each of the Research Services for the year ending 31 December 2009 when compared to their respective existing Annual Cap for the same periods; while there are also substantial increases in the Annual Caps for the two years ending 31 December 2010 when compared to the respective Annual Cap for the previous years. In this regard, we have discussed with the management of Indofood on the underlying reasons for the aforesaid growth. We noted that the aforesaid increases are generally in line with the estimated significant increase in the planted land of the Plantation Companies in the relevant periods, and the management has principally taken into account (1) the estimated cost,

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including but not limited to staff cost and administrative cost, to be incurred in relation to the provision of the related research services; (2) the projected plantation plans of the Plantation Companies for the next three years; (3) the area of the respective plantation land; and (4) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and cost associated with the provision of the Research Services.

In our assessment of the respective reasonableness and fairness of the respective Annual Caps of the Research Services, we have reviewed (1) the market rate for the provision of similar research services by an independent third party; and (2) the three-year projected plantation plans of the Plantation Companies. We have also discussed with the management of Indofood on the underlying bases and assumptions related thereto as detailed above. We concur with the Directors' view that it will be fair and 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:

- the purpose of and the benefits to be derived from the Research Services as discussed in section (B)(1)(c)(ii) above;
- the current intention of the Indofood Group to achieve 250,000 hectares of planted oil palm plantation area by 2010; and
- that the research fees are considered to be fair and reasonable as detailed in section (B)(2)(b)(ii) above.

(iii) Heavy Equipment Transactions

It is noted that a substantial growth in the Annual Cap is generally expected for each of the Heavy Equipment Transactions for the two years ending 31 December 2009 when compared to the respective existing Annual Cap for the same periods; while there are also increases in the Annual Caps for the three years ending 31 December 2010 when compared to the respective Annual Cap for the previous years (save for the decrease in the transaction relating to the purchases of spare parts from RMK by GS for the year ending 31 December 2008). In this regard, we have discussed with the management of Indofood on the underlying reasons for the above circumstances. We noted that the aforesaid increases are generally in line with the estimated significant increase in the planted land of the Plantation Companies in the relevant periods, and the management has principally taken into account (1) the estimated number and model of heavy equipment required to be purchased and leased; (2) the estimated number and model of spare parts required for the maintenance of the heavy equipment; (3) the projected plantation plans

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of the Plantation Companies for the coming three years; (4) the expected increase in the purchase price of the heavy equipment and spare parts along with the domestic inflation; (5) the expected increase in the leasing rate of the heavy equipment along with the domestic inflation; and (6) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and the purchase cost and leasing rate of heavy equipment and spare parts (as the case may be).

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Heavy Equipment Transactions, we have reviewed (1) the heavy equipment requirement schedules for the coming three years compiled by GS and MPI; and (2) the three-year projected plantation plans of the Plantation Companies. We have 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:

- the current intention of the Indofood Group to achieve 250,000 hectares of planted oil palm plantation area by 2010;
- that the number and model of heavy equipment required for each year are forecasted with reference to the projected plantation area, the geographic condition of each plantation land and the availability of the existing heavy equipment;
- that the number and model of heavy equipment to be purchased by GS are forecasted with reference to (1) the current intention of the management of Indofood to continue leasing the existing heavy equipment and to purchase every heavy equipment required by the oil palm plantation from 2008 to 2010; and (2) the availability of the banking facilities and the projected cash flow of GS;
- that the number and model of spare parts to be purchased by GS and MPI are forecasted with reference to (1) the condition of the existing heavy equipment; (2) the useful life of each heavy equipment of around 15 years; and (3) the number of heavy equipment to be purchased or leased by GS and/or MPI;
- that, as estimated by the management of the Indofood, the leasing rate and unit purchase prices will increase by 10% per annum, which is in line with the five-year average domestic inflation rate of about 9.7%;

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- that the leasing rate of the heavy equipment and the unit purchase prices of the heavy equipment and spare parts are considered to be fair and reasonable as detailed in section (B)(2)(c)(ii) above; and
- the decrease in the proposed Annual Cap in respect of the purchase of spare parts from RMK by GS for the year ending 31 December 2008 of US\$0.1 million when compared to the respective existing Annual Cap of US\$0.2 million; as a result of the downward adjustment in the expected necessities of the spare parts for maintenance given that the existing heavy equipment are currently in good condition.

