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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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### FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

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

(Stock Code: 00142)

### DISCLOSEABLE AND CONNECTED TRANSACTION

### IMPLEMENTATION AGREEMENT IN RELATION TO SALE OF INTEREST IN CHINA MINZHONG FOOD CORPORATION LIMITED

**Independent Financial Adviser to the Independent Board Committee  
and to the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular.

A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular.

A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 18 to 50 of this circular.

A notice convening the SGM to be held at Jasmine-Peacock Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Wednesday, 19 October 2016 at 10:30 a.m. is set out on pages 67 to 68 of this circular. A proxy form for use in the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

Hong Kong, 28 September 2016

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## DEFINITIONS

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

|                               |  |
|-------------------------------|--|
| “Board”                       | board of Directors;  |
| “Bye-laws”                    | the Bye-laws of the Company, as amended from time to time;   |
| “CMZ”                         | China Minzhong Food Corporation Limited, currently a subsidiary of Indofood with its shares listed on the Singapore Stock Exchange;  |
| “CMZ BVI”                     | China Minzhong Holdings Limited, a company incorporated under the laws of the British Virgin Islands;  |
| “CMZ Management”              | Mr. Lin Guo Rong (Executive Chairman and Chief Executive Officer of CMZ), Mr. Siek Wei Ting (Chief Financial Officer of CMZ), Mr. Huang Bing Hui (Chief Technology Officer of CMZ) and Mr. Wang Da Zhang (Chief Operating Officer of CMZ); |
| “CMZ Management Shares”       | the 32,183,600 CMZ Shares owned by CMZ BVI and the CMZ Management as at the Latest Practicable Date;   |
| “CMZ Management’s Acceptance” | the tender by CMZ BVI and the CMZ Management of all the CMZ Management Shares to Marvellous BVI in acceptance of the Offer;  |
| “CMZ Shares”                  | ordinary shares in the share capital of CMZ;   |
| “Company”                     | First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;   |
| “Director(s)”                 | the director(s) of the Company;  |
| “Earnest Sum”                 | the earnest sum in the amount of S\$40 million (equivalent to approximately US\$29.4 million or HK\$229.4 million) paid by CMZ BVI to Indofood under the MOU;  |
| “Exchange Period”             | the period commencing two months from the date of the close of the Offer (the “ <b>Commencement Date</b> ”) and ending two months after the Commencement Date (or such later date as Marvellous BVI may determine);                        |
| “Exchangeable Bonds”          | the zero coupon mandatorily exchangeable bonds to be issued by Marvellous BVI on the settlement date(s) of the Offer;  |
| “Group”                       | the Company and its subsidiaries from time to time;  |
| “HK\$”                        | Hong Kong dollars, the lawful currency of Hong Kong;   |

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## DEFINITIONS

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| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China;   |
| “Implementation Agreement”      | the definitive agreement dated 6 September 2016 entered into between Indofood, CMZ BVI and Marvellous BVI in relation to certain amendments to the transaction proposed under the MOU and implementation of the amended transaction;   |
| “Independent Board Committee”   | an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and making a recommendation to the Independent Shareholders as to how to vote at the SGM;  |
| “Independent Financial Adviser” | Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM; |
| “Independent Shareholders”      | shareholders of the Company who do not have a material interest in the Implementation Agreement or the transactions contemplated thereunder;   |
| “Indofood”                      | PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Group and which has its shares listed on the Indonesia Stock Exchange;  |
| “Indofood CMZ Shares”           | the 543,252,517 CMZ Shares, representing approximately 82.88% of the existing issued share capital of CMZ, owned by Indofood as at the Latest Practicable Date;  |
| “Indofood Group”                | Indofood and its subsidiaries from time to time;   |
| “Latest Practicable Date”       | 22 September 2016, being the latest practicable date for ascertaining certain information for inclusion in this circular;  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange;   |
| “Long-Stop Date”                | 31 December 2016 or such other date as Marvellous BVI and Indofood may determine in consultation with the Securities Industry Council of Singapore;  |
| “Marvellous BVI”                | Marvellous Glory Holdings Limited, a company incorporated under the laws of the British Virgin Islands;  |

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## DEFINITIONS

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| “MOU”                      | the memorandum of understanding dated 14 October 2015 entered into between Indofood and CMZ BVI in relation to the proposed sale of a 52.94% interest in CMZ by Indofood to CMZ BVI, the principal terms of which are summarized in the Company’s announcement dated 16 October 2015;  |
| “Offer”                    | the voluntary general offer to be made by or on behalf of Marvellous BVI, to acquire all the issued CMZ Shares other than those already held by Marvellous BVI as of the date of the offer;  |
| “Offer Price”              | the offer price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share under the Offer;   |
| “PRC”                      | the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;  |
| “Pre-Conditions”           | the pre-conditions to the making of the Offer referred to in the section headed “Pre-Conditions to the Offer” in this circular;  |
| “RMB”                      | Renminbi, the lawful currency of the PRC;  |
| “S\$”                      | Singapore dollars, the lawful currency of Singapore;   |
| “SFO”                      | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);   |
| “SGM”                      | the special general meeting of the Company to be convened by the SGM Notice and to be held on Wednesday, 19 October 2016 for the purpose of considering and, if thought fit, approving, among other things, the Implementation Agreement and the transactions contemplated thereunder; |
| “SGM Notice”               | notice of the SGM as set out on pages 67 to 68 of this circular;   |
| “Singapore Stock Exchange” | Singapore Exchange Securities Trading Limited;   |
| “Singapore Takeovers Code” | the Singapore Code on Take-overs and Mergers;  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited;   |
| “Transactions”             | the transactions contemplated under the Implementation Agreement, including Indofood’s acceptance of the Offer in respect of all the Indofood CMZ Shares;  |
| “US\$”                     | United States dollars, the lawful currency of the United States of America; and  |
| “%”                        | per cent.  |

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = S\$1.36 = RMB6.67 = HK\$7.8. Percentages and figures expressed have been rounded.*

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## LETTER FROM THE BOARD

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### FIRST PACIFIC COMPANY LIMITED

### 第一太平洋有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

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

(Stock Code: 00142)

*Non-executive Chairman:*

Anthoni Salim

*Executive Directors:*

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

Edward A. Tortorici

Robert C. Nicholson

*Non-executive Directors:*

Benny S. Santoso

Tedy Djuhar

Ambassador Albert F. del Rosario

*Independent Non-executive Directors:*

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

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin

*Principal Office:*

24th Floor, Two Exchange Square

8 Connaught Place

Central

Hong Kong

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

28 September 2016

*To the Shareholders of First Pacific Company Limited*

Dear Sir or Madam,

#### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **IMPLEMENTATION AGREEMENT IN RELATION TO SALE OF INTEREST IN CHINA MINZHONG FOOD CORPORATION LIMITED**

#### **INTRODUCTION**

Reference is made to the Company's announcements dated 31 December 2014 and 16 October 2015 in relation to the possible sale of a 52.94% interest in CMZ by Indofood to CMZ BVI and the Company's announcement dated 7 September 2016 in relation to the Implementation Agreement in respect of certain amendments to the transaction proposed under the MOU and implementation of the amended transaction.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further information on the Implementation Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM; (iii) the advice of the Independent Financial Adviser in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM; (iv) the SGM Notice; and (v) other information as required to be disclosed under the Listing Rules.

### **THE IMPLEMENTATION AGREEMENT**

On 6 September 2016, Indofood, CMZ BVI and Marvellous BVI entered into the Implementation Agreement in relation to certain amendments to the transaction proposed under the MOU and implementation of the amended transaction.

As at the Latest Practicable Date, Indofood owned 543,252,517 CMZ Shares, representing approximately 82.88% of the existing issued share capital of CMZ.

### **Amendments to the Transaction Structure**

The MOU contemplated the sale by Indofood to CMZ BVI of 347,000,000 CMZ Shares, representing approximately 52.94% of the existing issued share capital of CMZ, at S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share. The MOU also contemplated that, following completion by CMZ BVI of the acquisition of those CMZ Shares from Indofood, CMZ BVI would make a mandatory general offer for all the remaining issued CMZ Shares (other than those already held by CMZ BVI and/or parties acting in concert with it), and that Indofood would undertake not to accept the mandatory general offer in respect of its remaining 196,252,517 CMZ Shares (representing approximately 29.94% of the existing issued share capital of CMZ).

As CMZ BVI faced challenges in arranging financing for the transaction contemplated under the MOU, CMZ BVI approached and engaged Mr. Anthoni Salim, in his personal capacity, to assist with arranging the funding required for the proposed acquisition of CMZ Shares contemplated under the MOU. Mr. Anthoni Salim has agreed to assist with arranging the required funding and participate in the proposed acquisition. As a result, Marvellous BVI has been established as a consortium indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Pursuant to the Implementation Agreement, Indofood, CMZ BVI and Marvellous BVI have agreed to amend the structure of the transaction contemplated by the MOU. Pursuant to the amended transaction structure, the offeror has been changed from CMZ BVI to Marvellous BVI.

The Implementation Agreement provides that Marvellous BVI will, subject to satisfaction of the Pre-Conditions described below in this circular, make a voluntary general offer under the Singapore Takeovers Code to acquire all the issued CMZ Shares, including all of the 543,252,517 Indofood CMZ Shares (representing approximately 82.88% of the existing issued share capital of CMZ), at the Offer Price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share, instead of the transaction structure originally contemplated under the MOU described above.

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## LETTER FROM THE BOARD

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Marvellous BVI has stated that its intention is to privatize and delist CMZ, if possible, by way of the voluntary general offer and the compulsory acquisition of CMZ Shares not tendered for acceptance under the voluntary general offer, subject to the minimum threshold for exercise of the power of compulsory acquisition being achieved. If CMZ is delisted from the Singapore Stock Exchange, the CMZ Shares to be issued pursuant to the exchange feature under the Exchangeable Bonds will be unlisted shares.

### Principal Terms of the Offer

The Implementation Agreement provides that the voluntary general offer to be made by Marvellous BVI will have the following principal terms:

- (1) The Offer will be extended to all CMZ Shares other than those already held by Marvellous BVI as at the date of the Offer.
- (2) The Offer Price for each CMZ Share will be S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88), which is the same as the sale price stated in the MOU and was arrived at after arm's length negotiations on a willing seller, willing buyer basis.

The Offer Price represents:

- (a) a premium of approximately 39.5% over the closing price of S\$0.86 (equivalent to approximately US\$0.63 or HK\$4.93) per CMZ Share as quoted by the Singapore Stock Exchange on 30 December 2014, being the last trading day immediately preceding the date on which the letter of intent from CMZ BVI to Indofood in relation to the possible sale of a 52.94% interest in CMZ and the sale price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) were announced by the Company; and
- (b) a premium of approximately 20.0% over the closing price of S\$0.96 (equivalent to approximately US\$0.71 or HK\$5.51) per CMZ Share as quoted by the Singapore Stock Exchange on 30 August 2016, being the last trading day immediately preceding the date on which the Implementation Agreement and the Transactions were announced by the Company.

The Offer Price was agreed to by Indofood on the basis that it is not lower than the average price for Indofood's acquisition of CMZ Shares in 2013.

The Offer Price is subject to reduction by the amount of any distribution in respect of a CMZ Share the record date for which is on or after the date of announcement of the Offer but prior to the settlement date under the Offer.

- (3) Accepting shareholders of CMZ may elect to receive the Offer Price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share either:
  - (a) fully in cash; or



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## LETTER FROM THE BOARD

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- (b) by a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49), to be issued by Marvellous BVI. The combination of cash and Exchangeable Bonds comprises approximately 63.9% of the Offer consideration in the form of cash and approximately 36.1% of the Offer consideration in the form of Exchangeable Bonds.
- (4) The Exchangeable Bonds may be exchanged by their holders, at any time during the Exchange Period specified in the terms and conditions of the Exchangeable Bonds, for CMZ Shares at the exchange price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share, which is equivalent to the Offer Price. Exchangeable Bonds in respect of which the exchange right has not been exercised during the Exchange Period will be mandatorily exchanged for CMZ Shares at the expiry of the Exchange Period. The Exchangeable Bonds will constitute direct and unsecured obligations of Marvellous BVI and will rank *pari passu* and rateably without any preference or priority among themselves, and (subject to obligations preferred by mandatory provisions of law) will rank at least equally with all other outstanding unsecured and unsubordinated obligations of Marvellous BVI. The Exchangeable Bonds are zero coupon bonds and will not bear any interest. The Exchangeable Bonds are not transferrable by their holders. The original acquisition cost to Marvellous BVI of the CMZ Shares for which the Exchangeable Bonds will be exchanged is S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share.
- (5) The Offer (if made) will be conditional upon Marvellous BVI having received by the close of the Offer, valid acceptances of the Offer which will result in Marvellous BVI holding CMZ Shares conferring more than 50% of the voting rights attributable to all the issued CMZ Shares as at the close of the Offer.
- (6) The CMZ Shares to be acquired under the Offer are to be acquired (i) fully paid; (ii) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the date of the formal announcement of the Offer and thereafter.

### **Pre-Conditions to the Offer**

The Implementation Agreement provides that Marvellous BVI's obligation to make the Offer is subject to and contingent upon, and will only take place following, the satisfaction of the following Pre-Conditions:

- (a) Indofood having obtained approval from its independent shareholders for the Transactions in accordance with Regulation Number IX.E.1 as attachment to the Decree of the Chairman of the Supervisory Board of Capital Market and Financial Institution number Kep-412/BL/2009, dated 25 November 2009 regarding Affiliated Transaction and Conflict of Interest on Certain Transaction; and

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## LETTER FROM THE BOARD

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- (b) the Company having obtained approval from the Independent Shareholders for the Transactions in accordance with the Listing Rules.

An extraordinary general meeting of Indofood is scheduled to be held on Friday, 21 October 2016 for the purpose of considering and, if thought fit, approving the Transactions.

The Implementation Agreement also provides that if either of the Pre-Conditions is not fulfilled on or before the Long-Stop Date or if the Offer lapses or is withdrawn or fails to become or be declared unconditional as to acceptances by 31 March 2017 (other than by reason of Indofood breaching its obligations under its undertaking described below or CMZ BVI or CMZ Management breaching their obligations under their undertakings described below), Marvellous BVI shall not be obliged to make the Offer and the Implementation Agreement will be terminated.

### **Indofood's Acceptance of the Offer**

The Implementation Agreement provides that, subject to the fulfilment of the Pre-Conditions and the Offer having been made by Marvellous BVI, Indofood will, during the Offer period, accept the Offer in respect of all the Indofood CMZ Shares and elect to receive a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49) per CMZ Share.

Accordingly, Indofood will receive consideration with an aggregate value of approximately S\$651.9 million (equivalent to approximately US\$479.3 million or HK\$3.7 billion) for accepting the Offer in respect of all the Indofood CMZ Shares, comprising:

- (a) cash in the amount of approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion); and
- (b) Exchangeable Bonds in the aggregate principal amount of approximately S\$235.5 million (equivalent to approximately US\$173.2 million or HK\$1.35 billion).

The Exchangeable Bonds to be issued to Indofood under the Offer would be exchangeable, at the exchange price equivalent to the Offer Price, for 196,249,971 CMZ Shares, representing approximately 29.94% of the existing issued share capital of CMZ, which is consistent with Indofood's original intention under the MOU.

### **Undertakings**

Pursuant to the Implementation Agreement, Indofood has, contemporaneously with the execution of the Implementation Agreement, executed an irrevocable undertaking in favour of Marvellous BVI, whereby Indofood has irrevocably undertaken, subject to the fulfilment of the Pre-Conditions and the Offer having been made by Marvellous BVI, to accept the Offer during the Offer period in respect of all the Indofood CMZ Shares and elect to receive a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49) per CMZ Share as consideration for Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares.

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## LETTER FROM THE BOARD

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Pursuant to the Implementation Agreement, CMZ BVI and each member of the CMZ Management have, contemporaneously with the execution of the Implementation Agreement, executed irrevocable undertakings in favour of Marvellous BVI, whereby CMZ BVI and each member of the CMZ Management have irrevocably undertaken:

- (a) to tender all of their respective CMZ Management Shares in acceptance of the Offer; and
- (b) to receive the entire consideration payable by Marvellous BVI for the CMZ Management's Acceptance by way of interest-free promissory notes to be issued by Marvellous BVI to CMZ BVI with a principal amount of approximately S\$38.6 million (equivalent to approximately US\$28.4 million or HK\$221.4 million), being the consideration for the 32,183,600 CMZ Management Shares at the Offer Price.

Marvellous BVI is indirectly owned as to approximately 92.99% by Mr. Anthony Salim and as to approximately 7.01% by CMZ BVI. It is anticipated that on or before the despatch of the offer document in respect of the Offer, CMZ BVI will be beneficially owned by all members of the CMZ Management. The CMZ Management and Mr. Anthony Salim, as beneficial owners of Marvellous BVI, will be responsible for ensuring that sufficient financial resources are available to Marvellous BVI for meeting its obligation in the case of full acceptances of the Offer. By undertaking to receive the entire consideration payable by Marvellous BVI for the CMZ Management's Acceptance by way of interest-free promissory notes, the CMZ Management and CMZ BVI are reducing the total cash outlay required by Marvellous BVI to satisfy full acceptances of the Offer. The promissory notes will be regarded as shareholders' loan from CMZ BVI to Marvellous BVI, which will be repayable only when Marvellous BVI has sufficient funds and in any event no sooner than 18 months from the date of the issue of the promissory notes.

