

Thai Beverage Public Company Limited

Invitation Letter to the Extraordinary General Meeting of Shareholders No. 1/2008

Independent Financial Advisor Advice

of

PrimePartners Corporate Financial Pte. Ltd.

**LETTER FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
TO THE INDEPENDENT DIRECTORS**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

1 Raffles Place
#30-03 OUB Centre
Singapore 048616

12 September 2008

To: The Independent Directors of
Thai Beverage Public Company Limited

Dear Sirs

INDEPENDENT FINANCIAL ADVICE IN RESPECT OF (I) THE ACQUISITION BY THE COMPANY OF 43.9% OF THE SHAREHOLDING IN THE CAPITAL OF OISHI GROUP PUBLIC COMPANY LIMITED , AND (II) DISPOSAL BY THE COMPANY OF ITS ENTIRE 100% SHAREHOLDING IN THAI ALCOHOL PUBLIC COMPANY LIMITED

1. INTRODUCTION

The Company had entered into:

- (i) a MOU on 14 May 2008 and thereafter a share sale and purchase agreement on 29 August 2008 with Yodkij for the proposed acquisition of 82,314,537 ordinary shares in the issued share capital of Oishi representing 43.9% of the issued share capital of Oishi (the "**Acquisition**") for a consideration of Baht 37.00 per Oishi Share and a total aggregate consideration of approximately Baht 3,045.64 million (the "**Purchase Consideration**"). Please refer to sections 1.1 and 1.4 of the Circular for details on the proposed Acquisition and Oishi; and
- (ii) a MOU on 14 May 2008 and thereafter a share sale and purchase agreement on 29 August 2008 with Damrongfah for the proposed disposal of 160 million shares in the issued share capital of Thai Alcohol, representing 100.0% of the issued share capital of Thai Alcohol (the "**Disposal**") for a consideration of approximately Baht 1,590.95 million (the "**Sale Consideration**"). Please refer to sections 1.5 and 1.7 of the Circular for details on the proposed Disposal and Thai Alcohol.

The MOUs relating to the proposed Acquisition and the proposed Disposal was announced on 15 May 2008 (the "**Announcement Date**").

The completion of the proposed Disposal is conditional upon various matters, including the completion of the proposed Acquisition and *vice versa*, and both are intended to occur simultaneously.

Mr. Charoen Sirivadhanabhakdi, the Company's chairman and a Controlling Shareholder, and his wife indirectly own 100% of the shares of Yodkij and Damrongfah respectively. Yodkij was established on 14 July 1982 and is an investment holding company. Yodkij owns 82,314,537 ordinary shares in Oishi, representing as at the date of the Circular, approximately 43.9% of the issued share capital of Oishi. Damrongfah was established on 27 December 1994 and is an investment holding company. Yodkij and Damrongfah are each an associate of Mr. Charoen Sirivadhanabhakdi who is an interested person of the Company within the meaning of Chapter 9 of the Listing Manual. Accordingly, the proposed Acquisition and the proposed Disposal each

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constitutes an interested person transaction within the meaning of Chapter 9 of the Listing Manual. Please refer to section 5.1 for further details.

The Purchase Consideration for the proposed Acquisition, being approximately Baht 3,045.64 million, exceeds 5% of the latest audited consolidated NTA of the Group. In accordance with Chapter 9 of the Listing Manual, the proposed Acquisition is subject to the approval of Shareholders. If Shareholders approve the proposed Acquisition at the EGM and the Acquisition proceeds, upon the completion of the proposed Acquisition, the Company would be required under Thai law to make a tender offer for the remaining shares in Oishi (the "**Tender Offer**").

The Sale Consideration for the proposed Disposal, being approximately Baht 1,590.95 million, is less than 5% of the latest audited consolidated NTA of the Group. However, the proposed Disposal is contingent upon the proposed Acquisition (and vice versa) and when aggregated with the proposed Acquisition, will exceed 5% of the Group's latest audited consolidated NTA. Hence, the proposed Disposal is subject to the approval of Shareholders.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company to advise the Independent Directors on the financial terms of the proposed Acquisition and the proposed Disposal. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the proposed Acquisition and the proposed Disposal and our opinion thereon, and will form part of the Circular to be dated 12 September 2008 to be issued by the Company to the Shareholders.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the proposed Acquisition and the proposed Disposal and to provide an opinion on whether the financial terms of the proposed Acquisition and the proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the proposed Acquisition and the proposed Disposal nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the proposed Acquisition or the proposed Disposal. We have confined our evaluation to the financial terms of the proposed Acquisition and the proposed Disposal and have not taken into account the commercial risks or commercial merits of the proposed Acquisition and the proposed Disposal.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the proposed Acquisition and the proposed Disposal or on the future prospects of the Company or the Group or the method and terms by which the proposed Acquisition and the proposed Disposal are made or any other alternative methods by which the proposed Acquisition and the proposed Disposal may be made. Such evaluations and comments remain the responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We were also not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the proposed Acquisition and the proposed Disposal. We are therefore not addressing the relative merits of the proposed Acquisition and the proposed Disposal as compared to any alternative transaction that may be available to the Company in the future.