(iv) Office Rental Transaction

It is noted that a substantial growth in the Annual Cap is expected for the Office Rental Transaction for the two years ending 31 December 2010 when compared to the respective Annual Caps for the previous years, which are generally in line with the estimated significant increase in the planted land of the Plantation Companies in the relevant periods. In this regard, we have discussed with the management of Indofood the underlying reasons of the aforesaid growth, and noted that the management has principally taken into account (1) the additional office spaces to be required in 2009 and 2010; (2) the expected increase in the rental rates of the office space along with the domestic inflation; (3) the availability of surplus office space of RMK; and (4) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and the rental rates for additional office space.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Office Rental Transaction, we have reviewed the market rate for rental of similar offices in the same district and the estimated office space requirement of GS for the coming three years. We have 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:

- that additional office space will be required in 2009 and 2010 respectively in view of the expected increase in headcount resulting from further development of oil palm plantation of GS;
- that, as estimated by the management of Indofood, the rental rates of the existing and additional office space will increase by 10% per annum, which is in line with the five-year average domestic inflation rate of about 9.7%;

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- the current intention of the Indofood Group to seek for additional office spaces from RMK in view of the favourable rental rate offered by RMK; and
- that the rental rate is considered to be fair and reasonable as detailed in section (B)(2)(d)(ii) above.

(v) Leasing Transaction

As advised by the management of Indofood, after taking into account (1) the area of the relevant land; (2) the prevailing rental rate for similar lands for industrial purpose in the same district; and (3) the lease period of 20 years, no revision is considered to be necessary for the Annual Caps in relation to the Leasing Transaction for the three years ending 31 December 2010.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Leasing Transaction, we have reviewed the market rate for rental of lands for industrial purposes in the same district. We have 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:

- that the refinery facilities of SIMP were established on the relevant land since 1984 and have been operating over 20 years in good condition;
- that SIMP currently has no plan to relocate its refinery facilities and the 20-year rental for its lease of the relevant land has been fully paid in advance, and therefore the rental charge per annum of about US\$0.1 million was fixed for each of the three years ending 31 December 2010; and
- that the rental rate is considered to be fair and reasonable as detailed in section (B)(2)(e)(ii) above.

(vi) Pumping Service

It is noted that a substantial growth in the Annual Cap is generally expected for each of the Pumping Service for the two years ending 31 December 2009 when compared to their respective existing Annual Cap for the same periods; while there are also substantial increases in the Annual Caps for the three years ending 31 December 2010 when compared to the respective Annual Cap for the previous years. In this

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regard, we have discussed with the management of Indofood on the underlying reasons for the aforesaid growth. We noted that the aforesaid increases are generally in line with the estimated significant increase in the production of crude palm oil of the Indofood Group in the relevant periods, and the management has principally taken into account (1) the internal demand of crude palm oil from the Indofood Group for its edible fats and oils production business; (2) the increase in plantation areas and production of crude palm oil according to the projected plantation plans of the Indofood Group for the coming three years; (3) the need for more storage facilities and more frequent pumping services in view of the expected increase in supply and demand of crude palm oil; and (4) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and the charges in relation to the provision of the Pumping Service and other related costs for pumping and loading of crude palm oil.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Pumping Service, we have reviewed (1) the supply of crude palm oil and the demand for storage facilities and pumping services in the coming three years; and (2) the market rates for similar pumping services provided by an independent service provider. We have 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:

- that the Indofood Group is expected to generate crude palm oil (which will use the Pumping Service) of about 250 million tonnes, 280 million tonnes and 350 million tonnes per annum in 2008, 2009 and 2010 respectively;
- that the increase in production of crude palm oil will increase the demand of storage facilities given the current intention of the management of Indofood to enhance its storage facilities in Dumai; and
- that the pumping service fees are considered to be fair and reasonable as detailed in section (B)(2)(f)(ii) above.

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(vii) Agronomy Materials Transactions

It is noted that an increase in Annual Caps is expected for the Agronomy Materials Transactions for the two years ending 31 December 2010 when compared to the respective Annual Cap for the previous years, which are generally in line with the estimated domestic inflation rate in the relevant periods. In this regard, we have discussed with the management of Indofood the underlying reasons of the aforesaid growth, and noted that the management has principally taken into account (1) the number and type of agronomy materials to be required by GS or MPI (as the case may be); (2) the expected increase in the purchase prices of the agronomy materials to be charged at cost along with the domestic inflation; and (3) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and the purchase cost of agronomy materials.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Agronomy Materials Transactions, we have 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:

- that the number and type of agronomy materials to be used by GS or MPI (as the case may be) are estimated with reference to the projected plantation plans and the inventory level of the agronomy materials of GS and MPI;
- that, as estimated by the management of the Indofood, the unit purchase prices of the agronomy materials will increase by 10% per annum, which is in line with the five-year average domestic inflation rate of about 9.7%; and
- that the selling prices of agronomy materials will be charged at cost and therefore are considered to be fair and reasonable as detailed in section (B)(2)(g)(ii) above.