### **Earnest Sum**

In accordance with the provisions of the MOU, CMZ BVI paid the Earnest Sum to Indofood on 30 December 2015.

The Implementation Agreement provides that in the event the Offer becomes or is declared unconditional in accordance with its terms, CMZ BVI will transfer its rights in respect of the Earnest Sum to Marvellous BVI and the Earnest Sum paid by CMZ BVI to Indofood under the MOU (including the interest accrued on the Earnest Sum) shall be treated as part of the cash consideration payable by Marvellous BVI to Indofood for Indofood's acceptance of the Offer. Marvellous BVI shall be entitled to deduct such amount from the cash consideration due to Indofood for Indofood's acceptance of the Offer.

The Implementation Agreement also provides that in the event any of the Pre-Conditions is not satisfied by the Long-Stop Date or the Offer lapses or is withdrawn or fails to become or be declared unconditional as to acceptances by 31 March 2017 (other than by reason of Indofood breaching its obligations under Indofood's undertaking described above), Indofood shall be entitled to forfeit the Earnest Sum (including the interest accrued on the Earnest Sum) and CMZ BVI shall have no right or claim against Indofood or Marvellous BVI for the Earnest Sum, including the interest accrued on the Earnest Sum or any costs, expenses, damages, losses or otherwise.

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## LETTER FROM THE BOARD

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### REASONS FOR ENTERING INTO THE TRANSACTION AND EXPECTED BENEFITS

Over the past three years, the return on Indofood's investment in CMZ has been lower than originally anticipated, principally due to the weak macroeconomic conditions globally, including in the PRC. However, the Board expects the performance of CMZ to improve and the return on Indofood's investment to match the Group's expectation in the longer term, as the macroeconomic conditions improve. The Board continues to believe in the mid and long term prospects of the PRC and CMZ, as well as in the possibility of realizing synergies between CMZ and Indofood and, as a result, proposes to retain a reduced equity interest in CMZ through the Exchangeable Bonds to be issued to Indofood as part of the consideration for accepting the Offer in respect of the Indofood CMZ Shares.

The Board believes that Indofood and CMZ will continue to create synergies after the Transactions despite the reduced equity interest, as Indofood will continue to collaborate with CMZ in developing the key raw materials required by Indofood in its operations after the Transactions. The Board does not expect any significant changes to Indofood's involvement in CMZ after the Transactions. It is expected that Indofood will have at least one board seat in CMZ after the Transactions and, as a result, the interests of Indofood and its shareholders as a whole will continue to be represented despite the possibility that the CMZ Shares to be issued pursuant to the exchange feature under the Exchangeable Bonds will be unlisted shares if CMZ is privatized and delisted from the Singapore Stock Exchange.

The Board believes that the Transactions will strengthen the Group's financial position and are therefore beneficial to the Group.

### FINANCIAL IMPACT OF THE TRANSACTIONS

The Group is not expected to recognize any significant gain or loss from the Transactions because the proceeds from the Transactions are expected to be similar to Indofood's book carrying cost in CMZ.

The gross proceeds (before deduction of relevant transaction costs and expenses) from the Transactions are expected to be approximately S\$651.9 million (equivalent to approximately US\$479.3 million or HK\$3.7 billion), of which approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion) will be received in cash with the remaining approximately S\$235.5 million (equivalent to approximately US\$173.2 million or HK\$1.35 billion) to be settled by the Exchangeable Bonds. The Group will use the cash proceeds from the Transaction of approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion) for repaying the loan borrowed to finance the acquisition of CMZ.

### LISTING RULES IMPLICATIONS

#### Discloseable Transaction

The Transactions involve:

- (a) the disposal of the Indofood CMZ Shares (representing approximately 82.88% of the existing issued share capital of CMZ) by Indofood to Marvellous BVI as a result of Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares; and

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## LETTER FROM THE BOARD

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- (b) the future acquisition of 196,249,971 CMZ Shares (representing approximately 29.94% of the existing issued share capital of CMZ) by Indofood on the exercise of the exchange feature under the Exchangeable Bonds to be issued to Indofood under the Offer.

The Transactions are required under Rule 14.24 of the Listing Rules to be classified by reference to the larger of the disposal and the acquisition. In this case, the disposal of the Indofood CMZ Shares is a larger transaction than the future acquisition of CMZ Shares on the exercise of the exchange feature under the Exchangeable Bonds.

As one or more of the applicable percentage ratios in relation to the disposal by Indofood of its 82.88% interest in CMZ is 5% or more, but all the applicable percentage ratios are less than 25%, the Transactions are classified as a discloseable transaction for the Company under the Listing Rules.

### **Connected Transaction**

Marvellous BVI is indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood. Therefore, Marvellous BVI is a connected person of the Company.

Accordingly, the Implementation Agreement and the Transactions are also classified as a connected transaction for the Company under the Listing Rules.

In addition, the entire share capital of CMZ BVI is currently held by Mr. Siek Wei Ting, Executive Director and Chief Financial Officer of CMZ, on trust for Mr. Lin Guo Rong, Executive Chairman and Chief Executive Officer of CMZ. CMZ is currently a subsidiary of Indofood and the Company. Therefore, CMZ BVI is a connected person of the Company at the subsidiary level. It is anticipated that on or before the despatch of the offer document in respect of the Offer, CMZ BVI will be beneficially owned by Mr. Lin Guo Rong as to 57.44%, Mr. Siek Wei Ting as to 24.54%, Mr. Huang Bing Hui as to 9.93% and Mr. Wang Da Zhang as to 8.09%.

As one or more of the applicable percentage ratios in relation to each of the disposal by Indofood of its 82.88% interest in CMZ to Marvellous BVI and the future acquisition of a 29.94% equity interest in CMZ on the exercise of the exchange feature under the Exchangeable Bonds is 5% or more and the total consideration in each case is not less than HK\$10 million (equivalent to approximately US\$1.3 million), the Implementation Agreement and the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements applicable to connected transactions under Chapter 14A of the Listing Rules.

Under Rule 14A.36 of the Listing Rules, any shareholder of the Company with a material interest in the Implementation Agreement and/or the Transactions is required to abstain from voting at the SGM on the resolution approving the Implementation Agreement and the Transactions. Accordingly, Salerni International Limited, First Pacific Investments Limited and First Pacific Investments (B.V.I.) Limited, all being associates of Mr. Anthoni Salim and which as at the Latest Practicable Date held in aggregate 1,925,474,957 shares of the Company, representing approximately 45.0% of the issued share capital of the Company, will abstain from voting at the SGM on such resolution.

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## LETTER FROM THE BOARD

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The Company confirms that Mr. Anthoni Salim, who has a material interest in the Implementation Agreement and the Transactions, abstained from voting at the relevant Board meeting on the resolution approving the Implementation Agreement and the Transactions. None of the other Directors has a material interest in the Implementation Agreement and/or the Transactions.

### INFORMATION IN RELATION TO CMZ

CMZ is an integrated vegetable processing company in the PRC with three business segments which comprises of cultivation of vegetables, vegetable processing and branded products. CMZ's operations are strategically located across six provinces in the PRC. The company has industrialized farming facilities at three sites which allow the planting of vegetables without depending on erratic weather and climate conditions.

As at the Latest Practicable Date, Indofood owned 543,252,517 CMZ Shares, representing approximately 82.88% of the existing issued share capital of CMZ. Immediately following completion of the Offer, Indofood will hold Exchangeable Bonds which would be exchanged, on exercise of the exchange feature, for 196,249,971 CMZ Shares, representing approximately 29.94% of the issued share capital of CMZ. CMZ will cease to be a subsidiary of Indofood and the Company upon completion of the Offer.

For its financial year ended 30 June 2016, the unaudited consolidated net profits before taxation of CMZ were approximately RMB163.5 million (equivalent to approximately US\$24.5 million or HK\$191.2 million) and the unaudited consolidated net profits after taxation of CMZ were approximately RMB132.8 million (equivalent to approximately US\$19.9 million or HK\$155.3 million).

For its financial year ended 30 June 2015, the audited consolidated net profits before taxation of CMZ were approximately RMB418.3 million (equivalent to approximately US\$62.7 million or HK\$489.2 million) and the audited consolidated net profits after taxation of CMZ were approximately RMB336.4 million (equivalent to approximately US\$50.4 million or HK\$393.4 million).

The audited consolidated net assets of CMZ as shown in its audited consolidated financial statements as at 30 June 2015 were RMB5.1 billion (equivalent to approximately US\$764.6 million or HK\$6.0 billion). The unaudited consolidated net assets of CMZ as at 30 June 2016 was RMB5.3 billion (equivalent to approximately US\$794.6 million or HK\$6.2 billion).

The market capitalization of CMZ as at the Latest Practicable Date was S\$760.3 million (equivalent to approximately US\$559.1 million or HK\$4.4 billion).

The financial statements for CMZ are prepared in accordance with Singapore Financial Reporting Standards.

### INFORMATION IN RELATION TO MARVELLOUS BVI

Marvellous BVI is an investment holding company incorporated under the laws of the British Virgin Islands and is indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood. As at the Latest Practicable Date, Marvellous BVI did not own any CMZ Shares.



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## LETTER FROM THE BOARD

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### INFORMATION IN RELATION TO CMZ BVI

CMZ BVI is an investment holding company incorporated under the laws of the British Virgin Islands. The entire share capital of CMZ BVI is currently held by Mr. Siek Wei Ting, Executive Director and the Chief Financial Officer of CMZ, on trust for Mr. Lin Guo Rong, Executive Chairman and Chief Executive Officer of CMZ. As at the Latest Practicable Date, CMZ BVI owned 5,403,891 CMZ Shares, representing approximately 0.82% of the existing issued share capital of CMZ.

It is anticipated that on or before the despatch of the offer document in respect of the Offer, CMZ BVI will be beneficially owned by Mr. Lin Guo Rong as to 57.44%, Mr. Siek Wei Ting as to 24.54%, Mr. Huang Bing Hui as to 9.93% and Mr. Wang Da Zhang as to 8.09%.

### INFORMATION IN RELATION TO THE COMPANY AND INDOFOOD

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

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

### SGM

There is set out on pages 67 to 68 of this circular a notice convening the SGM to be held at Jasmine-Peacock Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Wednesday, 19 October 2016 at 10:30 a.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders of the Implementation Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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

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

In accordance with Bye-law 79, every resolution put to the vote at a shareholders' meeting shall be decided on a show of hands unless a poll is required by the Listing Rules or (before or on the declaration of the results of the show of hands) is demanded by:

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

In accordance with Bye-law 80, if a poll is required or demanded in the manner aforesaid, it shall be taken (subject as provided in Bye-law 81) in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

For the purpose of determining the identity of the Company's Independent Shareholders who are entitled to attend and vote at the SGM, the Company's Register of Members will be closed from Monday, 17 October 2016 to Wednesday, 19 October 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 October 2016.



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## LETTER FROM THE BOARD

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### THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### RECOMMENDATION IN RESPECT OF VOTING

The Directors (other than those on the Independent Board Committee) consider that the Implementation Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company's shareholders as a whole. Accordingly, the Directors (other than those on the Independent Board Committee) recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Implementation Agreement and the transactions contemplated thereunder.

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder which is set out on pages 16 to 17 of this circular; and (ii) the letter of advice from the Independent Financial Adviser in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder which is set out on pages 18 to 50 of this circular. The Independent Board Committee, having taken into account of the advice and recommendation of the Independent Financial Adviser, considers that the Implementation Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms and in the interests of the Company's shareholders as a whole, and that the terms are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee and the Independent Financial Adviser recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Implementation Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

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

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM.*



### FIRST PACIFIC COMPANY LIMITED 第一太平洋有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

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

(Stock Code: 00142)

28 September 2016

*To the Independent Shareholders of First Pacific Company Limited*

Dear Sir or Madam,

#### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **IMPLEMENTATION AGREEMENT IN RELATION TO SALE OF INTEREST IN CHINA MINZHONG FOOD CORPORATION LIMITED**

We refer to the circular of the Company dated 28 September 2016 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Implementation Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Somerley Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **RECOMMENDATION**

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 15 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Implementation Agreement and the transactions contemplated thereunder and as to how the Independent Shareholders should vote at the SGM, as set out on pages 18 to 50 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the principal factors and reasons considered by and the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the views of the Independent Financial Adviser and consider that the Implementation Agreement and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms and in the interests of the Company's shareholders as a whole, and that the terms are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the Implementation Agreement and the transactions contemplated thereunder.

Yours faithfully,

**First Pacific Company Limited**  
**Independent Board Committee**

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

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

**Philip Fan Yan Hok**  
*Independent Non-executive Director*

**Madeleine Lee Suh Shin**  
*Independent Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Transactions, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**

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

28 September 2016

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

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IMPLEMENTATION AGREEMENT IN RELATION TO SALE OF INTEREST  
IN CHINA MINZHONG FOOD CORPORATION LIMITED**

**INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Implementation Agreement and the transactions contemplated therein. Details of the Implementation Agreement are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to its shareholders dated 28 September 2016, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Circular, the Board announces that on 6 September 2016, Indofood, CMZ BVI and Marvellous BVI entered into the Implementation Agreement in relation to certain amendments to the transaction proposed under the MOU and implementation of the amended transaction.

Pursuant to the Implementation Agreement, Indofood, CMZ BVI and Marvellous BVI have agreed to amend the structure of the transaction contemplated by the MOU. Pursuant to the amended transaction structure, the offeror has been changed from CMZ BVI to Marvellous BVI. Marvellous BVI is indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood.

The Implementation Agreement provides that Marvellous BVI will, subject to satisfaction of the Pre-Conditions described in the Circular, make a voluntary general offer under the Singapore Takeovers Code to acquire all the issued CMZ Shares, including all of the 543,252,517 Indofood CMZ Shares (representing approximately 82.88% of the existing issued share capital of CMZ), at the Offer Price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Implementation Agreement also provides that, subject to the fulfilment of the Pre-Conditions and the Offer having been made by Marvellous BVI, Indofood will, during the Offer period, accept the Offer in respect of all the Indofood CMZ Shares and elect to receive a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49) per CMZ Share. The Exchangeable Bonds to be issued to Indofood under the Offer would be exchangeable, at the exchange price equivalent to the Offer Price, for 196,249,971 CMZ Shares, representing approximately 29.94% of the existing issued share capital of CMZ, which is consistent with the transaction contemplated under the MOU. Pursuant to the terms of the Exchangeable Bonds, the Exchangeable Bonds in respect of which the exchange right has not been exercised during the Exchange Period will be mandatorily exchanged for CMZ Shares at the expiry of the Exchange Period. The Exchangeable Bonds are not transferrable by their holders. Marvellous BVI has stated that its intention is to privatise and delist CMZ, if possible, by way of the voluntary general offer and the compulsory acquisition of CMZ Shares not tendered for acceptance under the voluntary general offer, subject to the minimum threshold for exercise of the power of compulsory acquisition being achieved.

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

We are not associated or connected with the Company, Indofood, Marvellous BVI, CMZ BVI or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on the Implementation Agreement. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Indofood, Marvellous BVI, CMZ BVI or their respective core connected persons or associates.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the “**Management**”), which we have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held. We have reviewed the published information on the Group and CMZ, including but not limited to, (i) annual reports of the Company for the years ended 31 December 2014 (the “**2014 Annual Report**”) and 31 December 2015 (the “**2015 Annual Report**”) and interim report of the Company for the 6 months ended 30 June 2016 (the “**2016 Interim Report**”); (ii) annual reports of CMZ for the years ended 30 June 2014 (the “**CMZ 2013/14 AR**”) and 30 June 2015 (the “**CMZ 2014/15 AR**”); (iii) the annual results announcement of CMZ for the year ended 30 June 2016 (the “**CMZ 2015/16 AR Announcement**”); (iv) the announcement of Marvellous BVI dated 6 September 2016 in relation to the Transactions (the “**CMZ Announcement**”) and (v) other information contained in the Circular. We have also reviewed the trading performance of the CMZ Shares on the Singapore Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regard to the Implementation Agreement, we have taken into account the following principal factors and reasons:

#### **1. Information on the Group**

The Company is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange since September 1988.