In the course of our evaluation of the financial terms of the proposed Acquisition and the proposed Disposal, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the Directors, the management of the Company ("**THBEV Management**"), the Company's solicitors and auditors. We have not

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independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the proposed Acquisition, the proposed Disposal and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the proposed Acquisition and the proposed Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of Oishi and the Oishi Group or Thai Alcohol and the Thai Alcohol Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of Oishi and Thai Alcohol or the Oishi Group and the Thai Alcohol Group in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, investments) of Oishi and Thai Alcohol or the Oishi Group and the Thai Alcohol Group and we have not been furnished with any such independent evaluation or appraisal.

Our opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 22 August 2008, the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the proposed Acquisition and the proposed Disposal which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Independent Shareholder. As each Independent Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Independent Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than our letter set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than our letter set out in the Circular).

Our opinion in respect of the proposed Acquisition and the proposed Disposal, as set out in Section 10 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. INFORMATION ON THE COMPANY

The Company was established on 29 October 2003 as a holding company after a series of related transactions which resulted in the consolidation of certain beer, spirits, water and industrial alcohol operations of its subsidiaries and was subsequently admitted to the Official list of the SGX-ST on 19 May 2006.

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The Company is a leading producer of beer and spirits in Thailand by sales revenue and production volume and one of the leading breweries and distillers in Southeast Asia. The Company owns breweries and distilleries that produce beer and spirits which are believed to meet or exceed international standards. The Company's leading position in the Thai alcoholic beverage market is supported by its distribution network which is believed to be one of the most extensive in Thailand.

4. THE PROPOSED ACQUISITION

4.1 Information on Oishi

Oishi is a Thailand based company established as a private limited company on 5 January 2000 and converted into a public limited company on 3 March 2004. It is currently listed on the Stock Exchange of Thailand ("SET") and as at the date of the Circular, has an issued share capital of 187.5 million shares of par value Baht 2 and paid up capital of Baht 375.0 million. Oishi currently owns 99.9% of the shareholdings in each of Oishi Ramen Company Limited and Oishi Trading Company Limited. The Oishi Group is principally engaged in the Japanese restaurant business and the manufacture of semi-finished food such as, suki sauce, fried eggs, marinated pork, ramen noodle and fillet salmon, finished food and beverages.

The Oishi Group had revenues of Baht 4,676.2 million, operating income of Baht 510.5 million, and net income of Baht 558.4 million for the financial year ended 31 December ("FY") 2007. As at 31 December 2007, the Oishi Group had current assets of Baht 1,237.7 million, total assets of Baht 2,883.2 million, current liabilities of Baht 706.3 million, total liabilities of Baht 741.4 million and total equity of Baht 2,141.8 million. The closing price of the Oishi Shares on the SET on 13 May 2008, being the market day on which the Oishi Shares last traded prior to the Announcement Date, was Baht 35.00 per Oishi Share.

4.2 Tender Offer

Oishi, which is a company listed on the SET, is subject to the tender offer rules under the SEC Act. Under these rules, if the proposed Acquisition proceeds and upon completion of the proposed Acquisition, the Company would have acquired approximately 43.9% of the total number of voting right of Oishi and would have to make a tender offer for all the remaining issued shares in Oishi. The offer price in the Tender Offer will be the same per share price paid in the proposed Acquisition, i.e. Baht 37.00 per Oishi Share, if the Company does not intend to acquire any shares in Oishi during the 90-day period, other than through the proposed Acquisition. If all the shares in Oishi (other than the Oishi Shares acquired in the proposed Acquisition) are tendered during the Tender Offer (being 105,185,463 Oishi Shares), the Company would be required to pay an aggregate of approximately Baht 3,891.9 million. The Company will fund the Tender Offer through external borrowings.

The Company does not intend to delist or privatize Oishi. In the event that as a result of acceptances under the Tender Offer, the public float requirements of the SET are not met, the Company intends to sell some shares in Oishi, to meet the public float requirements.

Please refer to section 2.3 of the Circular for more information on the Tender Offer.

4.3 The Purchase Consideration

The Purchase Consideration is based on a per share price of Baht 37.00 (the "**Acquisition Price**"). The Purchase Consideration was arrived at after arms length negotiations on a willing buyer willing seller basis by reference to the valuation statistics of market comparables and the financial performance of the Oishi Group.

The Purchase Consideration will be paid by the Company in cash, and the Company expects that up to approximately Baht 3,045.64 million will be funded from the proceeds of the Sale Consideration, approximately up to Baht 1,000 million will be funded through external borrowings, and the remainder will be funded through internal resources. The Executive Committee of the Company will decide whether the funding needs for the Purchase

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Consideration will be allocated between internal resources or by external borrowing based on the prevailing working capital of the Group, amongst other things, as they may deem appropriate. Following completion of the proposed Acquisition, the Tender Offer is expected to be funded through external borrowings.