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(viii) Building Materials Transactions

It is noted that an increase in the Annual Cap is expected for the Building Materials Transactions for the two years ending 31 December 2010 when compared to the respective Annual Cap for the previous years, which are generally in line with the estimated significant increase in the planted land of the Plantation Companies in the relevant periods. In this regard, we have discussed with the management of Indofood the underlying reasons of the aforesaid growth, and noted that the management has principally taken into account (1) the number of buildings and facilities and the building materials to be required in the estates in the coming three years; (2) the number of headcount to be employed in view of the progress of the oil palm plantation in the coming three years; (3) the expected increase in the purchase prices of the building materials, which will be based on market prices, along with the domestic inflation; and (4) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and purchase cost of building materials.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Building Materials Transactions, we have reviewed the estimated building materials required by GS and MPI in the coming three years. We have 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:

- that the growth rate of the number of building materials required is in line with the increase in the planted area of the Plantation Companies in the coming three years;
- that, as estimated by the management of the Indofood, the unit purchase prices of the building materials will increase by 10% per annum, which is in line with the five-year average domestic inflation rate of about 9.7%; and
- that the purchase prices of building materials are considered to be fair and reasonable as detailed in section (B)(2)(h)(ii) above.

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(ix) Financial Assistance

It is noted that a substantial growth in the Annual Cap is expected for the Financial Assistance in relation to the Plantation Companies for the two years ending 31 December 2009 when compared to the existing Annual Caps for the same periods; while the Annual Caps for the Financial Assistance in relation to all the Plantation Companies and LPI for the three years ending 31 December 2010 remain steady when compared to the respective Annual Cap for the previous years. In this regard, we have discussed with the management of Indofood the underlying reasons for the above, and noted that the management has principally taken into account (1) the respective projected plantation plans of the Plantation Companies and LPI for the next three years; (2) the estimated capital expenditure for the implementation of such projected plantation plans; (3) that SIMP is interested in 60% of the Plantation Companies and LPI; (4) that loans from the financial institutions are capped at 70% and 65% of the Plantation Companies' and LPI's total funding requirement; (5) that SIMP has to guarantee 60% of the Plantation Companies' and LPI's loans granted by the local financial institutions; (6) the existing loans granted by the financial institutions to the Plantation Companies and LPI respectively; and (7) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and the capital expenditures.

In our assessment of the respective reasonableness and fairness of the Annual Caps of the Financial Assistance in relation to the Plantation Companies and LPI, we have reviewed (1) the projected plantations plans of the Plantation Companies and LPI and the related projected capital expenditures for the coming three years; and (2) the shareholding structure of the Plantation Companies and LPI. We have 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:

- the current intention of the Indofood Group to achieve 250,000 hectares of planted oil palm plantation area by 2010 and 18,600 hectares of planted sugar cane plantation area by 2011;

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- that the capital expenditure for the implementation of the Plantation Companies' and LPI's projected plantation plans for the coming three years are estimated with reference to (1) the respective projected plantations plans; (2) the respective number and models of machineries and equipment required; (3) the increase in production and administrative facilities resulting from additional headcount and enhanced production capacity; and (4) the estimated domestic inflation rate;
- that the current financial institutions will only grant up to 70% of the Plantation Companies' and 65% of LPI's total funding requirement, with the remaining balance to be fulfilled by the shareholders' loans from their respective shareholders (including SIMP and the Salim Group);
- that SIMP and the other shareholders of the Plantation Companies or LPI (including the Salim Group), which are respectively interested in 60% and 40% of the Plantation Companies or LPI (as the case may be), will bear the shareholders' loan and the corporate guarantee on a pro rata basis; and
- the existing bank loan facilities granted by the financial institutions to the Plantation Companies and LPI of about Rp121.6 billion (equivalent to about US\$13.5 million) and Rp1,167 billion (equivalent to about US\$129.7 million) respectively.

(x) Consulting Service

It is noted that the Annual Cap is expected to remain steady for the Consulting Service for the three years ending 31 December 2010. In this regard, we have discussed with the management of Indofood on the underlying reasons and noted that the management has principally taken into account (1) the estimated cost, including but not limited to staff cost and administrative cost, to be incurred in relation to the provision of the related consulting services; (2) the projected plantation plans of LPI for the next three years; (3) the area of the plantation land of LPI; and (4) the adoption of general buffers of 30% to accommodate unanticipated future variations in the plantation plans and cost associated with the provision of the Consulting Service.

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In our assessment of the respective reasonableness and fairness of the respective Annual Caps of the Consulting Service, we have reviewed the three-year projected plantation plans of LPI. We have also discussed with the management of Indofood on the underlying bases and assumptions related thereto as detailed above. We concur with the Directors' view that it will be fair and 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:

- the purpose of and the benefits to be derived from the Consulting Service as discussed in section (B)(1)(d)(x) above;
- the current intention of the Indofood Group to achieve 18,600 hectares of sugar cane plantation area by 2011; and
- that the consulting service fee is considered to be fair and reasonable as detailed in section (B)(2)(j)(ii) above.