The Company is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to telecommunications, consumer food products, infrastructure and natural resources. Set out below is the Group’s principal investments, amongst others, as at 30 June 2016:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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| <b>Company</b>   | <b>Principal business</b>   |
|--|---|
| <b>Telecommunications</b><br>PLDT Inc. (“ <b>PLDT</b> ”) (The Philippine Stock Exchange, Inc. (“ <b>PSE</b> ”): TEL; The New York Stock Exchange: PHI) | PLDT offers a wide range of telecommunications services across the Philippines’ most extensive fiber optic backbone and fixed line, and cellular networks.  |
| <b>Consumer food products</b><br>Indofood (Indonesia Stock Exchange (“ <b>IDX</b> ”): INDF)  | Indofood is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products and distribution to the market.<br><br>Indofood is based and listed in Indonesia; its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk (IDX: ICBP) and agribusiness subsidiaries PT Salim Ivomas Pratama Tbk (IDX: SIMP) and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (IDX: LSIP) are also listed in Indonesia. Indofood’s two other subsidiaries, Indofood Agri Resources Ltd. (Singapore Stock Exchange: 5JS) and CMZ (Singapore Stock Exchange: K2N), are listed in Singapore, and an agribusiness associate Roxas Holdings, Inc. (“ <b>RHI</b> ”) (PSE: ROX) is listed in the Philippines. |
| FPW Singapore Holdings Pte. Ltd (“ <b>FPW</b> ”)   | FPW controls Goodman Fielder Pty Limited, the leading food company in Australasia offering packaged baked products, dairy products, spreads, sauces, dressings, condiments, bulk and packaged edible oils and fats and flour products.  |
| <b>Infrastructure</b><br>Metro Pacific Investments Corporation (“ <b>MPIC</b> ”) (PSE: MPI; American Depositary Receipts code: MPC1Y)                  | MPIC is a Philippine-listed investment management and holding company focused on infrastructure development.  |
| FPM Power Holdings Limited (“ <b>FPM Power</b> ”)  | FPM Power controls PacificLight Power Pte. Ltd. (“ <b>PLP</b> ”), which is the operator of one of Singapore’s most efficient gas-fired power plants, housing an 800-megawatt natural gas-fired combined cycle facility.   |
| <b>Natural resources</b><br>Philex Mining Corporation (“ <b>Philex</b> ”) (PSE: PX)  | Philex is engaged in the exploration and mining of mineral resources and, through a listed subsidiary PXP Energy Corporation (PSE: PXP), in oil and gas exploration.  |
| FP Natural Resources Limited (“ <b>FP Natural Resources</b> ”)   | FP Natural Resources, together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in First Coconut Manufacturing Inc. and RHI. RHI is one of the largest raw sugar producers and sugar refiners, and the largest ethanol producer in the Philippines.   |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Please refer to the section headed “Information in relation to the Company and Indofood” in this Circular for further information on the Company.

(a) *Historical financial performance of the Group*

Set out below is certain key financial information on the Group as extracted from the consolidated income statement and accompanying notes prepared in accordance with Hong Kong Generally Accepted Accounting Principles for the three years ended 31 December 2015 and the six months ended 30 June 2016 and 30 June 2015, details of which are set out in the 2014 Annual Report, the 2015 Annual Report and the 2016 Interim Report:

|   | <b>For the 6 months<br/>ended 30 June</b> |                                       | <b>For the year ended<br/>31 December</b> |                      |                                     |
|---|---|---------------------------------------|---|----------------------|-------------------------------------|
|   | <b>2016</b>                               | <b>2015</b>                           | <b>2015</b>                               | <b>2014</b>          | <b>2013</b>                         |
|   | <i>(unaudited)</i>                        | <i>(unaudited &amp;<br/>restated)</i> | <i>(audited)</i>                          | <i>(audited)</i>     | <i>(audited &amp;<br/>restated)</i> |
|   |   | <i>(note 1)</i>                       |   |                      | <i>(note 2)</i>                     |
|   | <i>US\$'millions</i>                      | <i>US\$'millions</i>                  | <i>US\$'millions</i>                      | <i>US\$'millions</i> | <i>US\$'millions</i>                |
| Revenue   |   |                                       |   |                      |                                     |
| <i>Telecommunications</i>   | –   | –                                     | –   | –                    | –                                   |
| <i>Consumer food products</i>   | 2,714.1                                   | 2,608.8                               | 4,957.0                                   | 5,350.4              | 5,275.8                             |
| <i>Infrastructure</i>   | 721.9                                     | 720.5                                 | 1,480.0                                   | 1,490.9              | 730.0                               |
| <i>Natural resources</i>  | –   | –                                     | –   | –                    | –                                   |
|   | <hr/>                                     | <hr/>                                 | <hr/>                                     | <hr/>                | <hr/>                               |
|   | 3,436.0                                   | 3,329.3                               | 6,437.0                                   | 6,841.3              | 6,005.8                             |
| Cost of sales   | (2,440.0)                                 | (2,386.1)                             | (4,615.3)                                 | (4,924.0)            | (4,245.4)                           |
|   | <hr/>                                     | <hr/>                                 | <hr/>                                     | <hr/>                | <hr/>                               |
| Gross profit  | 996.0                                     | 943.2                                 | 1,821.7                                   | 1,917.3              | 1,760.4                             |
| Selling and distribution expenses   | (274.2)                                   | (277.3)                               | (513.6)                                   | (527.0)              | (452.4)                             |
| Administrative expenses   | (264.6)                                   | (250.3)                               | (493.0)                                   | (548.3)              | (518.9)                             |
| Other operating income/<br>(expenses), net                                    | 40.8                                      | (27.7)                                | (142.2)                                   | (196.4)              | (102.1)                             |
| Interest income   | 27.8                                      | 37.9                                  | 78.2                                      | 89.2                 | 69.0                                |
| Finance costs   | (186.4)                                   | (178.6)                               | (374.8)                                   | (356.8)              | (300.6)                             |
| Share of profits less losses of<br>associated companies and<br>joint ventures | 125.1                                     | 166.6                                 | 229.7                                     | 279.1                | 255.1                               |
|   | <hr/>                                     | <hr/>                                 | <hr/>                                     | <hr/>                | <hr/>                               |
| Profit before taxation  | 464.5                                     | 413.8                                 | 606.0                                     | 657.1                | 710.5                               |
| Taxation  | (113.2)                                   | (85.3)                                | (193.8)                                   | (199.5)              | (145.7)                             |
|   | <hr/>                                     | <hr/>                                 | <hr/>                                     | <hr/>                | <hr/>                               |



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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|  | For the 6 months<br>ended 30 June |  | For the year ended<br>31 December |                          |  |
|--|-----------------------------------|--|-----------------------------------|--------------------------|--|
|  | 2016<br><i>(unaudited)</i>        | 2015<br><i>(unaudited &amp;<br/>restated)</i><br><i>(note 1)</i> | 2015<br><i>(audited)</i>          | 2014<br><i>(audited)</i> | 2013<br><i>(audited &amp;<br/>restated)</i><br><i>(note 2)</i> |
|  | <i>US\$'millions</i>              | <i>US\$'millions</i>   | <i>US\$'millions</i>              | <i>US\$'millions</i>     | <i>US\$'millions</i>   |
| Profit for the period/year from continuing operations    | 351.3                             | 328.5  | 412.2                             | 457.6                    | 564.8  |
| Profit for the period/year from a discontinued operation | 13.7                              | 28.9   | 26.2                              | 63.2                     | 56.1   |
|  | <u>365.0</u>                      | <u>357.4</u>   | <u>438.4</u>                      | <u>520.8</u>             | <u>620.9</u>   |
| <i>Profit for the period/year attributable to:</i>       |                                   |  |                                   |                          |  |
| <i>– Owners of the Company</i>                           |                                   |  |                                   |                          |  |
| • For profit from continuing operations                  | 121.9                             | 145.4  | 74.2                              | 54.8                     | 210.2  |
| • For profit from a discontinued operation               | 5.7                               | 12.0   | 10.9                              | 26.2                     | 25.1   |
|  | <u>127.6</u>                      | <u>157.4</u>   | <u>85.1</u>                       | <u>81.0</u>              | <u>235.3</u>   |
| <i>– Non-controlling interests</i>                       |                                   |  |                                   |                          |  |
| • For profit from continuing operations                  | 229.4                             | 183.1  | 338.0                             | 402.8                    | 354.6  |
| • For profit from a discontinued operation               | 8.0                               | 16.9   | 15.3                              | 37.0                     | 31.0   |
|  | <u>237.4</u>                      | <u>200.0</u>   | <u>353.3</u>                      | <u>439.8</u>             | <u>385.6</u>   |
|  | <u>365.0</u>                      | <u>357.4</u>   | <u>438.4</u>                      | <u>520.8</u>             | <u>620.9</u>   |

*Notes:*

- 1) As disclosed in the 2016 Interim Report, due to the Group's adoption of the amendments to Hong Kong Accounting Standards 16 and 41 "Agriculture: Bearer Plants" with effect from 1 January 2016, certain adjustments have been made and certain comparative amounts have been restated for the 6 months ended 30 June 2015 ("**1H2015**") to conform with the current period's accounting treatments and presentation.
- 2) As stated in the 2014 Annual Report, as a result of the Then Proposed Transaction (as defined below), CMZ has been classified as a discontinued operation since 31 December 2014. The Group's 2013 annual consolidated financial information has been restated to such effect.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's activities are divided into principal business activities namely, (i) telecommunications, (ii) consumer food products; (iii) infrastructure; and (iv) natural resources. Revenue from the consumer food products business segment represented over 77% of the total revenue of the Group for each of the past three financial years. Revenue from the consumer food products business of the Group is substantially attributable to Indofood, a 50.1% owned subsidiary of the Group. Indofood Group manufactures and distributes a wide range of food products: consumer branded products (noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages), wheat flour and pasta, agribusinesses, distribution and cultivation and processed vegetables. The business of cultivation and processed vegetables is carried out through CMZ.

The Group's turnover from continuing operations increased by around 13.9% from approximately US\$6,005.8 million for the financial year ended 31 December 2013 ("FY2013") to approximately US\$6,841.3 million for the financial year ended 31 December 2014 ("FY2014"), which was mainly attributable by a growth in Indofood's sales (increased by approximately 14.3% in rupiah terms) and MPIC's revenues (increased by approximately 9.6% in peso terms) and the first full year revenue contribution from PLP (acquired by the Group in March 2013 and commenced commercial operation in February 2014) for its sale of electricity, partly offset by the impact of an approximately 11.5% depreciation in the average rupiah exchange rate against the U.S. dollar.

The Group's turnover from continuing operations decreased by around 5.9% in the financial year ended 31 December 2015 ("FY2015") as compared that for FY2014, which were mainly attributable to the impact of the depreciation in the average rupiah, S\$ and peso exchange rates against the U.S. dollar of approximately 11.6%, 7.9% and 2.6%, respectively, partly offset by the revenue contribution from RHI (consolidated by the Group since February 2015) and a growth in MPIC's revenues (increased by approximately 10.1% in peso terms).

The Group's gross profit increased by approximately 8.9% from approximately US\$1,760.4 million for FY2013 to approximately US\$1,917.3 million for FY2014, which was mainly attributable to the increases in both Indofood's and MPIC's gross profit, partly offset by the depreciation in the average rupiah exchange rate against the U.S. dollar during FY2014. The decrease in gross margin from approximately 29.3% in FY2013 to approximately 28.0% in FY2014 principally reflected a lower gross margin at PLP in FY2014, partly offset by an increase in Indofood's gross margin from approximately 24.5% in FY2013 to approximately 26.8% in FY2014 mainly as a result of an increase in the average selling prices at all its major divisions.

The Group's gross profit decreased by approximately 5.0% from approximately US\$1,917.3 million for FY2014 to approximately US\$1,821.7 million for FY2015, which was mainly attributable to the depreciation in the average rupiah and peso exchange rates against the U.S. dollar, partly offset by the increase in both MPIC's and Indofood's gross profit and contribution from RHI. The increase in gross margin from approximately 28.0% in FY2014 to approximately 28.3% in FY2015 principally reflected an increase in MPIC's gross margin from approximately 61.3% in FY2014 to approximately 62.3% in FY2015 mainly as a result of higher volumes of traffic for its toll road business and water billed.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's profit attributable to owners of the Company from continuing operations decreased by around 73.9% from approximately US\$210.2 million for FY2013 to approximately US\$54.8 million for FY2014, mainly due to an increase in non-recurring losses (as a result of, among others, the Group's impairment provision in respect of its investments in Philex), partly offset by a lower net foreign exchange and derivative losses recorded during FY2014.

The Group's profit attributable to owners of the Company from continuing operations increased by around 35.4% from approximately US\$54.8 million FY2014 to approximately US\$74.2 million for FY2015, which was mainly attributable to a decrease in non-recurring losses (mainly as a result of the Group's lower impairment provision in respect of its investments in Philex), partly offset by a higher net foreign exchange and derivative losses recorded and a decrease in recurring profit for FY2015.

The Group's turnover from continuing operations increased by around 3.2% from approximately US\$3,329.3 million for 1H2015 to approximately US\$3,436.0 million for the first half of 2016 ("**1H2016**"), which was mainly attributable to higher revenues recorded in Indofood and MPIC during 1H2016 and a high revenue from RHI in 1H2016 as compared to 1H2015 following consolidation of RHI to the Group from 27 February 2015, partly offset by lower revenue at PLP during 1H2016 against 1H2015.

The Group's profit attributable to owners of the Company from continuing operations decreased by around 16.2% from approximately US\$145.4 million for 1H2015 to approximately US\$121.9 million for 1H2016, mainly as a result of the increase in loss from PLP during 1H2016, the decrease in contribution from PLDT in 1H2016 and PLDT's impairment provision for its investment in Rocket Internet AG's shares.

As shown above, the net profits attributable to owners of the Company contributed by CMZ to the Group were reported as US\$25.1 million, US\$26.2 million and US\$10.9 million for each of FY2013, FY2014 and FY2015 respectively, which represented approximately 10.7%, 32.3% and 12.8% of the total net profits attributable to owners of the Company for the respective financial year. Further discussion on the historical financial information on CMZ is set out in the section headed "2. Information on CMZ Group" below.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) *Financial position*

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 December 2015 and 30 June 2016 as extracted from the 2016 Interim Report:

|   | <b>As at<br/>30 June<br/>2016</b><br><i>(unaudited)</i><br><br><i>US\$' millions</i> | <b>As at<br/>31 December<br/>2015</b><br><i>(audited &amp;<br/>restated)</i><br><i>(note)</i><br><br><i>US\$' millions</i> |
|---|--|--|
| <b>Non-current assets</b>                                 |  |  |
| Property, plant and equipment                             | 4,016.0  | 3,791.1  |
| Associated companies and joint ventures                   | 4,994.2  | 4,360.5  |
| Goodwill  | 1,079.5  | 1,023.8  |
| Other intangible assets                                   | 3,289.5  | 3,151.2  |
| Other non-current assets                                  | 722.8  | 629.5  |
|   | 14,102.0   | 12,956.1   |
| <b>Current assets</b>                                     |  |  |
| Cash and cash equivalents and short-term deposits         | 1,687.3  | 1,612.3  |
| Restricted cash   | 52.9   | 51.7   |
| Available-for-sale assets                                 | 100.1  | 124.8  |
| Accounts receivable, other receivables<br>and prepayments | 994.2  | 758.5  |
| Inventories   | 703.9  | 631.0  |
| Other current assets                                      | 9.4  | 2.0  |
|   | 3,547.8  | 3,180.3  |
| Assets classified as held for sale                        | 963.0  | 1,062.6  |
|   | 4,510.8  | 4,242.9  |
| <b>Total Assets</b>                                       | <b>18,612.8</b>  | <b>17,199.0</b>  |

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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|  | As at<br><b>30 June<br/>2016</b><br><i>(unaudited)</i><br><br><i>US\$' millions</i> | As at<br><b>31 December<br/>2015</b><br><i>(audited &amp;<br/>restated)</i><br><i>(note)</i><br><br><i>US\$' millions</i> |
|--|---|---|
| <b>Current liabilities</b>   |   |   |
| Accounts payable, other payables and accruals                                  | 1,324.4   | 1,241.0   |
| Short-term borrowings  | 1,178.6   | 998.6   |
| Provision for taxation   | 91.5  | 44.7  |
| Current portion of deferred liabilities, provisions<br>and payables            | 301.0   | 348.1   |
|  | 2,895.5   | 2,632.4   |
| Liabilities directly associated with the assets<br>classified as held for sale | 319.2   | 436.2   |
|  | 3,214.7   | 3,068.6   |
| <b>Net current assets</b>  | <b>1,296.1</b>  | <b>1,174.3</b>  |
| <b>Total assets less current liabilities</b>                                   | <b>15,398.1</b>   | <b>14,130.4</b>   |
| <b>Equity</b>  |   |   |
| Equity attributable to owners of the parent                                    | 3,337.0   | 3,070.2   |
| Non-controlling interests  | 5,056.9   | 4,264.2   |
| Total Equity   | 8,393.9   | 7,334.4   |
| <b>Non-current liabilities</b>   |   |   |
| Long-term borrowings   | 5,388.5   | 5,363.3   |
| Deferred liabilities, provisions and payables                                  | 1,332.2   | 1,128.9   |
| Deferred tax liabilities   | 283.5   | 303.8   |
|  | 7,004.2   | 6,796.0   |
|  | <b>15,398.1</b>   | <b>14,130.4</b>   |

*Note:* As disclosed in the 2016 Interim Report, due to the Group's adoption of the amendments to Hong Kong Accounting Standards 16 and 41 "Agriculture: Bearer Plants" with effect from 1 January 2016, certain adjustments have been made and certain comparative amounts have been restated as at 31 December 2015 to conform with the current period's accounting treatments and presentation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2015 and 30 June 2016, total assets amounted to approximately US\$17,199.0 million and US\$18,612.8 million respectively and total liabilities amounted to approximately US\$9,864.6 million and US\$10,218.9 million respectively.