4.4 Terms of the Oishi Share Sale and Purchase AgreementConditions Precedent

The sale and purchase of the Oishi Shares is conditional upon the satisfaction or waiver by the respective parties of, *inter alia*, the following conditions as of the Oishi Closing Date:

- (a) the warranties of Yodkij, save for those specified in the Oishi Disclosure Letter, being true and correct in all respects on and of the date of the Oishi Share Sale and Purchase Agreement, and being true and correct in all material respects on and as of the Oishi Closing Date with the same effects as though they had been made on and as of the Oishi Closing Date;
- (b) no legislation or governmental action having been promulgated or effected after the date of the Oishi Share Sale and Purchase Agreement which would (i) prohibit the consummation of the transactions contemplated therein or (ii) prohibit or restrict the acquisition and sale of the Oishi Shares by the Company and Yodkij, respectively;
- (c) no legal action, suit or proceeding having been commenced by any Government Authority seeking to enjoin the transaction contemplated under Oishi Share Sale and Purchase Agreement and no event or action having occurred, threatened or having been taken which may be reasonably expected to result in the commencement of said legal action, suit or proceeding, which makes it inadvisable to proceed with the transactions contemplated under the Oishi Share Sale and Purchase Agreement;
- (d) Yodkij and the Oishi Group having performed and complied with, in all material respects, the covenants under clause 3.2 and clause 3.3 of the Oishi Share Sale and Purchase Agreement, as may be applicable on or before the Oishi Closing Date;
- (e) no event and/or action having occurred after the date of the Oishi Share Sale and Purchase Agreement which causes or may cause material adverse effect on the status or assets of Oishi and/or the other members of the Oishi Group, except for the events and actions disclosed in the Oishi Disclosure Letter;
- (f) no action having been performed by Oishi and/or the other members of the Oishi Group after the date of the Oishi Share Sale and Purchase Agreement until the Oishi Closing Date which causes a significant decrease in the value of the shares of Oishi;
- (g) all Permits and Consents of any other Person required in connection with the execution, delivery, performance, validity or enforceability of the Oishi Share Sale and Purchase Agreement having been obtained and being in full force and effect;
- (h) there being no material adverse change in the financial condition, assets and business of Oishi and the other members of the Oishi Group;
- (i) Oishi and the other members of the Oishi Group having submitted the application to renew all licences before the Oishi Closing Date;
- (j) all resolutions, documents and deliveries described in Clause 2.3 of the Oishi Share Sale and Purchase Agreement having been duly carried out and delivered to the Company;
- (k) each of the representations and warranties of the Company set forth in the Oishi Share Sale and Purchase Agreement being true and complete in all respects on the Oishi Closing Date, except to the extent waived in writing by Yodkij;

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- (l) no Action by any Government Authority or any other Person having been instituted or threatened to restrain or prohibit any of the transactions contemplated in the Oishi Share Sale and Purchase Agreement;
- (m) there being the resolution of the Shareholders approving the proposed Acquisition; and
- (n) completion of the proposed Disposal.

Other Salient Terms

Under the Oishi Share Sale and Purchase Agreement, the proposed Acquisition must complete by 30 September 2008 or any other date as is mutually agreed by the parties thereto, failing which the Oishi Share Sale and Purchase Agreement will automatically terminate if the failure to complete is through no fault of any of the parties, and the Company and Yodkij will be released from their respective obligations thereunder.

If Yodkij fails to sell, or the Company fails to purchase, the Oishi Shares in accordance with the Oishi Share Sale and Purchase Agreement, the party not in default, is entitled to claim damages from the defaulting party equivalent to half of the Purchase Consideration, being approximately Baht 1,522.8 million.

Yodkij has also made certain representations and warranties to the Company with respect to the Oishi Shares and the Oishi Group in the Oishi Share Sale and Purchase Agreement. The Company is entitled to make a claim against Yodkij in the event of any breach of these representations and warranties, with the claim period specified in the agreement, and subject to an aggregate amount of not more than Baht 300.0 million for all claims.

Yodkij has also undertaken to the Company not to compete with the Oishi Group on the terms set out in the Oishi Share Sale and Purchase Agreement indefinitely. In this regard, Yodkij has undertaken not to (i) participate in, invest in and/or manage any Person that engages in the business that the Oishi Group engages in as at the Oishi Closing Date in Thailand; (ii) either on its own account or in conjunction with or on behalf of any other Person solicit or attempt to solicit from Oishi or the Oishi Group, any key management who at any time within the year preceding the date of the Oishi Share Sale and Purchase Agreement was employed by any member of the Oishi Group; or (iii) either on their own account or in conjunction with or on behalf of any other Person solicit or attempt to solicit from Oishi or the Oishi Group any Person who at any time within the year preceding the date of the Oishi Share Sale and Purchase Agreement had been a customer, representative, agent, distributor or supplier of Oishi or the Oishi Group, where such party is being enticed away to provide, supply or purchase substantially the same goods or services or perform the same obligations as they supply to, or purchase from Oishi or the Oishi Group.

All stamp duty, fees and taxes (if any) payable in connection with the transfer of the Oishi Shares shall be borne by Yodkij.