(d) Conclusion

Based on the factors and reasons discussed above, we are of the view that the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps were set by the Group after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

RECOMMENDATION

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

- the nature of the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription);
- that the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription), which will be conducted on normal commercial terms, are in line with the Indofood Group's adopted business expansion strategies and are expected to enhance the growth potential of the Indofood Group's agribusinesses;
- that the respective pricing basis as provided under each of the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions is fair and reasonable;

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- the control and review procedures and arrangements in place to safeguard the interests of the Company and the Shareholders in relation to the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions; and
- that the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps have been set by the Group, after careful and due considerations, at a level which will be in the interests of both the Company and the Shareholders, in view of the factors as discussed in detail above,

we consider that the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription) will be conducted based on normal commercial terms and their respective terms and conditions together with the Revised Plantations Caps, the 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps (subject to completion of the Proposed Subscription) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Shareholders' Meeting to approve the Plantations Business Transactions, the New Plantations Business Transactions and the Sugar Transactions (subject to completion of the Proposed Subscription) and the adoption of the Revised Plantations Caps, 2010 Plantations Caps, the New Plantations Caps and the Sugar Caps (subject to completion of the Proposed Subscription).

Yours faithfully,
For and on behalf of
Quam Capital Limited
Richard D. Winter
Managing Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which:-

- (a) were required to be notified to the Company and the Exchange pursuant to Divisions (7) and (8) of Part XV of the SFO (including interests and shorts position which they are taken or deemed to have under such provisions of the SFO); or
- (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or
- (c) were required, pursuant to the Model Code, to be notified to the Company and the Exchange were as follows:-

(A) Long positions in shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,418,525,963 ^{(C)(i)}	44.00	-
Manuel V. Pangilinan	6,252,759 ^(P)	0.19	62,000,000
Edward A. Tortorici	35,372,131 ^(P)	1.10	21,760,000
Robert C. Nicholson	-	-	29,500,000
Ambassador Albert F. del Rosario	600,000 ^(P)	0.02	6,000,000
Benny S. Santoso	-	-	6,000,000
Graham L. Pickles	-	-	3,160,000
Prof. Edward K.Y. Chen, GBS, CBE, JP	-	-	4,500,000
Sir David W.C. Tang KBE	-	-	3,160,000

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

- (i) Anthoni Salim owns 100 per cent of First Pacific Investments (BVI) Limited which, in turn, is interested in 628,296,599 ordinary shares in the Company. Of this, 33.334 per cent is held by Anthoni Salim directly, and 66.666 per cent by Salerni International Limited (a company which Anthoni Salim directly holds 100 per cent of the issued share capital). Anthoni Salim also owns 56.8 per cent of First Pacific Investments Limited which, in turn, is interested in 790,229,364 ordinary shares in the Company. Of this, 10 per cent is held by Anthoni Salim directly, and 46.8 per cent by Salerni International Limited. The remaining 43.2 per cent interest in First Pacific Investments Limited is owned as to 30 per cent by Sutanto Djuhar, 10 per cent by Tedy Djuhar and 3.2 per cent by a company controlled by Ibrahim Risjad, all of whom are Non-executive Directors of the Company.

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

- Manuel V. Pangilinan owned 1,248,404 common shares^(P) in Metro Pacific Investments Corporation (MPIC), 204,933 common shares^(P) and 360 preferred shares^(P) in Philippine Long Distance Telephone Company (PLDT) as beneficial owner and a further 15,417 common shares in PLDT as nominee.
- Edward A. Tortorici owned 69,596 common shares^(C) and 660,000 common shares^(P) in MPIC and 104,874 common shares^(P) in PLDT.
- Sutanto Djuhar owned 15,520,335 ordinary shares^(C) in P.T. Indofood Sukses Makmur Tbk (Indofood).
- Tedy Djuhar owned 15,520,335 ordinary shares^(C) in Indofood.
- Ibrahim Risjad owned 6,406,180 ordinary shares^(C) in Indofood.
- Anthoni Salim owned 632,370 ordinary shares^(C) in Indofood and a direct interest of 2,007,788 shares in Indo Agri through his controlled corporations other than the Company and an indirect interest of 998,200,000 Indo Agri shares through First Pacific Group companies.
- Ambassador Albert F. del Rosario owned 130,005 common shares^(P) in PLDT, 1,560 preferred shares^(P) in PLDT, 32,231,970 preferred shares in Prime Media Holdings, Inc. (PMH) as nominee, 4 common shares^(P) in PMH as beneficial owner, 4,922 common shares^(P) in Costa de Madera Corporation, 15,000 common shares^(P) in Metro Pacific Land Holdings Inc., and 80,000 common shares^(P) in Metro Strategic Infrastructure Holdings, Inc.
- Napoleon L. Nazareno owned 6,648 common shares^(P) in MPIC, 12,127 common shares^(P) in PLDT and 495 preferred shares^(P) in PLDT.