Total assets of the Group mainly comprised, among other things, property, plant and equipment, associated companies and joint ventures, goodwill and other intangible assets. Total assets of the Group increased from 31 December 2015 by around 8.2% to US\$18,612.8 million as at 30 June 2016 mainly due to further increase in balance of associated companies and joint ventures during 1H2016. The Group had cash and cash equivalents and short-term deposits of approximately US\$1,612.3 million and US\$1,687.3 million as at 31 December 2015 and 30 June 2016 respectively.

As stated in the 2016 Interim Report, as a result of the Then Proposed Transaction (as defined below), CMZ, among other things, was classified as a disposal group held for sale as at 31 December 2014 and 2015 and 30 June 2016. Among the assets classified as held for sale, approximately US\$1,031.2 million and US\$929.8 million as at 31 December 2015 and 30 June 2016 respectively were attributable to the assets of CMZ Group.

Total liabilities of the Group mainly comprised, among other things, borrowings and accounts payable, other payables and accruals. Among borrowings, there were short-term and long-term bank loans and other loans. As at 31 December 2015, total bank loans amounted to approximately US\$4,447.4 million, among which there are short-term bank loans of approximately US\$995.5 million and long-term bank loans of approximately US\$3,451.9 million. Total liabilities of the Group as at 30 June 2016 went up by approximately 3.6% as compared with those as at 31 December 2015, which was mainly due to the increase in accounts payables, other payables and accruals and short-term borrowings.

The liabilities directly associated with CMZ classified as held for sale were approximately US\$436.2 million and US\$319.2 million as at 31 December 2015 and 30 June 2016 respectively.

The Group's net current assets increased by around 10.4% from approximately US\$1,174.3 million as at 31 December 2015 to approximately US\$1,296.1 million as at 30 June 2016. The Group's current ratio maintained at approximately 1.4 times as at 30 June 2016. Gearing ratio of the Group decreased to around 0.57 times as at 30 June 2016 from 0.64 times (restated) as at 31 December 2015.

As at 31 December 2015 and 30 June 2016, total equity attributable to owners of the Company amounted to approximately US\$3,070.2 million and US\$3,337.0 million respectively.

## 2. Information on CMZ Group

China Minzhong Food Corporation Limited is currently a subsidiary of Indofood with its shares listed on the Singapore Stock Exchange. As at the Latest Practicable Date, Indofood, a 50.1% owned subsidiary of the Group, owns approximately 82.88% of the existing issued share capital of CMZ.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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CMZ is an integrated vegetable processing company in the PRC with three business segments which comprises of cultivation of vegetables, vegetable processing and branded products. CMZ's operations are strategically located across six provinces in the PRC. The company has industrialised farming facilities at three sites which allow the planting of vegetables without depending on erratic weather and climate conditions.

In February 2013, Indofood first became interested in 98,000,000 CMZ Shares (amounting to around 14.95% of the then equity interest in CMZ) through a new shares subscription and, shortly after, further acquired existing CMZ Shares to increase its shareholdings in CMZ to around 29.3%. In September 2013, Indofood further increased its interests in CMZ to over 30% and following which, Indofood announced a tender offer (the “**Tender Offer**”) for the remaining issued CMZ Shares in compliance with Singapore Takeovers Code. Following the close of the Tender Offer and subsequent placing down pursuant to the requirement of the Singapore Stock Exchange, CMZ was held as to around 82.88% by Indofood.

As at the Latest Practicable Date, (i) there are 655,439,000 CMZ Shares in issue; and (ii) CMZ did not have any outstanding securities which are convertible into CMZ Shares.

(a) *Historical financial performance of CMZ Group*

Set out below are certain key financial information on CMZ Group prepared in accordance with the Singapore Financial Reporting Standards as extracted from the consolidated income statement for the financial years ended 30 June 2014, 2015 and 2016 (“**FY13/14**”, “**FY14/15**” and “**FY15/16**”, respectively), details of which are set out in the CMZ 2013/14 AR, CMZ 2014/15 AR and CMZ 2015/16 AR Announcement:

|                                    | <b>For the financial year ended 30 June</b> |                                 |                  |
|------------------------------------|---|---------------------------------|------------------|
|                                    | <b>2016</b>                                 | <b>2015</b>                     | <b>2014</b>      |
|                                    | <i>(Unaudited)</i>                          | <i>(Audited &amp; restated)</i> | <i>(Audited)</i> |
|                                    |   | <i>(note)</i>                   |                  |
|                                    | <i>RMB'000</i>                              | <i>RMB'000</i>                  | <i>RMB'000</i>   |
| Revenue                            |   |                                 |                  |
| Processed business segment         |   |                                 |                  |
| • Sale of processed vegetables     | 952,563                                     | 904,777                         | 1,435,825        |
| Cultivation business segment       |   |                                 |                  |
| • Sale of fresh vegetables produce | 617,741                                     | 663,664                         | 956,726          |
| • Mushroom spores                  | 83,585                                      | 77,268                          | 136,897          |
|                                    | 701,326                                     | 740,932                         | 1,093,623        |

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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|  | <b>For the financial year ended 30 June</b> |                                     |                       |
|--|---|-------------------------------------|-----------------------|
|  | <b>2016</b>                                 | <b>2015</b>                         | <b>2014</b>           |
|  | <i>(Unaudited)</i>                          | <i>(Audited &amp;<br/>restated)</i> | <i>(Audited)</i>      |
|  |   | <i>(note)</i>                       |                       |
|  | <i>RMB'000</i>                              | <i>RMB'000</i>                      | <i>RMB'000</i>        |
| Branded business segment   |   |                                     |                       |
| • Beverages  | 143,797                                     | 312,358                             | 335,545               |
| • Others   | 24,829                                      | 13,078                              | 31,642                |
|  | <u>168,626</u>                              | <u>325,436</u>                      | <u>367,187</u>        |
|  | 1,822,515                                   | 1,971,145                           | 2,896,635             |
| Cost of sales  | <u>(1,313,221)</u>                          | <u>(1,359,785)</u>                  | <u>(1,944,495)</u>    |
| Gross profit   | 509,294                                     | 611,360                             | 952,140               |
| Gain on fair value of biological<br>assets less estimated point-of-sales<br>cost <i>(Note)</i> | –   | –                                   | 8,800                 |
| Other income   | 202,495                                     | 208,990                             | 136,403               |
| Selling and distribution expenses  | (39,020)                                    | (83,512)                            | (161,593)             |
| Administrative expenses  | (170,617)                                   | (158,778)                           | (165,039)             |
| Other expenses   | (189,004)                                   | (58,959)                            | (83,966)              |
| Finance cost   | <u>(149,669)</u>                            | <u>(100,778)</u>                    | <u>(65,089)</u>       |
| Profit before tax  | 163,479                                     | 418,323                             | 621,656               |
| Income tax   | <u>(30,670)</u>                             | <u>(81,916)</u>                     | <u>(112,199)</u>      |
| Profit for the year  | <u><u>132,809</u></u>                       | <u><u>336,407</u></u>               | <u><u>509,457</u></u> |

*Note:* As disclosed in the CMZ 2015/16 AR Announcement, CMZ Group adopted the amendments (the “**Amendments**”) to Singapore Financial Reporting Standards 16 and 41 “Agriculture: Bearer Plants” with effect from 1 January 2016. The comparative figures for FY14/15 have been amended and restated taking into account the aforesaid Amendments. The comparative figures for FY13/14 have not been amended or restated.

CMZ Group’s activities are divided into 3 reportable segments — namely (i) processed business segment; (ii) cultivation business segment and (iii) branded business segment.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Turnover of CMZ Group has been on a decreasing trend in the past three financial years. CMZ Group's turnover decreased by around 32.0% in FY14/15 as compared with that for FY13/14, which was mainly attributable to (i) the decrease in fresh-packed products sales of the processed business segment as a result of weakened demand for processed vegetables; and (ii) the shortage of rural labour for cultivation activities for the cultivation business segment which resulted in the decline of fresh vegetables volume output.

CMZ Group's turnover further decreased by around 7.5% in FY15/16 as compared with that for FY14/15, which was mainly due to (i) the decrease in sales of fresh vegetables from the cultivation business segment, by around 6.9% mainly due to decline in sales volume by 15.6% partly offset by an increase in average selling price by 10.3%; and (ii) the decrease in sales from the branded business segment, in which in particular, revenue from beverage business decreased by approximately RMB168.6 million to approximately RMB143.8 million primarily due to the slowdown of the economy and re-focusing of CMZ Group's corporate strategy to the core business, partly offset by the increase in sales from the processed business segment during FY15/16.

CMZ Group's gross profit for FY14/15 decreased by around 35.8% to approximately RMB611.4 million as compared with that for FY13/14, while overall gross profit margin decreased from around 32.9% in FY13/14 to around 31.0% in FY14/15 due to higher raw material costs in the processed business segment and rising labour costs in the cultivation business segment. Gross profit margin for the beverage business bucked the trend, increasing from around 39.4% from FY13/14 to around 45.9% in FY14/15 while other branded products also achieved a breakeven in gross profit level.

CMZ Group's gross profit for FY15/16 further decreased by around 16.7% from approximately RMB611.4 million in FY14/15 to approximately RMB509.3 million in FY15/16, whilst overall gross profit margin decreased by around 3.1% from around 31.0% in FY14/15 to around 27.9% in FY15/16 mainly due to the decrease in revenue from the beverage business.

Although CMZ Group remained profit-making during FY13/14 to FY15/16, its net profit has been on a decreasing trend in recent years. CMZ Group's net profit decreased by around 34.0% from FY13/14 to FY14/15, which was in line with the decrease in gross profit.

CMZ Group's net profit decreased considerably by around 60.5% from approximately RMB336.4 million in FY14/15 to approximately RMB132.8 million in FY15/16, which was mainly attributable to lower gross profits, increase in currency exchange loss and increase in finance cost.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) *Financial position*

Set out below is a summary of the consolidated statements of financial position of CMZ Group as at 30 June 2014, 30 June 2015 and 30 June 2016 as extracted from the CMZ 2015/16 AR Announcement:

|  | <b>As at 30 June</b> |                   |                   |
|--|----------------------|-------------------|-------------------|
|  | <b>2016</b>          | <b>2015</b>       | <b>2014</b>       |
|  | <i>(Unaudited)</i>   | <i>(Audited)</i>  | <i>(Audited)</i>  |
|  |                      | <i>(Restated)</i> | <i>(Restated)</i> |
|  | <i>(RMB'000)</i>     | <i>(RMB'000)</i>  | <i>(RMB'000)</i>  |
| <b>Equity</b>  |                      |                   |                   |
| Capital and reserves attributable to equity holders of CMZ | 5,302,613            | 5,116,899         | 5,087,715         |
|  | <u>5,302,613</u>     | <u>5,116,899</u>  | <u>5,087,715</u>  |
| <b>Non-current assets</b>                                  |                      |                   |                   |
| Property, plant and equipment                              | 2,178,589            | 2,019,844         | 2,130,446         |
| Land use rights  | 128,381              | 131,487           | 134,741           |
| Bearer plants  | 25,320               | 26,040            | 26,760            |
| Land improvement costs                                     | 122,751              | 88,139            | 175,249           |
| Operating lease prepayments                                | 193,124              | 241,598           | 328,775           |
| Other non-current assets                                   | 68,951               | 6,000             | 6,000             |
|  | <u>2,717,116</u>     | <u>2,513,108</u>  | <u>2,801,971</u>  |
| <b>Current assets</b>                                      |                      |                   |                   |
| Land use rights  | 3,125                | 3,125             | 2,977             |
| Biological assets  | 26,390               | 23,109            | 20,948            |
| Inventories  | 37,913               | 61,507            | 106,614           |
| Trade receivables  | 209,399              | 421,095           | 476,607           |
| Operating lease prepayments                                | 55,824               | 56,518            | 63,418            |
| Other receivables and prepayments                          | 93,412               | 136,058           | 149,895           |
| Cash and bank balances                                     | 4,373,641            | 4,261,919         | 3,267,417         |
|  | <u>4,799,704</u>     | <u>4,963,331</u>  | <u>4,087,876</u>  |
| <b>Total assets</b>  | <u>7,516,820</u>     | <u>7,476,439</u>  | <u>6,889,847</u>  |

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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|                                | <b>As at 30 June</b> |                   |                   |
|--------------------------------|----------------------|-------------------|-------------------|
|                                | <b>2016</b>          | <b>2015</b>       | <b>2014</b>       |
|                                | <i>(Unaudited)</i>   | <i>(Audited)</i>  | <i>(Audited)</i>  |
|                                |                      | <i>(Restated)</i> | <i>(Restated)</i> |
|                                | <i>(RMB'000)</i>     | <i>(RMB'000)</i>  | <i>(RMB'000)</i>  |
| <b>Current liabilities</b>     |                      |                   |                   |
| Trade payables                 | 87,321               | 212,589           | 103,453           |
| Other payables and accruals    | 234,014              | 320,805           | 124,640           |
| Bank term loans                | 1,131,130            | 944,404           | 593,680           |
| Other current liabilities      | 16,494               | 9,726             | 4,085             |
|                                | <u>1,468,959</u>     | <u>1,487,524</u>  | <u>825,858</u>    |
| <b>Non-current liabilities</b> |                      |                   |                   |
| Bank term loans                | 687,337              | 810,816           | 903,595           |
| Other non-current liabilities  | 57,911               | 61,200            | 72,679            |
|                                | <u>745,248</u>       | <u>872,016</u>    | <u>976,274</u>    |
| <b>Total liabilities</b>       | <u>2,214,207</u>     | <u>2,359,540</u>  | <u>1,802,132</u>  |
| <b>Net assets</b>              | <u>5,302,613</u>     | <u>5,116,899</u>  | <u>5,087,715</u>  |

As disclosed in the CMZ 2015/16 AR Announcement, CMZ Group adopted the Amendments with effect from 1 January 2016.

As shown above, total assets of CMZ Group increased by around 8.5% from approximately RMB6,889.8 million as at 30 June 2014 to approximately RMB7,476.4 million as at 30 June 2015, and further increased by around 0.5% to approximately RMB7,516.8 million as at 30 June 2016.

Non-current assets of CMZ Group mainly comprised property, plant and equipment, the balance of which represented over 80% of the total non-current assets as at 30 June 2015 and 2016. As disclosed in CMZ 2014/15 AR, non-current assets of CMZ Group decreased by around 10.3% from 30 June 2014 to approximately RMB2,513.1 million as at 30 June 2015, mainly due to amortisation and depreciation expenses. Non-current assets of CMZ Group subsequently increased by around 8.1% to approximately RMB2,717.1 million as at 30 June 2016 mainly due to, as disclosed in the CMZ 2015/16 AR Announcement, additions to property, plant and equipment and land improvement costs, partly offset by depreciation and amortisation of assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Current assets of CMZ Group mainly comprised cash and bank balances, the balance of which represented over 85% of the total current assets as at 30 June 2015 and 2016. Current assets of CMZ Group rose by around 21.4% from 30 June 2014 to approximately RMB4,963.3 million as at 30 June 2015, primarily due to increase in cash and bank balances. Current assets of CMZ Group then dropped slightly by 3.3% as at 30 June 2016, mainly due to the decrease in trade and other receivables and prepayments of approximately RMB254.3 million partly offset by the increase in cash and bank balances of approximately RMB111.7 million.

Total liabilities of CMZ Group rose by around 30.9% from 30 June 2014 to approximately RMB2,359.5 million as at 30 June 2015. Total liabilities of CMZ Group then decreased by around 6.2% to approximately RMB2,214.2 million as at 30 June 2016, mainly due to decrease in trade and other payables and accruals of approximately RMB212.1 million partly offset by increase in bank term loans of approximately RMB63.2 million.

Non-current liabilities of CMZ Group substantially comprised its bank term loans. Non-current liabilities of CMZ Group decreased by around 10.7% from 30 June 2014 to RMB872.0 million as at 30 June 2015 as a result of lower long-term bank loan, and it further decreased by around 14.5% to approximately RMB745.2 million as at 30 June 2016 mainly due to decrease in bank term loans.

Current liabilities of CMZ Group mainly comprised other payables and accruals and bank term loans. Current liabilities of CMZ Group increased by around 80.1% from 30 June 2014 to approximately RMB1,487.5 million as at 30 June 2015, mainly attributable to the increase in short-term bank borrowings and higher trade and other payables. It dropped slightly by around 1.2% to approximately RMB1,469.0 million as at 30 June 2016.

Capital and reserves attributable to equity holders of CMZ increased slightly by around 0.6% from 30 June 2014 to 30 June 2015, and it further increased by around 3.6% to RMB5,302.6 million as at 30 June 2016, which is in line with the profit-making track records during FY14/15 and FY15/16.