4.5 Rationale for the proposed Acquisition

The full text of the Company's rationale for the proposed Acquisition has been extracted from the Circular and set out in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular unless otherwise stated.

"2.5 Rationale for the Proposed Acquisition

Upon completion of the proposed Acquisition, the Company will be the single largest shareholder with an interest of 43.9% in Oishi and will be in a position to exercise significant influence over Oishi, save for matters the Company is required to abstain from voting on due to conflicts of interest. The Company's final shareholding in Oishi will depend on the results of the Tender Offer.

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The proposed Acquisition is expected to strengthen the Company's foothold in the non-alcoholic beverage business, making it a leader in the green tea segment. According to Oishi's 2007 annual report, Oishi currently has a market share in Thailand of approximately 70%.

In addition, the proposed Acquisition will be synergistic in terms of economies of scale and optimisation of the Company's resources, particularly in the following areas:

- (a) *Distribution and logistics network: Following the proposed Acquisition, the Company expects to undertake an operational review to explore how to leverage on its extensive distribution network in Thailand to sell non-alcoholic beverages. In addition, the Company will also explore how to persuade retail outlets that currently stock and sell its alcoholic beverages to distribute the non-alcoholic beverages;*
- (b) *Logistic capability: The Company will also explore how to use its logistic capabilities more efficiently as the same trucks and warehouses that transport and store alcoholic beverages can also be used for non-alcoholic beverages;*
- (c) *Asset enhancement: The Company's management has the necessary experience and managerial know-how to extract significant asset enhancement through co-ordinated marketing strategy, cross-selling and greater bargaining power which is expected to result in cost-savings; and*
- (d) *Cost savings: Following the proposed Acquisition, the Company expects to undertake an operational review to explore an integration of operational functions (such as product offering, marketing and distribution) and corporate support functions (such as enterprise resource planning, management information systems, human resources, and compliance and regulatory reporting), with a view to optimising resources and achieving cost-savings."*

5. ASSESSMENT OF THE FINANCIAL TERMS OF THE PROPOSED ACQUISITION

In assessing the fairness and reasonableness or otherwise of the financial terms of the proposed Acquisition, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment:

- (a) Financial performance of the Oishi Group;
- (b) Net assets of the Oishi Group;
- (c) Dividend yield;
- (d) Outlook of the Oishi Group;
- (e) Analyst estimates of the valuation of Oishi Group;
- (f) Market quotation and trading activity of the Oishi Shares;
- (g) Valuation ratios of selected listed companies broadly comparable to the Oishi Group;
- (h) Comparison with acquisitions involving selected companies broadly comparable to the Oishi Group;
- (i) Comparison with completed tender offers in Thailand;
- (j) Financial effects of the proposed Acquisition; and
- (k) Other relevant considerations (as set out in Section 6 of this letter).

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5.1 Financial performance of the Oishi Group

For the purposes of evaluating the financial terms of the proposed Acquisition, we have considered the audited consolidated financial statements of the Oishi Group for FY2005, FY2006 and FY2007 and the unaudited consolidated interim financial statements of the Oishi Group for the six months ended 30 June 2008 ("1H2008").

The summary of the consolidated financial statements of the Oishi Group for FY2005, FY2006 and FY2007 and the unaudited consolidated interim financial statements of the Oishi Group for 1H2008 is set out below. The following summary financial information should be read together with the annual reports of the Oishi Group in respect of the relevant financial years ended 31 December and the results announcement of the Oishi Group in respect of the six months ended 30 June 2008 .

<i>(Baht million, unless otherwise stated)</i>	FY2005 (Audited)	FY2006 (Audited)	FY2007 (Audited)	1H2007 (Audited)	1H2008 (Unaudited)
Income Statement					
Revenue	4,682	3,969	4,676	2,299	2,811
Gross Profit	1,715	1,320	1,615	797	971
Profit before Interest and Income Tax	656	217	583	249	285
Profit before Tax	651	209	580	248	284
Net Profit	624	189	558	234	282
Earnings per Oishi Share (cents)					
- Basic	3.33	1.01	2.98	1.25	1.50
	← As at 31 December →			← As at 30 June →	

<i>(Baht million, unless otherwise stated)</i>	2005 (Audited)	2006 (Audited)	2007 (Audited)	2008 (Unaudited)
Balance Sheet				
Non-current Assets	1,798	1,874	1,646	1,721
Current Assets	931	613	1,237	1,059
Current Liabilities	716	618	706	727
Net Current Assets	215	(4)	532	332
Non-current Liabilities	71	57	35	5
Total Shareholders' Equity	1,942	1,812	2,142	2,048

5.2 Net assets of the Oishi Group

The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

However, we wish to highlight that the NTA approach is meaningful insofar as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the group decides to realise or convert the use of all or most of its assets. The NTA approach may provide an estimate of the value of a group assuming the hypothetical sale of all of its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which would be used to repay the liabilities of that

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group. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NTA value that can be realised. Moreover, the NTA approach may not adequately reflect the intrinsic earnings potential of the business of the Oishi Group and represents only one component of the total value of the Oishi Group.