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

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

(ii) Interests of Substantial Shareholders in the Company

As at the Latest Practicable Date, the register of interests in shares and short positions of substantial shareholders maintained under Section 336 of the SFO shows that at the Latest Practicable Date, the Company had been notified that the following persons were interested in five per cent or more of the Company's issued share capital:

- (a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,418,525,963 ordinary shares of the Company (long position) at the Latest Practicable Date, representing approximately 44.00 per cent of the Company's issued share capital, by way of its 46.80 per cent interest in First Pacific Investments Limited (FPIL-Liberia) and its 66.666 per cent interest in First Pacific Investments (BVI) Limited (FPIL-BVI).
- (b) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at the Latest Practicable Date, representing approximately 24.51 per cent of the Company's issued share capital at that date. FPIL-Liberia is owned by the Chairman (Anthoni Salim) and three Non-executive Directors (Sutanto Djuhar, Tedy Djuhar and Ibrahim Risjad), in the proportion specified in note (i) of the table on page 103. Anthoni Salim is taken to be interested in the shares owned by FPIL-Liberia.
- (c) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 628,296,599 ordinary shares at the Latest Practicable Date, representing approximately 19.49 per cent of the Company's issued share capital at that date. Anthoni Salim, the Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.
- (d) Brandes Investment Partners, L.P. (Brandes), a U.S. company, notified the Company that it held 156,789,061 ordinary shares of the Company in June 2008, representing approximately 4.86 per cent of the Company's issued share capital at that time. As at the Latest Practicable Date, the Company has not received any other notification from Brandes of any change to such holding.

- (e) Marathon Asset Management Limited (Marathon), a U.K. incorporated company, notified the Company that it held 226,679,173 ordinary shares of the Company in May 2008, representing approximately 7.03 per cent of the Company's issued share capital at that time. As at the Latest Practicable Date, the Company has not received any other notification from Marathon of any change to such holding.

Other than as disclosed above, the Directors and Chief Executive of the Company are not aware of any person at the Latest Practicable Date who had an interest or short position in the shares or underlying shares and debentures of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in five per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company.

3. SERVICE CONTRACTS

No Director has an unexpired contract with the Company which is not determinable by the Company within one year without payment of any compensation, other than statutory compensation.

4. MATERIAL CONTRACTS

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

- (a) Sale and Purchase Agreement dated 23 August 2006 between Indofood, ISG Asia Limited, Yeunh Oi Siong and Kumpulan Cityaxis Sdn. Bhd. pursuant to which Indo Agri and ISG Asia Limited agreed to purchase from Indofood Singapore Holdings Pte. Ltd. ("ISHPL") and Indofood agreed to procure the sale by ISHPL of the entire issued share capital of Indofood Oil & Fats Pte. Ltd.;
- (b) the Deed of Ratification and Accession dated 11 September 2006 by ISHPL in favour of Indofood, ISG Asia Limited and Yeunh Oi Siong and Kumpulan CityAxis Sdn. Bhd relating to the Sale and Purchase Agreement dated 23 August 2006 referred to above;
- (c) placement agreement dated 7 February 2007 by Indo Agri with CIMB-GK Securities Pte. Ltd., Credit Suisse (Singapore) Limited and Kim Eng Securities Pte. Ltd. in relation to the placement by Indo Agri of up to 338,000,000 new consolidated shares of IndoAgri;

- (d) the sale and purchase agreement dated 14 February 2007 by MPAH, as buyer, and the Philippine Government as seller, for the acquisition of 111,415 issued common shares in Philippine Telecommunications Investment Corporation (PTIC), representing approximately 46% of the total issued common shares in PTIC for a purchase price amounting to Pesos 25,217,556,000 (US\$510,580,198); and
- (e) the conditional sale and purchase agreement dated 25 May 2007 entered into between Indo Agri, SIMP, First Durango, the Ashmore Funds and Mr. Sariaatmadja in relation to the proposed acquisition by Indo Agri and SIMP of shares in PT Perusahaan Perkebunan London Sumatra Indonesia Tbk., as amended by the supplemental agreement dated 28 August 2007.

5. LITIGATION

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

6. COMPETING INTERESTS

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

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

As at the Latest Practicable Date, no Director has any interest, direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material or adverse change in the financial or trading position of the Group since 31 December 2007 (being the date to which the latest audited financial statements of the Group were drawn up).

8. PROCEDURE FOR DEMANDING A POLL

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

- (i) the chairman; or
- (ii) at least three (3) members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy and representing not less than one-tenth (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 in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10th) of the total sum paid up on all the shares conferring that right.

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours on any week day (except public holidays) up to and including 30 June 2008:-

- (i) the letter from the Board, the text of which is set out on pages 8 to 27 of this circular;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this circular;
- (iii) the letter from Quam Capital, the independent financial adviser, the text of which is set out on pages 30 to 101 of this circular;
- (iv) this circular;
- (v) the material contracts referred to in section 4 above;

- (vi) the written consents referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (vii) the memorandum of association and bye-laws of the Company; and
- (viii) the annual reports of the Company for the years ended 31 December 2007, 31 December 2006 and 31 December 2005.