### **3. Background of and reasons for entering into the Implementation Agreement and the expected benefits and the use of proceeds**

As disclosed in the Company's announcement dated 31 December 2014, Indofood, received on 30 December 2014 and replied to and accepted on 31 December 2014 a letter of intent from CMZ BVI to purchase 347,000,000 shares of CMZ held by Indofood, representing approximately 52.94% of the issued share capital of CMZ as at the date of such announcement, at S\$1.20 per CMZ Share (the "**Then Proposed Transaction**"), subject to the condition that CMZ BVI should have received financing for the Then Proposed Transaction as well as for the mandatory general offer for all the shares in the capital of CMZ (other than those already held by CMZ BVI and/or parties acting in concert with CMZ BVI) and the execution of a definitive agreement between Indofood and CMZ BVI with regard to the Then Proposed Transaction.

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As mentioned in the Company's announcement dated 16 October 2015, Indofood and CMZ BVI entered into a binding MOU pursuant to which the parties to the MOU contemplated the sale by Indofood to CMZ BVI of 347,000,000 CMZ Shares, representing approximately 52.94% of the existing issued share capital of CMZ, at S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share. The MOU also contemplated that, following completion by CMZ BVI of the acquisition of those CMZ Shares from Indofood, CMZ BVI would make a mandatory general offer for all the remaining issued CMZ Shares (other than those already held by CMZ BVI and/or parties acting in concert with it), and that Indofood would undertake not to accept the mandatory general offer in respect of its remaining 196,252,517 CMZ Shares (representing approximately 29.94% of the existing issued share capital of CMZ). However, as CMZ BVI faced challenges in arranging financing for the transaction contemplated under the MOU, CMZ BVI approached and engaged Mr. Anthoni Salim, in his personal capacity, to assist with arranging the funding required for the proposed acquisition of CMZ Shares contemplated under the MOU. Mr. Anthoni Salim has agreed to assist with arranging the required funding and participate in the proposed acquisition. As a result, Marvellous BVI has been established as a consortium indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Pursuant to the Implementation Agreement, Indofood, CMZ BVI and Marvellous BVI have agreed to amend the structure of the transaction contemplated by the MOU.

It is stated in the letter from the Board in the Circular that the Board announced that on 6 September 2016 Indofood, CMZ BVI and Marvellous BVI entered into the Implementation Agreement in relation to certain amendments to the transaction proposed under the MOU and implementation of the amended transaction. Pursuant to the Implementation Agreement, Indofood, CMZ BVI and Marvellous BVI have agreed to amend the structure of the transaction contemplated by the MOU. Pursuant to the amended transaction structure, the offeror has been changed from CMZ BVI to Marvellous BVI.

Pursuant to the amended transaction structure under the Implementation Agreement, Marvellous BVI will, subject to satisfaction of the Pre-Conditions, make a voluntary general offer under the Singapore Takeovers Code to acquire all the issued CMZ Shares, including all of the 543,252,517 Indofood CMZ Shares (representing approximately 82.88% of the existing issued share capital of CMZ), at the Offer Price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share. One of the Pre-Conditions is the Company having obtained approval from the Independent Shareholders as regard the Implementation Agreement and transactions contemplated therein in accordance with the Listing Rules. The Offer is required to be conditional upon Marvellous BVI having received by the close of the Offer, valid acceptances of the Offer which will result in Marvellous BVI holding CMZ Shares conferring more than 50% of the voting rights attributable to all the issued CMZ Shares as at the close of the Offer.

The Implementation Agreement provides that, subject to the fulfilment of the Pre-Conditions and the Offer having been made by Marvellous BVI, Indofood will, during the Offer period, accept the Offer in respect of all the Indofood CMZ Shares and elect to receive a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49) per CMZ Share. Accordingly, Indofood will receive consideration with an aggregate value of S\$651.9 million (equivalent to approximately US\$479.3 million or HK\$3.7 billion) for accepting the Offer in respect of all the Indofood CMZ Shares, comprising: (a) cash in the amount of approximately S\$416.4 million (equivalent to

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approximately US\$306.2 million or HK\$2.4 billion); and (b) Exchangeable Bonds in the aggregate principal amount of approximately S\$235.5 million (equivalent to approximately US\$173.2 million or HK\$1.35 billion). The Exchangeable Bonds to be issued to Indofood under the Offer would be exchangeable, at the exchange price equivalent to the Offer Price, for 196,249,971 CMZ Shares, representing approximately 29.94% of the existing issued share capital of CMZ, which is consistent with Indofood's original intention under the MOU.

Marvellous BVI has stated that its intention is to privatise and delist CMZ, if possible, by way of the voluntary general offer and the compulsory acquisition of CMZ Shares not tendered for acceptance under the voluntary general offer, subject to the minimum threshold for exercise of the power of compulsory acquisition being achieved. As stated in the letter from the Board in the Circular, the Board does not expect any significant changes to Indofood's involvement in CMZ after the Transactions. Currently, Indofood has one representative in the CMZ's board of directors. It is expected that Indofood will have at least one board seat in CMZ after the Transactions. As such, we concur with the Board that interests of Indofood and its shareholders as a whole will continue to be represented despite the possibility that the CMZ Shares to be issued pursuant to the exchange feature under the Exchangeable Bonds will be unlisted shares if CMZ is privatised and delisted from the Singapore Stock Exchange.

As disclosed in the CMZ Announcement, Marvellous BVI is of the view that the delisting and privatisation of CMZ will provide Marvellous BVI and CMZ with greater control and management flexibility in the implementation of any strategic initiatives and/or operational changes of CMZ Group as well as dispense with compliance costs associated with maintenance of a listed status.

As mentioned in the letter from the Board in the Circular, the Board is of the view that the return on Indofood's investment in CMZ has been lower than originally anticipated over the past three years, principally due to the weak macroeconomic conditions globally, including in the PRC. However, the Board expects the performance of CMZ to improve and the return on Indofood's investment to match the Group's expectation in the longer term, as the macroeconomic conditions improve. Therefore, the Board proposes to retain a reduced equity interest in CMZ pursuant to the Exchangeable Bonds to be issued to Indofood as part of the consideration for accepting the Offer in respect of the Indofood CMZ Shares. We consider that the amended transaction structure under the Implementation Agreement is in line and consistent with the Group's original intention to reduce its stake in CMZ from approximately 82.88% to approximately 29.94% when the parties commenced the negotiations in December 2014.

As discussed in the letter from the Board in the Circular, the Board believes that Indofood and CMZ will continue to create synergies after the Transactions. CMZ will maintain as one of the suppliers to Indofood while Indofood will continue to collaborate with CMZ in developing the key raw materials required by Indofood in its operations after the Transactions. The Management further provides that not only Indofood has an extensive distribution networks in Indonesia which CMZ may tap for the distribution of its products in Indonesia, both the Group and the CMZ Group may also leverage onto each other's marketing and distribution expertise and capabilities for cross-distribute each other's products in the Chinese and Indonesian consumer markets. In addition, according to No.1 Central Document jointly released by the Central Committee of the Communist Party of China and the State Council on 27 January 2016, PRC is planning to step up reforms and innovation to speed up the modernisation of agriculture, which is believed to be favourable to the agricultural landscape in China in the long run. However, timing for any such new policies to be proposed and implemented could be uncertain and profitability of the

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CMZ Group has been decreasing in the past few years. In this regard, the Transactions, therefore, would not only allow the Group to realise part of its investment in CMZ at a reasonable price (details of our assessment are set out in the section headed “4. Principal terms of the Implementation Agreement and the Offer” below) to reduce its operational risk, they will at the same time allow the Group to retain an interest in CMZ, which has been profit-making historically with its net assets of approximately RMB5.3 billion (equivalent to approximately US\$679.5 million or approximately S\$924.1 million) as at 30 June 2016, to possibly capture any potential upside as a result of future business growth of CMZ in view of the aforesaid synergies and the long-term policy development in the PRC.

Following the acceptance of the Offer, Indofood will receive consideration with an aggregate value of S\$651.9 million (equivalent to approximately US\$479.3 million or HK\$3.7 billion) for accepting the Offer in respect of all the Indofood CMZ Shares, of which approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion) will be received in cash with the remaining approximately S\$235.5 million (equivalent to approximately US\$173.2 million or HK\$1.35 billion) to be settled by the Exchangeable Bonds. Accordingly, value of the investment as regard the retained interests of approximately 29.94% in CMZ, based on the principal amount of the Exchangeable Bonds, is approximately S\$235.5 million (equivalent to approximately US\$173.2 million or HK\$1.35 billion) which represents only around 5.2% of the net assets attributable to owners of the Company as at 30 June 2016. The Group will also use the cash proceeds from the Transactions of approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion) to repay the loan borrowed to finance the acquisition of CMZ, which will reduce the indebtedness of the Group.

Having considered that, in particular, (i) the Transactions are strategic moves of the Group to realise part of its investment in CMZ, in view of the decreasing profitability of the CMZ Group in recent years and the uncertainty in timing for any new favourable policies to be proposed and implemented, at a reasonable price and to reduce its operational risk, while at the same time allow the Group to retain an interest in CMZ which remains profit-making with net assets of approximately RMB5.3 billion (equivalent to approximately US\$ 679.5 million or approximately S\$924.1 million) as at 30 June 2016, leaving the opportunity of capturing any potential upside in the mid and long term as a result of future business growth of CMZ in view of the synergies and the long-term policy development in the PRC; and (ii) the terms of the Implementation Agreement, including the Offer Price and the terms of the Exchangeable Bonds, are fair and reasonable (details of our assessment are discussed in the sections headed “4. Principal terms of the Implementation Agreement and the Offer” below), we concur with the view of Directors that the entering into of the Implementation Agreement is fair and reasonable as far as the Company and its shareholders are concerned.

#### **4. Principal terms of the Implementation Agreement and the Offer**

Pursuant to the Implementation Agreement, Marvellous BVI will, subject to satisfaction of the Pre-Conditions, make the Offer to acquire all the issued CMZ Shares at the Offer Price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share.



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The Offer is required to be conditional upon Marvellous BVI having received by the close of the Offer, valid acceptances of the Offer which will result in Marvellous BVI holding CMZ Shares conferring more than 50% of the voting rights attributable to all the issued CMZ Shares as at the close of the Offer. Accordingly, it is expected that the Offer will be declared unconditional immediately following the Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares.

Accepting shareholders of CMZ may elect to receive the offer price of S\$1.20 either:

- a) fully in cash; or
- b) by a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49), to be issued by Marvellous BVI. The combination of cash and Exchangeable Bonds comprises approximately 63.9% of the Offer consideration in the form of cash and approximately 36.1% of the Offer consideration in the form of Exchangeable Bonds.

### *Undertakings*

Pursuant to the Implementation Agreement, Indofood has, contemporaneously with the execution of the Implementation Agreement, executed an irrevocable undertaking in favour of Marvellous BVI, whereby Indofood has irrevocably undertaken, subject to the fulfilment of the Pre-Conditions and the Offer having been made by Marvellous BVI, to accept the Offer during the Offer period in respect of all the Indofood CMZ Shares and elect to receive a combination of cash in the amount of S\$0.7665 (equivalent to approximately US\$0.56 or HK\$4.4) and Exchangeable Bonds in the principal amount of S\$0.4335 (equivalent to approximately US\$0.32 or HK\$2.49) per CMZ Share as consideration for Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares.

Pursuant to the Implementation Agreement, CMZ BVI and each member of the CMZ Management have, contemporaneously with the execution of the Implementation Agreement, executed irrevocable undertakings in favour of Marvellous BVI, whereby CMZ BVI and each member of the CMZ Management have irrevocably undertaken:

- a. to tender all of their respective CMZ Management Shares in acceptance of the Offer; and
- b. to receive the entire consideration payable by Marvellous BVI for the CMZ Management's Acceptance by way of interest-free promissory notes to be issued by Marvellous BVI to CMZ BVI with a principal amount of approximately S\$38.6 million (equivalent to approximately US\$28.4 million or HK\$221.4 million), being the consideration for the 32,183,600 CMZ Management Shares at the Offer Price.



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### *Earnest Sum*

In accordance with the provisions of the MOU, CMZ BVI paid the Earnest Sum to Indofood on 30 December 2015. The Implementation Agreement provides that in the event the Offer becomes or is declared unconditional in accordance with its terms, CMZ BVI will transfer its rights in respect of the Earnest Sum to Marvellous BVI and the Earnest Sum paid by CMZ BVI to Indofood under the MOU (including the interest accrued on the Earnest Sum) shall be treated as part of the cash consideration payable by Marvellous BVI to Indofood for Indofood's acceptance of the Offer. Marvellous BVI shall be entitled to deduct such amount from the cash consideration due to Indofood for Indofood's acceptance of the Offer.

### *Offer Price*

As disclosed in the letter from the Board in the Circular, the Offer Price for each CMZ Share of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) is the same as the sale price stated in the MOU and was arrived at after arm's length negotiations on a willing seller, willing buyer basis. The Offer Price represents:

- (a) a premium of approximately 39.5% over the closing price of S\$0.86 (equivalent to approximately US\$0.63 or HK\$4.93) per CMZ Share as quoted by the Singapore Stock Exchange on 30 December 2014, being the last trading day immediately preceding the Initial Announcement (as defined below); and
- (b) a premium of approximately 20.0% over the closing price of S\$0.96 (equivalent to approximately US\$0.71 or HK\$5.51) per CMZ Share as quoted by the Singapore Stock Exchange on 30 August 2016, being the last trading day immediately preceding the CMZ Announcement.

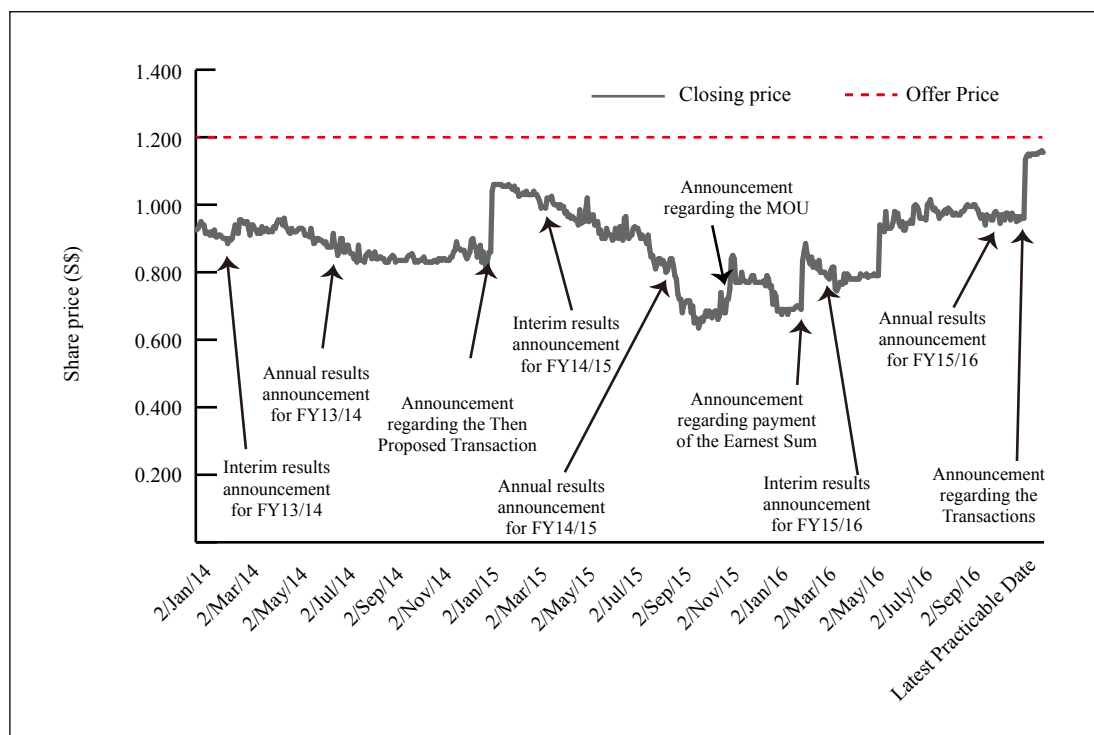
The Offer Price was agreed to by Indofood on the basis that it is not lower than the average price for Indofood's acquisition of CMZ Shares in 2013. The Offer Price is subject to reduction by the amount of any distribution in respect of a CMZ Share the record date for which is on or after the date of announcement of the Offer but prior to the settlement date under the Offer.

In order to assess the fairness and reasonableness of the Offer Price, we have conducted the following researches:

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Historical trading performance and liquidity of the CMZ Shares*

Set out below is the movement of the closing prices of the CMZ Shares from 2 January 2014 to the Latest Practicable Date (the “**Review Period**”):



During the period from 2 January 2014 to 30 December 2014, the closing price of the CMZ Shares was within the range between S\$0.800 and S\$0.960 per CMZ Share. On 31 December 2014, CMZ published the announcement regarding the Then Proposed Transaction (the “**Initial Announcement**”), the closing price increased sharply from S\$0.86 per CMZ Share on 30 December 2014 to S\$1.04 per CMZ Share on 2 January 2015, being the first trading day immediately following the publication of such announcement. Since then and up to 30 December 2015, the closing price of the CMZ Shares exhibited a downward trend in general within the range of S\$0.635 to S\$1.060 per CMZ Share, save for a short-term rebound during the period from 16 September 2015 and 28 October 2015 and around the announcement of the signing of the MOU.