In our evaluation of the financial terms of the proposed Acquisition, we have also considered whether there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the audited balance sheet of the Oishi Group as at 31 December 2007. In this respect, we have reviewed the audited balance sheet of Oishi Group as at 31 December 2007 and, based on the accounting policies adopted by the Oishi Group, it does not appear that there are any significant tangible assets whose value would be materially different from that which was recorded in the audited balance sheet of the Oishi Group as at 31 December 2007.

In addition, we note that the Oishi Group had holdings of cash and bank balances of Baht 398.80 million (the “Cash”) representing approximately 13.83% of the total assets as at 31 December 2007 and have considered the Cash in our evaluation of the financial terms of the proposed Acquisition. Our analysis in respect thereof is set out in section 5.2(b) of this letter.

(a) Book NTA

In assessing the Acquisition Price in relation to the audited book NTA per Oishi Share, we have reviewed the audited balance sheet of the Oishi Group as at 31 December 2007 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the audited book NTA per Oishi Share as at 31 December 2007. To the best of our knowledge, there are no intangible assets, other than those already disclosed in the audited balance sheet of the Oishi Group as at 31 December 2007, which ought to be disclosed in accordance with Thai Accounting Standards.

We have also considered whether there are any factors which have not been otherwise disclosed in the financial statements or annual report of the Oishi Group that are likely to reduce the audited book NTA as at 31 December 2007. Save as disclosed in the audited consolidated financial statements of the Oishi Group for the financial year ended 31 December 2007, there do not appear to be unrecorded and contingent liabilities which are likely to have a material impact on the audited book NTA of the Oishi Group as at 31 December 2007.

The audited book NTA and audited book NTA per Oishi Share of the Oishi Group as at 31 December 2007 were approximately Baht 1,992.12 million and Baht 10.62 respectively. The Acquisition Price of Baht 37.00 per Oishi Share represents a premium of approximately 248.40% over the audited book NTA per Oishi Share as at 31 December 2007.

(b) Ex-Cash Book NTA

We note that the Oishi Group had holdings of Cash as at 31 December 2007 of approximately Baht 398.80 million. We have therefore considered it appropriate in our evaluation of the financial terms of the proposed Acquisition to consider the Cash of the Oishi Group to arrive at the ex-Cash Acquisition Price (the “Ex-Cash Acquisition Price”).

The Ex-Cash Acquisition Price of Baht 34.87 per Oishi Share is the difference between the Acquisition Price of Baht 37.00 per Oishi Share and the Cash per Oishi Share of Baht 2.13.

For illustration purposes only, the ex-Cash audited book NTA and ex-Cash audited book NTA per Oishi Share of the Oishi Group as at 31 December 2007 were approximately Baht 1,593.32 million and Baht 8.50 respectively. The Ex-Cash Acquisition Price of 34.87 per Oishi Share represents a premium of approximately 310.24% over the ex-Cash audited book NTA per Oishi Share as at 31 December 2007.

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5.3 Dividend Yield

We set out below the dividend yield based on the gross dividends that Oishi had distributed in respect of FY2005, FY2006 and FY2007.

The Oishi Group has adopted a dividend policy where it is committed to distributing at least 40% of its net profit (after tax deduction and legal reserve) as dividends.

	FY2005	FY2006	FY2007
Gross Dividend per Oishi Share (Baht)	1.70	0.52	2.70
Dividend Yield (%) ⁽¹⁾	4.59	1.41	7.30

Note:

(1) Dividend yield is calculated based on the gross dividends declared in respect of each financial year divided by the Acquisition Price of Baht 37.00.

For illustration purposes only, the 12-month Thai Baht fixed deposit rate provided by local and foreign commercial banks in Thailand ranges between approximately 1.00% per annum and approximately 4.00% per annum (as published by the Bank of Thailand on the Latest Practicable Date).

Based on the above, the average dividend yield provided by Oishi in respect of FY2005, FY2006 and FY2007 was 4.43%. Accordingly, the Company would be able to achieve a higher rate of return by investing in Oishi compared to placing its excess cash with the local and foreign commercial banks in Thailand.

Independent Directors should note that the actual dividend yield would depend on the Company's cost of investment in the Oishi Shares. Independent Directors should also note that an equity investment provides a fundamentally different risk-return profile compared to that of a bank deposit and, accordingly, the above comparison serves merely as a guide. It should be noted that the above analysis is made on a pre-tax basis and the same analysis on a post-tax basis would vary, depending on the tax status of the Company. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Company arising from its investment in the Oishi Shares due to market fluctuations in the price of the Oishi Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed. Additionally, no views are being expressed with regard to the future dividend policy of Oishi and the frequency and quantum of dividends in any period would depend on various factors including but not limited to the financial performance of the Oishi Group, its divestment program and reinvestment requirements, its working capital and capital expenditure needs.

5.4 Outlook of the Oishi Group

Based on the annual report of Oishi for FY2007, the outlook for Oishi Group's restaurant chains and green tea market is set out in italics below.