10. EXPERT AND CONSENT

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

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

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

11. MISCELLANEOUS

- (i) The Company Secretary of the Company is Nancy L.M. Li, MSc (Corporate Governance and Directorship), BA, FCS(PE), FCIS.
- (ii) The qualified accountant of the Company is Richard L. Beacher, BA(Hons) in Economics and Accounting, FCCA, CPA.
- (iii) The registered office of the Company is at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal office of the Company is at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR.
- (iv) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, at Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.

- (v) The share registrar and transfer office (Hong Kong Branch) is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR.
- (vi) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

Set out below is an extract of the relevant sections of the SGX-ST Listing Manual in relation to the grant of the Indo Agri General Mandate as of the Latest Practicable Date, capitalized terms referred to in this Appendix shall have the meanings ascribed to them in the SGX-ST Listing Manual:

CHAPTER 8

CHANGES IN CAPITAL

PART II GENERAL REQUIREMENTS FOR AN ISSUE OF SECURITIES

- 803 An issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.
- 804 Except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of this Chapter, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

The notice of meeting must state:-

- (1) the number of securities to be allotted to each director and associate;
 - (2) the precise terms of the issue; and
 - (3) that such directors and associates will abstain from exercising any voting rights on the resolution.
- 805 Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:-
- (1) The issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer; or
 - (2) If a principal subsidiary of an issuer issues shares or convertible securities or options that will or may result in:-
 - (a) the principal subsidiary ceasing to be a subsidiary of the issuer; or
 - (b) a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary. For example, if the issuer has a 70% interest in a principal subsidiary, shareholders' approval will be required for any issue of shares in the principal subsidiary reducing the issuer's equity interest to 56%.

General mandate

- 806 (1) Approval by an issuer's shareholders under Rule 805(1) is not required if shareholders had, by ordinary resolution in a general meeting, given a general mandate to the directors of the issuer, either unconditionally or on such conditions to issue:-
- (i) shares; or
 - (ii) convertible securities; or
 - (iii) additional convertible securities issued pursuant to Rule 829, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; or
 - (iv) shares arising from the conversion of the securities in (b) and (c), notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued.
- (2) A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares, excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares, excluding treasury shares. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not regard further shareholder approval, and will not be included in the aforementioned limits.
- (3) For the purpose of Rule 806(2), the total number of issued shares, excluding treasury shares is based on the issuer's total number of issued shares, excluding treasury shares at the time of the passing of the resolution approving the mandate after adjusting for:-
- (a) new shares arising from the conversion or exercise of convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.

- (4) If the general mandate is obtained before listing, the issuer may treat its post-invitation total number of issued shares, excluding treasury shares as its total number of issued shares, excluding treasury shares for the purpose of Rule 806(3).
- (5) An issuer cannot rely on the general mandate for an issue of convertible securities if the maximum number of shares to be issued upon conversion cannot be determined at the time of issue of the convertible securities.
- (6) A general mandate may remain in force until the earlier of the following:-
 - (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or
 - (b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.

PART IV ISSUE OF SHARES, COMPANY WARRANTS AND CONVERTIBLE SECURITIES FOR CASH (OTHER THAN RIGHTS ISSUE)

- 809 An issuer may issue shares, company warrants or other convertible securities for cash other than by way of a rights issue.
- 810 An issuer which intends to issue shares, company warrants or other convertible securities for cash must announce the issue promptly, stating the terms of the issue and the purpose of the issue (including the amount of proceeds proposed to be raised from the issue).
- 811 (1) An issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed.
- (2) An issue of company warrants or other convertible securities is subject to the following requirements:-
- (a) if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement.
 - (b) if the conversion price is based on a formula, any discount in the price-fixing formula must not be more than 10% of the prevailing market price of the underlying shares before conversion.

- (3) Rule 811(1) and (2) is not applicable if specific shareholder approval is obtained for the issue of shares, company warrants or other convertible securities.
- 812 (1) An issue must not be placed to any of the following persons:-
- (a) The issuer's directors and substantial shareholders.
 - (b) Immediate family members of the directors and substantial shareholders.
 - (c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders.
 - (d) Corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%.
 - (e) Any person who, in the opinion of the Exchange, falls within category (a) to (d).
- (2) The Exchange may agree to a placement to a person in Rule 812(1) if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.
- (3) The Exchange may agree to a placement to a person in Rule 812(1)(b), (c) or (d) if it is satisfied that the person is independent and is not under the control or influence of any of the issuer's directors or substantial shareholders.
- 813 An issuer may borrow shares from its substantial shareholder to facilitate an issue of shares for cash provided that the substantial shareholder does not receive any financial benefit (directly or indirectly) from the arrangement.