Following the release by CMZ of the announcement dated 30 December 2015 regarding the payment of the Earnest Sum pursuant to the MOU, the closing price surged from S\$0.690 per CMZ Share on 30 December 2015 to S\$0.835 per CMZ Share on 31 December 2015, being the first trading day immediately following the publication of such announcement and reached S\$0.885 per CMZ Share on 5 January. Afterwards, the closing price of the CMZ Shares returned to a downward trend and traded within the range of S\$0.745 to S\$0.885 per CMZ Shares till a significant rebound on 30 March 2016. The closing price of the CMZ Shares raised from S\$0.790 on 29 March 2016 to S\$0.940 per CMZ Share on 30 March 2016. Since then, the closing price maintained within a narrow range between S\$0.920 and S\$1.015 up to 30 August 2016, being the last trading day of the CMZ Share prior to the publication of the CMZ Announcement. Throughout the period from 1 January 2014 to 30 August 2016 (the “**Pre-announcement Period**”), the closing price of the CMZ Shares was all along closed at price levels below the Offer Price of S\$1.20 per CMZ Share.

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Trading in CMZ Shares were suspended from 31 August 2016 to 6 September 2016 pending the publication of the CMZ Announcement. Following the publication of the CMZ Announcement and the resumption of trading in CMZ Shares on 7 September 2016, the closing price surged from S\$0.960 per CMZ Share on 30 August 2016 to S\$1.135 per CMZ Share on 7 September 2016, being the first trading day of the CMZ Shares following the publication of the CMZ Announcement. Since 7 September 2016 and up to the Latest Practicable Date (the “**Post-announcement Period**”), the CMZ Share price closed below the Offer Price in the range between S\$1.135 and S\$1.155 per CMZ Share and closed at S\$1.149 per CMZ Share on the Latest Practicable Date.

Set out below is the liquidity of the CMZ Shares during the following respective periods in the Review Period:

|   | <b>Approximate<br/>percentage<br/>of average<br/>daily trading<br/>volume to<br/>total issued<br/>CMZ Shares</b> | <b>Approximate<br/>percentage<br/>of average daily<br/>trading volume<br/>to total issued<br/>CMZ Shares but<br/>excluding those<br/>held by Indofood</b> |
|---|--|---|
| From 2 January 2014 up to 30 December 2014,<br>being the trading day immediately prior<br>to the publication by CMZ of the<br>Initial Announcement (the “ <b>Pre-Initial<br/>Announcement Period</b> ”) | 0.0248%  | 0.1451%   |
| Between 2 January 2015 and 14 October 2015,<br>being the date of the announcement<br>regarding the MOU  | 0.0183%  | 0.1069%   |
| Between 15 October 2015 and 30 August 2016,<br>being the last trading day of the CMZ<br>Share prior to the publication of the<br>CMZ Announcement   | 0.0140%  | 0.0819%   |
| During the Post-announcement Period   | 0.3142%  | 1.8359%   |

As shown in the table above, trading volume of CMZ Shares has been generally thin during the Review Period.

During the Pre-Initial Announcement Period, the average daily trading volume amounted to (i) approximately 0.0248% to the total issued CMZ Shares; and (ii) approximately 0.1451% to the total issued CMZ Shares excluding those held by Indofood. Immediately following release of the Initial Announcement, the average daily trading volume of CMZ Shares showed a significant

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increase in January 2015 to (i) approximately 0.0481% to the total issued CMZ Shares; and (ii) approximately 0.2810% to the total issued CMZ Shares excluding those held by Indofood. However, the average daily trading volume during the period from 2 January 2015 (being the first trading day of CMZ Share following release of the Initial Announcement) to 30 August 2016 (being the last trading day of the CMZ Share prior to the publication of the CMZ Announcement) as a whole, did not have prominent increase when compared to that during the Pre-Initial Announcement Period.

A relatively higher trading volume was recorded during the Post-announcement Period during which the average daily trading volume amounted to (i) approximately 0.3142% to the total issued CMZ Shares; and (ii) approximately 1.8359% to the total issued CMZ Shares excluding those held by Indofood.

*(b) Comparable companies*

For comparison purposes, we have reviewed and identified 4 companies listed on the Singapore Stock Exchange that are engaged in manufacturing and distribution of processed vegetables and fruits (the “**Comparable Companies**”). Though the Comparable Companies are not the same in all aspects as CMZ, we consider that the analysis on the Comparable Companies can provide a meaningful reference to the Company’s shareholders given that the Comparable Companies are all engaged in manufacturing and distribution of processed vegetables and fruits that are considered having similar characteristics in terms of industry background and outlook as CMZ and can provide a general overview on their market valuation with respect to their corresponding underlying earnings and net asset value for comparison purposes.

Set out in the table below are the details of the Comparable Companies and their respective price-to-earnings multiples (“**P/E**”) and price-to-book multiples (“**P/B**”) as compared with CMZ:

| <b>Stock code</b> | <b>Company</b>                             | <b>Market capitalisation</b><br><i>S\$ million</i><br><i>(Note 1)</i> | <b>P/E</b><br><i>times</i><br><i>(Note 2)</i> | <b>P/B</b><br><i>times</i><br><i>(Note 3)</i> |
|-------------------|--|---|---|---|
| D03               | Del Monte Pacific Limited <i>(Note 7)</i>  | 689.84  | 9.84  | 1.67  |
| T4B               | Sino Grandness Food Industry Group Limited | 296.27  | 7.03  | 0.80  |
| AAJ               | Sunmoon Food Company Limited               | 13.39   | n/a   | 1.20  |
| BJV               | Yamada Green Resources Limited             | 51.09   | 2.91  | 0.29  |
|                   |  | <b>Average</b>  | <b>6.59</b>                                   | <b>0.99</b>                                   |
|                   |  | <b>Maximum</b>  | <b>9.84</b>                                   | <b>1.67</b>                                   |
|                   |  | <b>Minimum</b>  | <b>2.91</b>                                   | <b>0.29</b>                                   |
| <b>K2N</b>        | <b>CMZ</b>                                 | <b>786.53</b><br><i>(Note 4)</i>                                      | <b>29.04</b><br><i>(Note 5)</i>               | <b>0.73</b><br><i>(Note 6)</i>                |

*Source: Website of the Singapore Stock Exchange and respective latest published financial reports of the Comparable Companies and CMZ*

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*Notes:*

- 1) The market capitalisation of the Comparable Companies is calculated based on their respective closing price per share and number of issued shares as at the Latest Practicable Date.
- 2) P/E of the Comparable Companies are calculated based on the earnings attributable to owners of the relevant Comparable Companies as published in their respective latest published financial report and the respective market capitalisation as at the Latest Practicable Date.
- 3) P/B of the Comparable Companies are calculated based on the net asset value attributable to owners of the relevant Comparable Companies as published in their respective latest published financial reports and the respective market capitalisation as at the Latest Practicable Date.
- 4) The market capitalisation of CMZ is referred to the Offer Price of S\$1.20 per CMZ Share and number of issued shares of CMZ as at the Latest Practicable Date (the “**CMZ Theoretical Market Cap**”).
- 5) P/E of CMZ is calculated based on the earnings attributable to owners of CMZ for the year ended 30 June 2016 and the CMZ Theoretical Market Cap.
- 6) P/B of CMZ is calculated based on the net asset value attributable to owners of CMZ as at 30 June 2016 and the CMZ Theoretical Market Cap.
- 7) Del Monte Pacific Limited is dual listed on the Mainboards of the Singapore Stock Exchange and the PSE. For the purpose of this Comparable Companies analysis, the closing share price of Del Monte Pacific Limited on the Singapore Stock Exchange as at the Latest Practicable Date has been taken to reflect its market valuation by investors in the Singapore Stock Exchange.
- 8) For the purpose of this table, the translation of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = S\$1.36 = RMB6.67 = HK\$7.8 for the purpose of illustration only.

As shown in the table above, P/E of the Comparable Companies are in the range of around 2.91 times to 9.84 times, with an average of 6.59 times. The implied P/E of CMZ of approximately 29.04 times is substantially higher than P/E of all the Comparable Companies, which is considered favourable to the Group.

The implied P/B of CMZ of approximately 0.73 times is lower than average P/B of Comparable Companies of 0.99 times but within the range of 0.29 times to 1.67 times. We looked into the proportion of revenue generating assets (including in particular, land uses rights, land improvement costs, biological assets and property, plant and equipment) (the “**Revenue Generating Assets**”) and cash respectively over the total assets of CMZ Group and the Comparable Companies and noted that, CMZ Group’s proportion of the Revenue Generating Assets to its total assets of around 33% is comparable to the average of that of the Comparable Companies of around 30%, while CMZ Group’s proportion of cash and bank balance to its total assets of around 58% is significantly higher than that of all of the Comparable Companies and the average of them of around 9%. The relatively lower P/B of CMZ may be attributable to the considerably higher proportion of cash and bank balances to total assets of CMZ Group when compared with those of the Comparable Companies.

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Though P/B of CMZ based on the Offer Price is less favourable as compared to that of the Comparable Companies, we note that the closing price of CMZ Shares has traded consistently below its consolidated net asset value (the “NAV”) per CMZ Share since 14 February 2014 (being the date on which CMZ released its interim results for the six months ended 31 December 2013).

| Release Date of<br>interim/annual<br>results | Period                             | NAV per<br>CMZ<br>Share<br><i>Approx. S\$</i> | Closing price per CMZ Share |        |         | Discount of closing price of CMZ<br>Share to NAV per CMZ Share |                            |                             |
|--|------------------------------------|---|-----------------------------|--------|---------|--|----------------------------|-----------------------------|
|  |                                    |   | Highest                     | Lowest | Average | Highest<br><i>Approx. %</i>                                    | Lowest<br><i>Approx. %</i> | Average<br><i>Approx. %</i> |
| 14-Feb-14                                    | 15-Feb-14 – 25-Jul-14              | 1.54  | 0.96                        | 0.83   | 0.91    | 37.56  | 46.02                      | 40.82                       |
| 25-Jul-14                                    | 26-Jul-14 – 13-Feb-15              | 1.62  | 1.06                        | 0.80   | 0.90    | 34.75  | 50.76                      | 44.60                       |
| 13-Feb-15                                    | 14-Feb-15 – 29-Jul-15              | 1.63  | 1.03                        | 0.81   | 0.94    | 36.79  | 50.29                      | 42.31                       |
| 29-Jul-15                                    | 30-Jul-15 – 5-Feb-16               | 1.63  | 0.89                        | 0.64   | 0.75    | 45.36  | 60.71                      | 53.95                       |
| 5-Feb-16                                     | 6-Feb-16 – 11-Aug-16               | 1.62  | 1.02                        | 0.75   | 0.92    | 37.10  | 53.75                      | 43.27                       |
| 11-Aug-16                                    | 12-Aug-16 – 30-Aug-16 <sup>#</sup> | 1.65  | 0.98                        | 0.95   | 0.96    | 40.62  | 42.44                      | 41.83                       |

*Note:*

<sup>#</sup> The last trading day of CMZ Shares prior to the publication of the CMZ Announcement

Based on the analysis set out above, we note that, since 15 February 2014 up to 30 August 2016, the average closing price of the CMZ Shares for each of the respective periods indicated above have traded at a discount (the “Average Discount(s)”) to the then NAV per CMZ Share. As shown in the table, such discounts ranged from approximately 40.82% to approximately 53.95%.

The Offer Price of S\$1.20 represents a discount of approximately 27.27% to the NAV of approximately S\$1.65 per CMZ Share as at 30 June 2016, which is lower than the Average Discounts as shown above.

(c) *Privatisation precedents*

We have also compared the valuation statistics implied by the exit offer price with those of recently successful privatisation transactions undertaken by the Singapore Stock Exchange listed companies (“Privatisation Precedents”). In assessing the reasonableness of the Offer Price, we have compared the financial terms of the exit offer with those Privatisation Precedents carried out either by way of voluntary delisting (“VD”) or general takeover offer (“VGO”) announced, and successfully privatised and delisted during the period between January 2015 and up to the Latest Practicable Date, which we consider an exhaustive list of relevant privatisation transactions based on the said criteria above. We have reviewed transactions, inter alia, a comparison of the premium/discount of the exit offer prices of the consideration shares over/to the last transacted prices for the shares of these companies prior to the date of the relevant announcements.

As the subject companies involved in the Privatisation Precedents were in entirely different industries, carried out different businesses and operations, their assets requirements and composition are expected to be widely different from that of CMZ Group. A comparison of exit offer price over the net asset value per share under the Privatisation Precedents, therefore, will not be considered meaningful.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Company                                    | Stock code | Announcement Date | Exit Offer Price<br>S\$ | Market Capitalisation<br>S\$ million<br>(Note 4) | Premium/(discount) over/to the                              |   |   |   |
|--|------------|-------------------|-------------------------|--|---|---|---|---|
|  |            |                   |                         |  | Latest transaction price prior to announcement<br>date<br>% | 1-month VWAP prior to announcement<br>date<br>% | 3-month VWAP prior to announcement<br>date<br>% | 6-month VWAP prior to announcement<br>date<br>% |
| <b>By way of VGO</b>                       |            |                   |                         |  |   |   |   |   |
| Popular Holdings Limited                   | P29        | 14-Jan-15         | 0.320                   | 183  | 39.1  | 39.7  | 37.3  | 32.2  |
| Keppel Land Limited (Note 1)               | BN4        | 23-Jan-15         | 4.380                   | 5,640  | 20.0  | 25.0  | 28.8  | 28.2  |
| Lizhong Wheel Group Limited                | E94        | 17-Aug-15         | 0.500                   | 60   | 96.1  | 87.3  | 79.2  | 92.3  |
| Chosen Holdings Limited                    | C10        | 1-Sep-15          | 0.240                   | 56   | 21.2  | 26.3  | 27.0  | 33.3  |
| Tiger Airways Holdings Limited (Note 2)    | J7X        | 6-Nov-15          | 0.450                   | 775  | 45.2  | 48.5  | 56.3  | 50.0  |
| Neptune Orient Lines Limited               | N03        | 6-Dec-15          | 1.300                   | 2,278  | 48.6  | 51.0  | 32.9  | 30.7  |
| Interplex Holdings Limited                 | M1P        | 23-Dec-15         | 0.820                   | 389  | 15.5  | 11.1  | 13.1  | 16.5  |
| China Yongsheng Limited                    | 5KK        | 24-Feb-16         | 0.032                   | 35   | 52.4  | 67.4  | 62.4  | 56.9  |
| Osim International Limited (Note 3)        | 023        | 29-Feb-16         | 1.410                   | 823  | 27.0  | 40.9  | 42.5  | 16.7  |
| Select Group Limited                       | 5FQ        | 23-Mar-16         | 0.525                   | 61   | 23.5  | 37.9  | 43.4  | 31.6  |
| Pteris Global Limited                      | UD3        | 21-Apr-16         | 0.735                   | 245  | 15.8  | 19.3  | 24.6  | 29.4  |
| <b>By way of VD</b>                        |            |                   |                         |  |   |   |   |   |
| Action Asia Limited                        | T39        | 27-Feb-15         | 0.190                   | 45   | 69.6  | 68.1  | 66.7  | 65.2  |
| Junma Tyre Cord Company Limited            | 5TF        | 10-Mar-15         | 0.200                   | 5  | 222.6   | 162.3   | 174.7   | 167.7   |
| Eastern Holdings Limited                   | BDG        | 22-Sep-15         | 0.425                   | 45   | 41.7  | 41.7  | 26.8  | 21.8  |
| Sinotel Technologies Limited               | D3W        | 30-Nov-15         | 0.128                   | 36   | 50.6  | 30.6  | 45.5  | (4.5)   |
| China Diary Group Limited                  | T16        | 12-Apr-16         | 0.195                   | 48   | 87.7  | 96.4  | 82.5  | 82.5  |
| <b>All Privatisation Precedents</b>        |            |                   |                         |  |   |   |   |   |
| Average                                    |            |                   |                         |  | 54.8  | 53.3  | 52.7  | 46.9  |
| Maximum                                    |            |                   |                         |  | 222.6   | 162.3   | 174.7   | 167.7   |
| Minimum                                    |            |                   |                         |  | 15.5  | 11.1  | 13.1  | (4.5)   |
| <b>VGO Privatisation Precedents</b>        |            |                   |                         |  |   |   |   |   |
| Average                                    |            |                   |                         |  | 36.8  | 41.3  | 40.7  | 38.0  |
| Maximum                                    |            |                   |                         |  | 96.1  | 87.3  | 79.2  | 92.3  |
| Minimum                                    |            |                   |                         |  | 15.5  | 11.1  | 13.1  | 16.5  |
| <b>Market Cap Privatisation Precedents</b> |            |                   |                         |  |   |   |   |   |
| Average                                    |            |                   |                         |  | 29.2  | 33.5  | 37.3  | 27.7  |
| Maximum                                    |            |                   |                         |  | 45.2  | 48.5  | 56.3  | 50.0  |
| Minimum                                    |            |                   |                         |  | 15.5  | 11.1  | 13.1  | 16.5  |
| CMZ  | K2N        | 6-Sep-16          | 1.200                   | 629  | 25.0  | 25.0  | 23.7  | 27.8  |

Source: Circulars of the respective selected transactions and Bloomberg

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

- 1) Based on base offer price.
- 2) Based on revised offer letter. Time reference in calculating the premium is 5 November 2015 (being the last trading day prior to the offer announcement).
- 3) Time reference in calculating the premium is based on “unaffected date”, being the last full market day preceding 1 March 2016, which is the date the Singapore Stock Exchange issued the query regarding trading activity to Osim International Limited.
- 4) The market capitalisation of the offeree companies under the Privatisation Precedents are calculated based on the closing price of the shares and the total number of issued shares of the subject offeree company as at the last trading day prior to the relevant announcement date. The market capitalisation of CMZ are calculated based on the closing price of CMZ Shares on 30 August 2016 (being the last trading day of the CMZ Share prior to the publication of the CMZ Announcement) and the total number of issued shares of CMZ immediately prior to the CMZ Announcement.
- 5) Saved for Interplex Holdings Limited and Neptune Orient Lines Limited which were acquired and privatised by respective third party investor, the respective offeror of the other Privatisation Precedents were either substantial shareholder, director or chief executive of the relevant offeree companies.