"According to a research conducted in 2007, there are 660 Japanese restaurants in Thailand; placing the country at the fifth biggest foreign market for Japanese restaurant business (The top four are the U.S., China, Taiwan and South Korea). The research also found that Japanese food is the most popular foreign dish among Bangkokians (Other popular cuisines are Chinese, American, Vietnamese and Italian.) This rising trend has resulted in the import of Japanese franchises that causes fierce competition.

The Company's outlook on its restaurant chain has also grown bright. We have increased marketing activities i.e. advertisements for Oishi restaurants. And within the year 2008, we will open 20 new outlets as well as buy new Japanese franchise, to be in line with the growing demand for Japanese cuisine.

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Oishi has the continuous boost of market shares throughout 2007 and several competitors has retreated from the green tea market as the consumers have more alternatives in the beverage market such as juice drink, nutrition drink, milk etc. The remaining competitors have concentrated on launching new and improved products, as well as compete with pricing strategy. However, the Company is confident that it will be able to maintain at least 70% of the market share since the Company has solid branding and effective marketing strategies. Moreover, the Company has planned to introduce new beverages to the market this year including healthy fruit juices and functional drinks. According to a study on consumer behaviour, the people living in Bangkok and the vicinity area, who have hurry-up lifestyle and go for convenience for meals, are the target group for these products."

5.5 Analyst estimates of the valuation of Oishi Group

We have considered analysts' expectations of the valuation of the Oishi Group (the "**Analyst Estimated Valuation**"). For this purpose, we have reviewed investment research reports issued on the Oishi Group by the various analysts, to ascertain the price targets of the valuation of the Oishi Group estimated by these analysts. We set out below a summary of the price valuation of Oishi Group as set out in these reports.

Name	Date of the investment Research Report	Estimated Share Price by Analyst (Baht)
Phillip Securities (Thailand) Public Company Limited	19 August 2008	31.00
Adkinson Securities Plc	31 July 2008	33.00
Asia Plus Securities Public Company Limited	20 May 2008	35.18
Kim Eng Securities (Thailand) Limited	14 August 2008	40.00
Syrus Securities Public Company Limited	28 June 2007	N.A. ⁽¹⁾
Maximum		40.00
Minimum		31.00
Median		34.09
Simple Average		34.80

Source: Bloomberg L.P. and research reports

Note:

(1) Not applicable as Syrus Securities Public Company Limited did not state a price target in its investment research report.

We note that the Acquisition Price of Baht 37.00 per Oishi Share is within the range of Analyst Estimated Valuation of between Baht 31.00 per Oishi Share and Baht 40.00 per Oishi Share. The Acquisition Price of Baht 37.00 per Oishi Share is lower than the highest Analyst Estimated Valuation of Baht 40.00 per Oishi Share and is higher than the simple average Analyst Estimated Valuation of Baht 34.80 per Oishi Share.

We however wish to highlight that the aforementioned represents the individual views of the respective analysts based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Oishi Group, all of which may change significantly over a relatively short period of time) prevailing at the date of the publication of the respective investment research reports. The analysts' views and/or valuation are also based on assumptions that may be different from one analyst to another and such assumptions may not materialise in the future. The estimated target prices of Oishi Shares in the investment research reports are subject to change depending on, *inter alia*, changes in market conditions, the Oishi Group's corporate

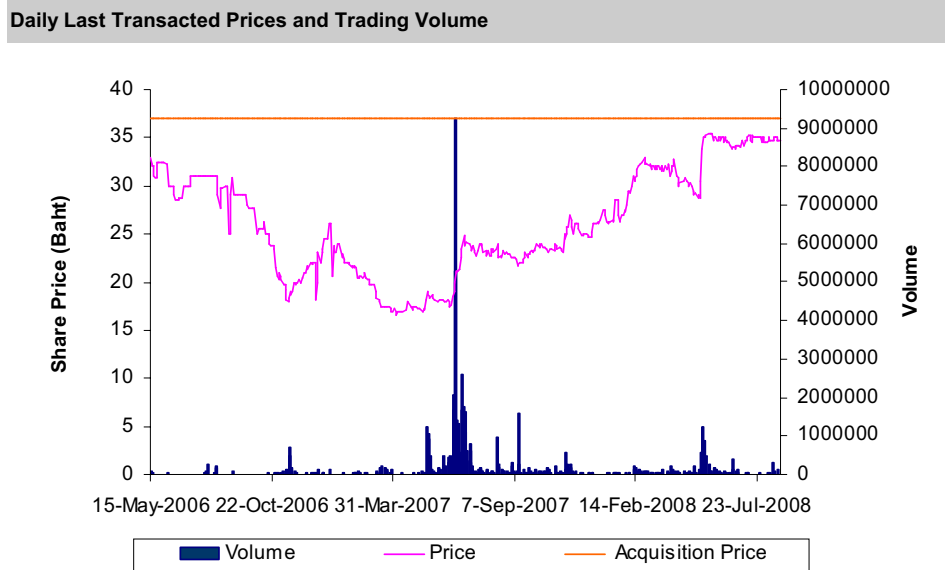
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developments and emergence of other new developments or information relevant to the Oishi Group and/or its industry which may change the estimated target share price.