PART VI ISSUE OF COMPANY WARRANTS AND OTHER CONVERTIBLE SECURITIES

- 824 Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.
- 825 The number of new shares arising from the exercise/conversion of outstanding company warrants or other convertible securities must in aggregate not exceed 50% of the total number of issued shares, excluding treasury shares.
- 826 If application is made for the listing of company warrants or other convertible securities, the Exchange will normally require a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, the Exchange expects at least 100 warrant holders for a class of company warrants.

- 827 Company warrants or other convertible securities may be listed only if the underlying securities are (or will become at the same time) one of the following:-
- (1) A class of equity securities listed on the Exchange.
 - (2) A class of equity securities listed or dealt in on a stock market approved by the Exchange.
- 828 Each company warrant must:-
- (1) give the registered holder the right to subscribe for or buy one share in the total number of issued shares, excluding treasury shares of the issuer; and
 - (2) not be expressed in terms of dollar value.
- 829 The terms of the issue must provide for:-
- (1) adjustment to the exercise or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of rights, bonus or other capitalisation issues;
 - (2) the expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least 1 month before the expiration date; and
 - (3) Any material alteration to the terms of company warrants or other convertible securities after issue to the advantage of the holders of such securities to be approved by shareholders, except where the alterations are made pursuant to the terms of the issue.
- 830 An issuer must announce any adjustment made pursuant to Rule 829(1).
- 831 Except where the alterations are made pursuant to the terms of an issue, an issuer must not:-
- (i) extend the exercise period of an existing company warrant;
 - (ii) issue a new company warrant to replace an existing company warrant;
 - (iii) change the exercise price of an existing company warrant; or
 - (iv) change the exercise ratio of an existing company warrant.

- 832 A circular or notice to be sent to shareholders in connection with a general meeting to approve the issue of company warrants or other convertible securities must include at least the following information:-
- (1) The maximum number of the underlying securities which would be issued or transferred on exercise or conversion of the company warrants or other convertible securities.
 - (2) The period during which the company warrants or other convertible securities may be exercised and the dates when this right commences and expires.
 - (3) The amount payable on the exercise of the company warrants or other convertible securities.
 - (4) The arrangements for transfer or transmission of the company warrants or other convertible securities.
 - (5) The rights of the holders on the liquidation of the issuer.
 - (6) The arrangements for the variation in the subscription or purchase price and in the number of company warrants or other convertible securities in the event of alterations to the share capital of the issuer.
 - (7) The rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer.
 - (8) A summary of any other material terms of the company warrants or other convertible securities.
 - (9) The purpose for and use of proceeds of the issue, including the use of future proceeds arising from the conversion/exercise of the company warrants or other convertible securities.
 - (10) The financial effects of the issue to the issuer.
- 833 The following additional requirements apply to an offer of company warrants or other convertible securities by way of a rights issue or bought deal:-
- (1) The issuer's announcement of the rights issue or bought deal must include either:-
 - (a) the exercise or conversion price of the company warrants or other convertible securities, or
 - (b) a price-fixing formula to determine the exercise or conversion price. The price-fixing formula must not contain any discretionary element and the amount of premium or discount (in relation to the underlying share price) must be specified.

- (2) Where a price-fixing formula is adopted:-
 - (a) if the issue is not underwritten, the issuer must fix and announce the exercise or conversion price before the close of the offer; or
 - (b) if the issue is underwritten, the issuer must fix and announce the exercise or conversion price before the commencement of nil-paid rights trading.
 - (3) An offer of company warrants or convertible securities by way of a bought deal must comply with Part V of this Chapter.
- 834 For the purpose of this Part, a “bought deal” is an issue of company warrants or other convertible securities to a financial institution which will in turn offer them to the issuer’s shareholders on a pro-rata basis, usually in conjunction with a loan facility provided by that financial institution to the issuer.
- 835 An issuer making a bonus issue of company warrants must also comply with Rules 836 and 837.

Set out below is the text of the resolution of the shareholders of Indo Agri passed on 28 April 2008 in relation to the Indo Agri General Mandate.

“That authority be and is hereby given to the Directors to:

- (i) (aa) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (bb) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and

- (ii) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:
- (iii) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (iv) below), and provided further that where shareholders of the Company (“Shareholders”) with registered addresses in Singapore are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (iv) below);
- (iv) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”)) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (iii) above, the percentage of the issued Shares shall be based on the issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities;
 - (bb) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(cc) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

(v) (unless revoked or varied by the Company in general meeting), the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

In the above extract, the following defined terms used have the following meanings:

"Company" means Indofood Agri Resources Ltd.

"Directors" means the directors of Indofood Agri Resources Ltd.