We note from the table above that,

- (i) the premium of around 25.0% as implied by the Offer Price over the last closing price per CMZ Share prior to the publication of the CMZ Announcement is lower than the average but within the range of all the Privatisation Precedents; and
- (ii) the premium of around 25.0%, 23.7% and 27.8% for CMZ as implied by the Offer Price over 1-month, 3-month and 6-month volume-weighted average price (“VWAP”) of the CMZ Shares prior to the publication of the CMZ Announcement are lower than the average but within the range of all the Privatisation Precedents.

When we look into the Privatisation Precedents by way of VGO (the “**VGO Privatisation Precedents**”) which is the transaction structure adopted by Marvellous BVI under the Offer, we note that the premiums implied by the Offer Price over the last closing price per CMZ Share, 1-month, 3-month and 6-month VWAP of the CMZ Shares prior to the publication of the CMZ Announcement are also within the respective ranges, and are closer to the respective averages of the VGO Privatisation Precedents.

Furthermore, when we take a closer look into the Privatisation Precedents in which the subject offeree companies had market capitalisations between S\$314.6 million and S\$943.8 million (being the range of around 50% to 150% of the CMZ’s theoretical market capitalisation calculated based on the closing price per CMZ Share as at 30 August 2016) based on their respective latest transaction price prior to the announcement of the respective privatisation offers (including Tiger Airways Holdings Limited, Interplex Holdings Limited and Osim International Limited, (collectively, the “**Market Cap Privatisation Precedents**”), we note that the premiums implied by the Offer Price over the last closing price per CMZ Share, 1-month, 3-month and 6-month VWAP of the CMZ Shares prior to the publication of the CMZ Announcement remain within the respective ranges, and are even more closer to the respective averages of the Market Cap Privatisation Precedents.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the observations above, we consider the Offer Price, although being not very generous when compared with the Privatisation Precedents, is still generally in line with the market as regard privatisation transactions of companies listed on the Singapore Stock Exchange.

With reference to the researches and discussions above, we consider the Offer Price of S\$1.20 per CMZ Share is fair and reasonable after taking into account of the following factors,

- 1) the Offer Price of S\$1.20 per CMZ Share to be received by Indofood is the same as all other shareholders of CMZ under the Offer;
- 2) the closing price of the CMZ Shares has been consistently traded below the Offer Price of S\$1.20 per CMZ Share during the Pre-announcement Period and up to and including the Latest Practicable Date. Thus, the Offer represents an opportunity for the Group to realise part of its investment in CMZ at a premium over the prevailing market price of CMZ Shares;
- 3) the implied P/E of CMZ of approximately 29.04 times is substantially higher than P/E of all the Comparable Companies, which is considered favourable to the Group;
- 4) although the implied P/B of CMZ of approximately 0.73 times is lower than the average P/B of the Comparable Companies, the discount represented by the Offer Price of approximately 27.27% to the NAV of approximately S\$1.65 per CMZ Share as at 30 June 2016 is lower than the Average Discounts that ranged from approximately 41.83% to approximately 53.95%; and
- 5) the Offer Price is generally in line with the market as regard privatisation transactions on the Singapore Stock Exchange.

### **Terms of Exchangeable Bonds**

As set out in the letter from the Board in the Circular, the Exchangeable Bonds are zero coupon bonds and will not bear any interest. They are not transferrable by their holders. The Exchangeable Bonds will constitute direct and unsecured obligations of Marvellous BVI and will rank pari passu and rateably without any preference or priority among themselves, and (subject to obligations preferred by mandatory provisions of law) will rank at least equally with all other outstanding unsecured and unsubordinated obligations of Marvellous BVI.

The Exchangeable Bonds may be exchanged by their holders, at any time during the Exchange Period specified in the terms and conditions of the Exchangeable Bonds, for CMZ Shares at the exchange price of S\$1.20 (equivalent to approximately US\$0.88 or HK\$6.88) per CMZ Share, which is equivalent to the Offer Price. Exchangeable Bonds in respect of which the exchange right has not been exercised during the Exchange Period will be mandatorily exchanged for CMZ Shares at the expiry of the Exchange Period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Exchangeable Bonds will be mandatorily exchanged for CMZ Shares shortly after the close of the Offer (i.e. four months after the close of the Offer), it could be regarded as a transitional instrument mainly to facilitate the Group to reduce its stake in CMZ from approximately 82.88% to approximately 29.94% following the close of the Offer, which is consistent with the transactions contemplated under the MOU.

### **Financial impact of the Transactions to the Group**

#### *Consolidated net assets*

We understand from the Management that (i) the total value of the consideration to be received pursuant to the Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares are expected to be similar to Indofood's book carrying cost in CMZ; and (ii) the consideration comprises a combination of cash and Exchangeable Bonds, and the Exchangeable Bonds will be recorded at their principal amount in the consolidated financial statements of the Group. It is expected that, therefore, there would not be significant adverse impact on the consolidated net assets of the Group immediately following Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares. As disclosed in the letter from the Board in the Circular, CMZ will cease to be a subsidiary of Indofood and the Company following Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares. Therefore, the financial position of CMZ Group will no longer be consolidated into the consolidated financial statements of the Group.

Following the exercise of the exchange feature under the Exchangeable Bonds, the accounting treatment for the 29.94% equity interest in CMZ will be based on the relevant accounting standards. Assuming Indofood will maintain "significant influence" on CMZ Group, CMZ Group will become an associated company of the Group and its financial position will be equity accounted for in the consolidated financial statements of the Group. We are also provided by the Management that upon the exercise of the exchange feature under the Exchangeable Bonds, the principal amount of the Exchangeable Bonds recorded in the consolidated accounts of the Group will be transferred in full into investment in associated company or available-for-sale investments, subject to the accounting treatment under the relevant accounting standards in the consolidated financial statements of the Group. As such, it is expected that there would not be material adverse impact on the consolidated net assets of the Group immediately upon the exercise of the exchange feature under the Exchangeable Bonds.

#### *Earnings*

As discussed in the paragraph above, since the total value of the consideration to be received pursuant to the Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares are expected to be similar to Indofood's book carrying cost in CMZ and that the Exchangeable Bonds are zero coupon bonds and will bear no interest, it is expected that there will be no significant gain or loss and therefore, would not have material adverse impact on the earnings of the Group immediately upon Indofood's acceptance of the Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Following Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares, CMZ will cease to be a subsidiary of Indofood and the Company and the financial results of CMZ Group will no longer be consolidated into the consolidated financial statements of the Group. Following the exercise of the exchange feature under the Exchangeable Bonds, CMZ Group will, subject to the accounting treatment under the relevant accounting standards, (i) become an associated company of the Group and its financial results will be accounted for under equity accounting in the consolidated financial statements of the Group; or (ii) become available-for-sale investments of the Group.

### *Working capital*

As mentioned in the letter from the Board in the Circular, by accepting the Offer, approximately S\$416.4 million (equivalent to approximately US\$306.2 million or HK\$2.4 billion) will be received in cash by Indofood. It is expected that the Group's working capital will be enhanced immediately following Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares. The Company confirmed that there would be no impact on the working capital of the Group upon the exercise of the exchange feature under the Exchangeable Bonds.

Based on the above, we are of the view that the Transactions are not expected to have any material adverse effect on the Group's net assets, earnings and working capital immediately following Indofood's acceptance of the Offer in respect of all the Indofood CMZ Shares and upon the exercise of the exchange feature under the Exchangeable Bonds.

### **5. Discussion and analysis**

We consider that the terms of the Implementation Agreement and the transactions contemplated thereunder are, although not in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole after taking into account the principal factors and reasons, in particular:

- 1) terms of the Offer, including but not limited to, the Offer Price and the option to elect the Offer consideration in a combination of cash and Exchangeable Bonds, offered to Indofood are same as those offered to all other shareholders of CMZ;
- 2) the Transactions would not only allow the Group to realise part of its investment in CMZ at a reasonable price and to reduce its operational risk, they will at the same time allow the Group to retain an interest in CMZ which has been profit-making historically and has net assets of approximately RMB5.3 billion (equivalent to approximately US\$679.5 million or approximately S\$924.1 million) as at 30 June 2016, to possibly capture any upside as a result of future business growth of CMZ in view of the possible synergies and the latest policy development in the PRC;
- 3) the closing price of the CMZ Shares was consistently traded below the Offer Price of S\$1.20 per CMZ Share during the Pre-announcement Period and up to and including the Latest Practicable Date. Thus, the Offer represents a guaranteed exit for the Group to realise a part of its investment in CMZ at a premium over the prevailing market price of CMZ Shares;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- 4) the implied P/E of CMZ of approximately 29.04 times is substantially higher than P/E of all the Comparable Companies, which is considered favourable to the Group;
- 5) although the implied P/B of CMZ of approximately 0.73 times is lower than the average P/B of the Comparable Companies, the discount represented by the Offer Price of approximately 27.27% to the NAV of approximately S\$1.65 per CMZ Share as at 30 June 2016 is much lower than the Average Discounts; and
- 6) the Offer Price is in line with the market as regard privatisation transactions of companies listed on the Singapore Stock Exchange.

### OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons set out above, we are of the view that the terms of the Implementation Agreement and the transactions contemplated thereunder, although are not in the ordinary and usual course of business of the Group, are on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned and is in the interests of the Company and its shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Implementation Agreement.

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

*Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

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

#### (I) Long positions in securities of the Company

| Name  | Ordinary shares                 | Approximate percentage of issued share capital (%) | Ordinary share options |
|---|---------------------------------|--|------------------------|
| Anthoni Salim                               | 1,925,474,957 <sup>(C)(i)</sup> | 45.00  | –                      |
| Manuel V. Pangilinan                        | 67,293,078 <sup>(P)(ii)</sup>   | 1.57   | 25,224,972             |
| Edward A. Tortorici                         | 37,274,149 <sup>(P)</sup>       | 0.87   | 20,573,666             |
| Robert C. Nicholson                         | 3,983,595 <sup>(P)(iii)</sup>   | 0.09   | 27,632,368             |
| Benny S. Santoso                            | 446,535 <sup>(P)(iv)</sup>      | 0.01   | 4,934,412              |
| Ambassador Albert F. del Rosario            | 1,722,231 <sup>(P)(v)</sup>     | 0.04   | –                      |
| Prof. Edward K.Y. Chen, <i>GBS, CBE, JP</i> | 1,791,908 <sup>(P)(vi)</sup>    | 0.04   | 4,502,790              |
| Margaret Leung Ko May Yee, <i>SBS, JP</i>   | 1,131,652 <sup>(P)(vii)</sup>   | 0.03   | 1,812,887              |
| Philip Fan Yan Hok                          | 1,131,652 <sup>(P)(viii)</sup>  | 0.03   | 1,812,887              |
| Madeleine Lee Suh Shin                      | 893,070 <sup>(P)(ix)</sup>      | 0.02   | –                      |

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

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

## (II) Long positions in securities of associated corporations

- Manuel V. Pangilinan owned 30,092,404 common shares<sup>(P)</sup> (0.10%)\* (which included 2,500,000 unvested stock grants) and 2,000,000 share options in Metro Pacific Investments Corporation ("MPIC"), 233,033 common shares<sup>(P)</sup> (0.11%)\* in PLDT Inc. ("PLDT") as beneficial owner and a further 15,417 common shares (less than 0.01%)\* in PLDT as nominee, 4,655,000 common shares<sup>(P)</sup> (0.09%)\* in Philex Mining Corporation ("Philex"), 1,603,465 common shares<sup>(P)</sup> (0.09%)\* in PXP Energy Corporation ("PXP"), 40,000 common shares<sup>(P)</sup> (less than 0.01%)\* in Manila Electric Company ("Meralco"), as well as 61,547 common shares<sup>(P)</sup> (less than 0.01%)\* and 500,000 share options in Roxas Holdings, Inc.
- Edward A. Tortorici owned 69,596 common shares<sup>(C)</sup> and 10,660,000 common shares<sup>(P)</sup> (collectively 0.03%)\* and 5,000,000 share options in MPIC, 104,874 common shares<sup>(P)</sup> (0.05%)\* in PLDT, 3,285,100 common shares<sup>(P)</sup> (0.07%)\* and 1,515,000 share options in Philex, 494,233 common shares<sup>(P)</sup> (0.03%)\* in PXP as well as US\$600,000 of bonds due 2019 issued by FPC Finance Limited, which is a wholly-owned subsidiary of the Company.

- Robert C. Nicholson owned 1,250 common shares<sup>(P)</sup> (less than 0.01%)\* in Philex, 337 common shares<sup>(P)</sup> (less than 0.01%)\* in PXP, 5,000,000 share options and 600,000 common shares (less than 0.01%)\* (representing 600,000 unvested stock grants) in MPIC, as well as US\$400,000 of bonds due 2017 issued by FPMH Finance Limited, US\$200,000 of bonds due 2020 issued by FPT Finance Limited and US\$600,000 of bonds due 2019 issued by FPC Finance Limited, all of which are wholly-owned subsidiaries of the Company.
- Tedy Djuhar owned 15,520,335 ordinary shares<sup>(C)</sup> (0.18%)\* in Indofood.
- Anthoni Salim owned 1,329,770 ordinary shares<sup>(P)</sup> (0.02%)\* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)\* through the Company's group companies, a direct interest of 2,007,788 shares<sup>(C)</sup> (0.14%)\* in Indofood Agri Resources Ltd. ("**IndoAgri**") through his controlled corporations other than the Company and an indirect interest of 1,037,760,830 IndoAgri shares (74.34%)\* through the Company's group companies and a direct interest of 20,483,364 shares (0.13%)\* in PT Salim Ivomas Pratama Tbk ("**SIMP**") through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares (80.46%)\* through the Company's group companies.
- Ambassador Albert F. del Rosario owned 1 common share<sup>(P)</sup> (less than 0.01%)\* in personal capacity and 142,409 common shares<sup>(P)</sup> (0.07%)\* under joint names in PLDT, 2,050,000 common shares<sup>(P)</sup> (less than 0.01%)\* (which included 600,000 unvested stock grants) in personal capacity and 11,516,624 common shares<sup>(P)</sup> (0.04%)\* under joint names in MPIC, 100 common shares<sup>(P)</sup> (less than 0.01%)\* in personal capacity and 675,000 common shares<sup>(P)</sup> (0.01%)\* under joint names in Philex, 28 common shares<sup>(P)</sup> (less than 0.01%)\* in personal capacity and 187,650 common shares<sup>(P)</sup> (0.01%)\* under joint names in PXP, 25,700 common shares<sup>(P)</sup> (less than 0.01%)\* in personal capacity and 267,300 common shares<sup>(P)</sup> (0.02%)\* under joint names in Meralco, as well as US\$200,000 of bonds due 2020 issued by FPT Finance Limited and US\$200,000 of bonds due 2019 issued by FPC Finance Limited, both of which are wholly-owned subsidiaries of the Company.

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

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

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



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

As at the Latest Practicable Date, the following Directors were also directors or employees of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| <b>Name of Director</b> | <b>Name of Company and Position</b>  |
|-------------------------|--|
| Anthoni Salim           | Director of Salerni International Limited<br>Director of First Pacific Investments (B.V.I.) Limited<br>Director of First Pacific Investments Limited |
| Benny S. Santoso        | Director of Salerni International Limited<br>Director of First Pacific Investments (B.V.I.) Limited<br>Director of First Pacific Investments Limited |
| Tedy Djuhar             | Director of First Pacific Investments Limited  |

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DIRECTORS' SERVICE CONTRACTS**

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

**4. COMPETING INTERESTS**

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

**5. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT**

On 6 September 2016, Indofood entered into the Implementation Agreement with CMZ BVI and Marvellous BVI. Marvellous BVI is indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood and is deemed to be interested in the Transactions.