5.6 Market quotation and trading activity of the Oishi Shares

(a) Share price performance

The trend of the daily last transacted prices of the Oishi Shares from 15 May 2006 (being the market day two years prior to the Announcement Date) to the Latest Practicable Date is set out below.



Source: Bloomberg L.P.

The volume-weighted average prices (“VWAP”) and trading volume of the Oishi Shares from 15 May 2006 to the Latest Practicable Date are set out below.

	VWAP ⁽¹⁾ (Baht)	Premium / (Discount) of Acquisition Price over VWAP (%)	Highest Price (Baht)	Lowest Price (Baht)	Average Daily Trading Volume ⁽²⁾	Daily Trading Volume as a percentage of Outstanding Shares ^{(2) (3)} (%)
Periods prior to Announcement Date						
Last 2 years	22.607	63.67	35.00	16.60	132,078	0.07
Last 1 year	22.788	62.37	35.00	17.50	233,831	0.12
Last 6 months	30.798	20.14	35.00	24.70	69,476	0.04
Last 3 months	32.238	14.77	35.00	28.75	98,659	0.05
Last 1 month	32.494	13.87	35.00	28.75	186,963	0.10
Last transacted price on 13 May 2008 ⁽⁴⁾	35.000	5.71	35.25	33.25	867,400	0.46

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After Announcement Date

Between Announcement Date and the Latest Practicable Date	34.779	6.39	35.50	33.75	40,529	0.02
Latest Practicable Date	34.75 ⁽⁵⁾	6.47	34.75	34.75	18,700 ⁽⁶⁾	0.01

Source: Bloomberg L.P.

Notes:

- (1) The VWAP had been weighted based on the last transacted prices of the Oishi Shares and traded volumes for the respective trading days in the periods.
- (2) The average daily volume of the Oishi Shares is calculated based on the total volume of the Oishi Shares traded during the period divided by the number of Market Days over the same period.
- (3) Total number of outstanding Oishi Shares as at the Latest Practicable Date is 187.50 million shares.
- (4) The last transacted price of the Oishi Share on 13 May 2006 (being the market day the Oishi Shares last traded prior to the Announcement Date) was Baht 35.00 per Oishi Share. On 13 May 2008, the highest intra day traded price was Baht 35.25 and lowest intra day traded price was Baht 33.25.
- (5) This represents the last transacted price (instead of VWAP) on 21 August 2008 (being the Market Day the Oishi Shares last traded prior to the Latest Practicable Date). The Oishi Shares were not traded on the Latest Practicable Date.
- (6) This represents the last traded volume (instead of average daily trading volume) on 21 August 2008 (being the Market Day the Oishi Shares last traded prior to the Latest Practicable Date). The Oishi Shares were not traded on the Latest Practicable Date.

Based on the above, we note the following:

- (a) Over the 2-year period prior to the Announcement Date, the Oishi Shares have traded between a low of Baht 16.60 per Oishi Share and a high of Baht 35.00 per Oishi Share;
- (b) The Oishi Shares have traded below the Acquisition Price of Baht 37.00 per Oishi Share over the 2-year period prior to the Announcement Date;
- (c) The Acquisition Price represents a premium of 63.67%, 62.37%, 20.14%, 14.77% and 13.87% respectively over the the 2-year, 1-year, 6-month, 3-month and 1-month VWAP of the Oishi Shares respectively;
- (d) During the 2-year period prior to the Announcement Date, trading liquidity of the Oishi Shares had generally been low. The Oishi Shares were traded with an average daily trading volume of approximately 132,078 Oishi Shares at between Baht 16.60 and Baht 35.00 per Oishi Share. This volume represented approximately 0.07% of the outstanding number of Oishi Shares;
- (e) From the Announcement Date to the Latest Practicable Date, the market price of the Oishi Shares fluctuated in a band of between Baht 33.75 per Oishi Share and Baht 35.50 per Oishi Share; and
- (f) From the Announcement Date to the Latest Practicable Date, trading liquidity of the Oishi Shares was comparable to the trading liquidity during the 6-month period prior to the Announcement Date. The average daily trading volume was approximately 40,529 Oishi Shares, representing approximately 0.02% of the outstanding number of Oishi Shares. The Oishi Shares were traded at a range of between Baht 33.75 and Baht 35.50 per Oishi Share.