**FIRST PACIFIC COMPANY LIMITED**

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

NOTICE IS HEREBY GIVEN that a special general meeting of First Pacific Company Limited (the "**Company**") will be held at 9:30 a.m. on Monday, 30 June 2008 at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong to consider and, if thought fit, approve, with or without modifications, the following resolutions as ordinary resolutions of the Company:-

1. **THAT** each of the continuing connected transactions, the related revised estimated annual caps for the financial years ending 31 December 2008 and 2009 and the related new annual caps assigned for the financial year ending 31 December 2010 relating to the consumer branded products business in respect of noodles carried on by the PT Indofood Sukses Makmur Tbk ("**Indofood**") group of companies as set out in Table A on pages 10 to 12 of the letter from the board section of the circular of the Company dated 13 June 2008 (the "**Circular**") be and are hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of any such transaction;
2. **THAT** the termination with immediate effect of the contract between PT Ciptakemas Abadi ("**CKA**") and De United Food Industries Ltd ("**DUFIL**") (transaction numbered (2) in Table A) and the entering into of new contracts on substantially the same terms with the same parties for fixed terms expiring on 31 December 2010 between (i) the food and ingredients division of Indofood ("**FID**") and DUFIL (transaction numbered (1) in Table A on pages 10 to 12 of the Circular); (ii) PT Ciptakemas Abadi ("**CKA**") and DUFIL (transaction numbered (2) in Table A); FID and Pinehill Arabian Food Ltd. ("**Pinehill**") (transaction numbered (4) in Table A); and CKA and Pinehill (transaction numbered (5) in Table A) be and are hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of any such transaction;

3. **THAT** each of the continuing connected transactions, the related revised estimated annual caps for the financial years ending 31 December 2008 and 2009 and the related new annual caps assigned for the financial year ending 31 December 2010 relating to the plantation business carried on by Indofood group of companies as set out in Table B1 on pages 15 to 16 of the letter from the board section of the Circular and each of the continuing connected transactions and the related new annual caps assigned for the financial years ending 31 December 2008, 2009 and 2010 relating to the plantation business carried on by Indofood group of companies as set out in Table B2 on pages 18 to 19 of the letter from the board section of the Circular, be and are hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of any such transaction;
4. **THAT** each of the potential continuing connected transactions and the related new annual caps assigned for the financial years ending 31 December 2008, 2009 and 2010 relating to the plantation business carried on by Indofood group of companies (after the completion of the Proposed Subscription) as set out in Table B3 on page 20 of the letter from the board section of the Circular be and are hereby approved and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of any such transaction;
5. **THAT** the termination with immediate effect of the contracts between (i) PT Gunta Samba (“GS”) and PT Rimba Mutiara Kusuma (“RMK”) (transactions numbered (1) to (3) in Table B1 on pages 15 to 16 of the Circular); (ii) PT Multi Pacific International (“MPI”) and RMK (transaction numbered (4) in Table B1); (iii) PT Sarana Inti Pratama (“SAIN”) and PT Mentari Subur Abadi (“MSA”) (transaction numbered (5) in Table B1); (iv) SAIN and PT Swadaya Bhakti Negaramas (“SBN”) (transaction numbered (6) in Table B1); (v) SAIN and PT Agrosibur Permai (“ASP”) (transaction numbered (7) in Table B1); (vi) SAIN and GS (transaction numbered (8) in Table B1); (vii) SAIN and MPI (transaction numbered (9) in Table B1); (viii) SAIN and MSA (transaction numbered (10) in Table B1); (ix) SAIN and SBN (transaction numbered (11) in Table B1); (x) SAIN and ASP (transaction numbered (12) in Table B1); (xi) SIMP and MSA/ASP (transaction numbered (13) in Table B1); (xii) PT Salim Ivomas Pratama (“SIMP”) and SBN (transaction numbered (14) in Table B1); (xiii) SIMP and PT Mega Citra Perdana/MPI and GS (transaction numbered (15) in Table B1) and the entering into of new contracts on substantially the same terms with the same parties for fixed terms expiring on 31 December 2010 for the contracts in respect of transactions (1) to (15) as referred to in this resolution be and are hereby approved; and that any director of the Company be and is hereby authorised to do such further acts and things and execute further documents and take all such steps which in his opinion may be necessary, desirable or give expedient to implement and/or give effect to the terms of any such transactions;

6. THAT:

- (a) the consent of the shareholders of the Company, for the purposes of Rule 13.36(1)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), be and is hereby generally and unconditionally granted for Indofood Agri Resources Ltd. (“Indo Agri”) to issue, allot and/or grant:
- (i) shares in the capital of Indo Agri (“Indo Agri Shares”), and/or
 - (ii) securities convertible into Indo Agri Shares, and/or
 - (iii) options, warrants or similar rights to subscribe for any Indo Agri Shares or securities convertible into Indo Agri Shares,

from time to time, in each case only to the extent permitted by the general mandate which was granted by the shareholders of Indo Agri by the ordinary resolution of the shareholders of Indo Agri passed on 28 April 2008, pursuant to and in accordance with the requirements of Rule 806 of the Singapore Exchange Securities Trading Limited Listing Manual.

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

Hong Kong

13 June 2008