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

**A. Transactions relating to the Noodles Business of the Indofood Group**

| Parties to the agreement/arrangement  |  | Nature of agreement/arrangement   | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|---|--|---|---|------------------|---|
| Name of entity of the group   | Name of connected party and relationship between the parties               |   | From  | To               |   |
| PT Indofood Sukses Makmur Tbk (“ISM”)/ PT Indofood CBP Sukses Makmur Tbk (“ICBP”) | Dufil Prima Foods PLC (“Dufil”), an associate of Mr. Anthoni Salim         | ISM/ICBP:<br><br>(1) grants an exclusive licence in respect of the “Indomie” trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and<br><br>(2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil.  | 1 January 2014                              | 31 December 2016 | 51.6  |
| ISM/ICBP  | Pinehill Arabian Food Ltd. (“Pinehill”), an associate of Mr. Anthoni Salim | ISM/ICBP:<br><br>(1) grants an exclusive licence in respect of the “Indomie”, “Supermi” and “Pop Mie” trademarks in certain countries in the Middle East;<br><br>(2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and<br><br>(3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Pinehill. | 1 January 2014                              | 31 December 2016 | 122.4   |

| Parties to the agreement/arrangement |  | Nature of agreement/arrangement   | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|--------------------------------------|--|---|---|------------------|---|
| Name of entity of the group          | Name of connected party and relationship between the parties   |   | From  | To               |   |
| ISM/ICBP                             | Salim Wazaran Group Limited (“SAWAZ Group”), an associate of Mr. Anthoni Salim                               | ISM/ICBP:<br>(1) grants a non-exclusive licence in respect of the “Indomie” trademark in certain countries in the Middle East and Africa;<br><br>(2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and<br><br>(3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ Group. | 1 January 2014                              | 31 December 2016 | 48.9  |
| ISM and its subsidiaries             | PT Indomobil Sukses Internasional Tbk. (“Indomobil”) and its subsidiaries, an associate of Mr. Anthoni Salim | Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries.   | 2 January 2014                              | 31 December 2016 | 5.8   |
| ISM and its subsidiaries             | PT Sumberdaya Dian Mandiri (“SDM”), an associate of Mr. Anthoni Salim  | ISM and its subsidiaries use human resources outsourcing services from SDM.   | 2 January 2014                              | 31 December 2016 | 0.1   |
|                                      |  |   | <b>Aggregated amount:</b>                   |                  | <b>228.8</b>  |

**B. Transactions relating to the Plantations Business of the Indofood Group**

| Parties to the agreement/arrangement |  | Nature of agreement/arrangement  | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|--------------------------------------|--|--|---|------------------|---|
| Name of entity of the group          | Name of connected party and relationship between the parties   |  | From  | To               |   |
| PT Salim Ivomas Pratama Tbk (“SIMP”) | PT Adithya Suramitra (“ADS”), an associate of Mr. Anthoni Salim                                      | ADS grants a 20 year lease to SIMP for use of factory properties.  | 1 June 1996                                 | 31 December 2016 | 0.7   |
| SIMP and its subsidiaries            | PT Sarana Tempa Perkasa (“STP”), an associate of Mr. Anthoni Salim                                   | STP (1) provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels; and (2) rents office space from SIMP and its subsidiaries.   | 1 January 2014                              | 31 December 2016 | 1.0   |
| SIMP and its subsidiaries            | PT Rimba Mutiara Kusuma (“RMK”), an associate of Mr. Anthoni Salim                                   | SIMP and its subsidiaries lease heavy equipment and buy building materials; rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK.                   | 1 January 2014                              | 31 December 2016 | 1.5   |
| SIMP and its subsidiaries            | IndoInternational Green Energy Resources Pte. Ltd. (“IGER Group”), an associate of Mr. Anthoni Salim | SIMP and its subsidiaries provide operational services, sell seedlings, sell prefabricated housing materials, sell fertilizer products, lease office space to IGER Group; and buy palm oil and its derivatives products from IGER Group. | 1 January 2014                              | 31 December 2016 | 115.5   |
| ISM and its subsidiaries             | PT Indotek Konsultan Utama (“IKU”), an associate of Mr. Anthoni Salim                                | IKU provides consulting services for project development to ISM and its subsidiaries.  | 2 January 2014                              | 31 December 2016 | 0.1   |
| ISM and its subsidiaries             | PT Lajuperdana Indah (“LPI”), an associate of Mr. Anthoni Salim                                      | ISM and its subsidiaries buy sugar from LPI.   | 1 January 2014                              | 31 December 2016 | 0.3   |
| SIMP                                 | PT Fast Food Indonesia, Tbk (“FFT”), an associate of Mr. Anthoni Salim                               | SIMP sells deep fat frying oil to FFI.   | 1 January 2014                              | 31 December 2016 | 5.6   |

| Parties to the agreement/arrangement          |  | Nature of agreement/arrangement   | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|---|--|---|---|------------------|---|
| Name of entity of the group                   | Name of connected party and relationship between the parties   |   | From  | To               |   |
| ISM and its subsidiaries                      | Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim  | Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries. | 2 January 2014                              | 31 December 2016 | 4.8   |
| SIMP  | Shanghai Resources International Trading. Co. Ltd. (“ <b>Shanghai Resources</b> ”), an associate of Mr. Anthoni Salim. | SIMP sells palm oil and its derivative products to Shanghai Resources.  | 1 January 2014                              | 31 December 2016 | 18.6  |
| SIMP  | PT Nippon Indosari Corpindo (“ <b>NIC</b> ”), an associate of Mr. Anthoni Salim  | SIMP sells margarine to NIC.  | 1 January 2014                              | 31 December 2016 | 0.9   |
| ISM   | LPI, an associate of Mr. Anthoni Salim   | ISM grants an exclusive license of its “Indosugar” trademark related to sugar to LPI                                  | 1 January 2014                              | 31 December 2016 | 0.9   |
| PT Inti Abadi Kemasindo (“ <b>IAK</b> ”)      | LPI, an associate of Mr. Anthoni Salim   | IAK sells packaging materials to LPI.   | 2 January 2014                              | 31 December 2016 | 1.0   |
| ISM – Bogasari Division (“ <b>Bogasari</b> ”) | LPI, an associate of Mr. Anthoni Salim   | Bogasari provides management services to LPI.   | 2 January 2014                              | 31 December 2016 | 2.7   |
| SIMP and its subsidiaries                     | PT Cipta Subur Nusa Jaya (“ <b>CSNJ</b> ”), an associate of Mr. Anthoni Salim  | SIMP and its subsidiaries rent infrastructure from CSNJ.  | 1 January 2014                              | 31 December 2016 | 0.1   |
| SIMP and its subsidiaries                     | PT Rumah Asri Perdanaindo (“ <b>RAP</b> ”), an associate of Mr. Anthoni Salim  | RAP provides services to SIMP and its subsidiaries in connection with prefabricated housing.                          | 1 January 2014                              | 31 December 2016 | 0.3   |

| Parties to the agreement/arrangement  |   | Nature of agreement/arrangement  | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|---------------------------------------|---|--|---|------------------|---|
| Name of entity of the group           | Name of connected party and relationship between the parties              |  | From  | To               |   |
| SIMP and its subsidiaries             | PT Indomarco Primatama (“Indomaret”), an associate of Mr. Anthoni Salim   | SIMP and its subsidiaries sell finished goods to Indomaret.  | 2 January 2014                              | 31 December 2016 | 52.4  |
| SIMP and its subsidiaries             | PT Inti Cakrawala Citra (“Indogrosir”), an associate of Mr. Anthoni Salim | SIMP and its subsidiaries sell finished goods to Indogrosir.   | 2 January 2014                              | 31 December 2016 | 22.8  |
| PT Indoagri Inti Plantation (“IIP”)   | CSNJ, an associate of Mr. Anthoni Salim                                   | IIP rents infrastructure from CSNJ.  | 15 October 2014                             | 31 December 2016 | 0.1   |
| PT Samudera Sejahtera Pratama (“SSP”) | PT Mentari Subur Abadi (“MSA”), an associate of Mr. Anthoni Salim         | MSA leases tug boat from SSP.  | 15 October 2014                             | 31 December 2016 | 0.2   |
| SIMP and its subsidiaries             | MSA, an associate of Mr. Anthoni Salim                                    | SIMP and its subsidiaries sell seedlings to MSA to be used for its operations, and leases trucks to MSA. | 15 October 2014                             | 31 December 2016 | 0.5   |
|                                       |   |  | <b>Aggregated amount:</b>                   |                  | <b>230.0</b>  |

**C. Transactions relating to the Insurance Policies of the Indofood Group**

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

**D. Transactions relating to the Distribution Business of the Indofood Group**

| Parties to the agreement/arrangement |  | Nature of agreement/arrangement  | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|--------------------------------------|--|--|---|------------------|---|
| Name of entity of the group          | Name of connected party and relationship between the parties |  | From  | To               |   |
| PT Indomarco Adi Prima (“IAP”)       | PT Lion Superindo (“LS”), an associate of Mr. Anthoni Salim  | IAP distributes various consumer products to LS.                         | 2 January 2014                              | 31 December 2016 | 22.1  |
| IAP                                  | FFI, an associate of Mr. Anthoni Salim                       | IAP sells chili and tomato sauces, seasonings and dairy products to FFI. | 2 January 2014                              | 31 December 2016 | 2.7   |
| PT Putri Daya Usahatama (“PDU”)      | LS, an associate of Mr. Anthoni Salim                        | PDU distributes various consumer products to LS.                         | 2 January 2014                              | 31 December 2016 | 2.2   |
| ISM and its subsidiaries             | IKU, an associate of Mr. Anthoni Salim                       | IKU provides consulting services to ISM and its subsidiaries.            | 2 January 2014                              | 31 December 2016 | 0.3   |

| Parties to the agreement/arrangement        |   | Nature of agreement/arrangement   | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|---|---|---|---|------------------|---|
| Name of entity of the group                 | Name of connected party and relationship between the parties      |   | From  | To               |   |
| ISM and its subsidiaries                    | Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim | Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries. | 2 January 2014                              | 31 December 2016 | 10.9  |
| PT Indofood Asahi Sukses Beverages ("IASB") | FFI, an associate of Mr. Anthoni Salim                            | IASB sells drinking products to FFI.  | 1 August 2012*                              | 31 July 2017     | 11.1  |
| ISM and its subsidiaries                    | SDM, an associate of Mr. Anthoni Salim                            | ISM and its subsidiaries use human resources outsourcing services from SDM.   | 2 January 2014                              | 31 December 2016 | 5.3   |
| IAP   | Indomaret, an associate of Mr. Anthoni Salim                      | IAP sells finished goods to Indomaret.  | 2 January 2014                              | 31 December 2016 | 133.3   |
| IAP   | Indogrosir, an associate of Mr. Anthoni Salim                     | IAP sells finished goods to Indogrosir.   | 2 January 2014                              | 31 December 2016 | 26.1  |
| PDU   | Indomaret, an associate of Mr. Anthoni Salim                      | PDU sells finished goods to Indomaret.  | 2 January 2014                              | 31 December 2016 | 13.3  |
| PDU   | Indogrosir, an associate of Mr. Anthoni Salim                     | PDU sells finished goods to Indogrosir.   | 2 January 2014                              | 31 December 2016 | 2.7   |
|   |   |   | <b>Aggregated amount:</b>                   |                  | <b>230.0</b>  |

\* PT Indofood Asahi Sukses Beverage took over this 5-year (1 August 2012 to 31 July 2017) agreement in September 2013, subsequent to PT Indofood Asahi Sukses Beverage and PT Asahi Indofood Beverage completing the acquisition of PT Prima Cahaya Indobeverage (formerly known as PT Pepsi-Cola Indobeverage). Therefore, this agreement has become a continuing connected transaction of the Indofood Group since September 2013.

## E. Transactions relating to the Flour Business of the Indofood Group

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



## F. Transactions relating to the Beverage Business of the Indofood Group

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

**G. Transactions relating to the Dairy Business of the Indofood Group**

| Parties to the agreement/arrangement |   | Nature of agreement/arrangement   | Period covered by the agreement/arrangement |                  | Annual cap for the year ending 31 December 2016 (US\$ millions) |
|--------------------------------------|---|---|---|------------------|---|
| Name of entity of the group          | Name of connected party and relationship between the parties      |   | From  | To               |   |
| ISM and its subsidiaries             | IKU, an associate of Mr. Anthoni Salim                            | IKU provides consulting services to ISM and its subsidiaries.   | 2 January 2014                              | 31 December 2016 | 0.3   |
| ISM and its subsidiaries             | Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim | Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries. | 2 January 2014                              | 31 December 2016 | 1.3   |
| ISM and its subsidiaries             | SDM, an associate of Mr. Anthoni Salim                            | ISM and its subsidiaries use human resources outsourcing services from SDM.   | 2 January 2014                              | 31 December 2016 | 0.5   |
| PT Indolakto (“Indolakto”)           | Indomaret, an associate of Mr. Anthoni Salim                      | Indolakto sells finished goods to Indomaret.  | 2 January 2014                              | 31 December 2016 | 2.3   |
| Indolakto                            | Indogrosir, an associate of Mr. Anthoni Salim                     | Indolakto sells finished goods to Indogrosir.   | 2 January 2014                              | 31 December 2016 | 0.3   |
| Indolakto                            | LS, an associate of Mr. Anthoni Salim                             | Indolakto sells finished goods to LS.   | 2 January 2014                              | 31 December 2016 | 0.7   |
| Indolakto                            | NIC, an associate of Mr. Anthoni Salim                            | Indolakto sells finished goods to NIC.  | 2 January 2014                              | 31 December 2016 | 1.0   |
| Indolakto                            | FFI, an associate of Mr. Anthoni Salim                            | Indolakto sells finished goods to FFI.  | 2 January 2014                              | 31 December 2016 | 0.4   |
|                                      |   |   | <b>Aggregated amount:</b>                   |                  | <b>6.8</b>  |

**H. Revolving Loan Facility to the Company’s Connected Subsidiaries relating to the Plantations Business of the Indofood Group**

On 1 August 2016, SIMP entered into a revolving loan agreement with MSA, PT Agrosibur Permai, PT Swadaya Bhakti Negaramas, PT Mega Cipta Perdana, PT Multi Pacific International, PT Gunta Samba and LPI (collectively, the “**Borrowers**”), whereby SIMP has agreed to provide a revolving loan facility of up to US\$40 million to the Borrowers, for the period from 1 August 2016 to 31 December 2016. The Borrowers are associates of Mr. Anthoni Salim and the Company’s connected subsidiaries relating to the Indofood Group’s plantations business. The revolving loan facility is provided to the Borrowers in order to finance the immediate and urgent working capital requirements of the Borrowers and to facilitate the smooth running of their operations.

Save as disclosed above, as at the Latest Practicable Date:

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

## 6. MATERIAL ADVERSE CHANGE

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

## 7. EXPERT AND CONSENT

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

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

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

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any direct or indirect interest in any assets which had been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which it appears.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 28 September 2016 for incorporation in this circular.

**8. MISCELLANEOUS**

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

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the Implementation Agreement;
- (b) letter from the Independent Board Committee to the Independent Shareholders dated 28 September 2016, the text of which is set out on pages 16 to 17 of this circular;
- (c) letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 28 September 2016, the text of which is set out on pages 18 to 50 of this circular;
- (d) the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (e) this circular.

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## NOTICE OF SGM

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### FIRST PACIFIC COMPANY LIMITED

### 第一太平洋有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

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

(Stock Code: 00142)

**NOTICE IS HEREBY GIVEN THAT** a special general meeting (the “SGM”) of First Pacific Company Limited (the “Company”) will be held at Jasmine-Peacock Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Wednesday, 19 October 2016 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT**

- (a) the implementation agreement dated 6 September 2016 (the “**Implementation Agreement**”) entered into among PT Indofood Sukses Makmur Tbk, China Minzhong Holdings Limited and Marvellous Glory Holdings Limited (a copy of the Implementation Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, as described in the circular of the Company dated 28 September 2016, be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents, instruments and agreements for and on behalf of the Company as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the implementation of and giving effect to the Implementation Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 28 September 2016

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## NOTICE OF SGM

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*Principal Office:*

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

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Explanatory Notes to the SGM Notice:*

1. For the purpose of determining the identity of the Company's Independent Shareholders who are entitled to attend and vote at the SGM, the Company's Register of Members will be closed from Monday, 17 October 2016 to Wednesday, 19 October 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 October 2016.
2. Every member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. A Form of Proxy for use at the SGM is enclosed with the circular which contains the SGM Notice (the "**Circular**"). The Form of Proxy will also be published on the website of the Stock Exchange and can also be downloaded from the Company's website: <http://www.firstpacific.com>.
4. In order to be valid, the Form of Proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority must be deposited at the principal office of the Company (Attention: Corporate Secretarial Department) not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
5. The English text of the Circular shall prevail over the Chinese text in case of any inconsistency.