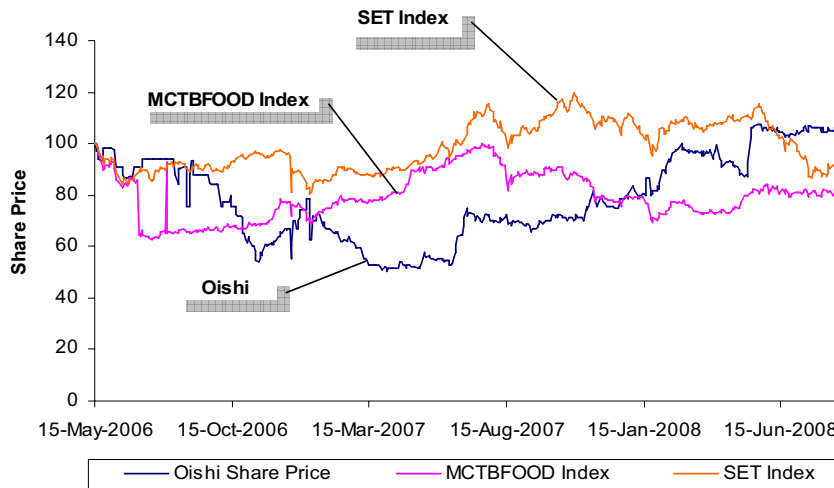
(b) Share price performance relative to market indices

To gauge the market price performance of the Oishi Shares relative to the general performance of the Thailand equity market, we have compared the market price movement of the Oishi Shares against that of the Stock Exchange of Thailand Index (“**SET Index**”) and

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the Stock Exchange of Thailand Market Capitalisation Foods and Beverage Index (“MCTBFOOD Index”) for the period between 15 May 2006 and the Latest Practicable Date, as illustrated below.

Oishi against Market Indices



We note that although the Oishi Shares had generally underperformed the MCTBFOOD Index from end-October 2006 to end-December 2007, it started to appreciate significantly from January 2008 to the Latest Practicable Date and outperformed MCTBFOOD Index during the period.

We note that the Oishi Shares had generally underperformed the SET Index in the last two years prior to the Announcement Date. Subsequent to the Announcement Date, the price of the Oishi Shares rose significantly and has outperformed the SET Index up to the Latest Practicable Date.

The upward trend in the price of the Oishi Shares since January 2008 and after the Announcement Date may be reflective of the prevailing positive market sentiment in relation to the performance of Oishi.

The movements in the closing prices of the Oishi Shares, the SET Index and the MCTBFOOD Index between 13 May 2008, being the market day on which the Oishi Shares last traded prior to the Announcement Date, and the Latest Practicable Date are as follows:

	13 May 2008	Latest Practicable Date	Percentage Change (%)
Oishi (Baht)	35.00	34.75	(0.71)
SET	109.57	89.03	(18.75)
MCTBFOOD	81.08	81.10	0.02

Source: Bloomberg

The market price of the Oishi Shares decreased by 0.71% from Baht 35.00 per Oishi Share on 13 May 2008 to Baht 34.75 per Oishi Share as at the Latest Practicable Date. Over the same period, the SET Index had decreased by 18.75% and MCTBFOOD Index had increased by 0.02%.

Following the proposed Acquisition, the Tender Offer will be made.

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5.7 Valuation ratios of selected listed companies broadly comparable to the Oishi Group**(a) Comparable companies**

For the purpose of evaluating the financial terms of the proposed Acquisition, we have made reference to the valuation statistics of selected companies listed on the SGX-ST, the SET and Bursa Malaysia and engaged in the F&B business, which we consider to be broadly comparable to the Oishi Group (the "**F&B Comparable Companies**") to obtain an indication of the current market expectations with regard to the perceived valuation of the Oishi Group. Brief descriptions of the F&B Comparable Companies are set out below.

Name / Country of Exchange	Business Description	Market Capitalisation ⁽¹⁾ (US\$' million)
S&P Syndicate Public Company Limited ("S&P") Thailand	S&P owns and operates S&P restaurant chain. S&P also produces bakery snack, and canned food products under its S&P brand name.	85.54
Minor International Public Company Limited ("Minor") Thailand	Minor owns and operates restaurants and hotels in Asia. Minor operates hotels, resorts, spas, and franchised restaurants in Thailand and Vietnam. It also manufactures ice cream and cheeses.	1,394.05
Serm Suk Public Company Limited ("Serm Suk") Thailand	Serm Suk is a franchise bottler and sole distributor of Pepsi-Cola beverages of the Pepsico Inc, USA. Its products include Pepsi, Mountain Dew, Mirinda and Seven-Up carbonated beverages. It also produces and distributes other brand name beverages including M-100 and M-150 energy drinks, Lipton Ice Tea, and Volvic mineral water, club soda and ginger ale.	102.41
Thai Beverage Public Company Limited ("THBEV") Singapore	Thai Beverage Public Company Limited produces a wide range of branded beer and spirits in Thailand.	4,000.11
ABR Holdings Limited ("ABR") Singapore	ABR manufactures ice cream and operates Swensen's ice cream parlors and restaurants and other specialty restaurants. It also manufactures and sells confectionery and pastry products, operates pubs, discotheques, and restaurants.	30.83
Thai Village Holdings Limited ("Thai Village") Singapore	Thai Village operates a chain of seafood restaurants specialising in Asian delicacies. It has restaurants located in Singapore, China, and Indonesia.	15.44
Soup Restaurant Group Limited ("Soup") Singapore	Soup operates a chain of restaurants in Singapore.	19.02
Tung Lok Restaurants (2000) Limited ("Tung Lok") Singapore	Tung Lok owns and operates restaurants in Singapore. It also operates a food processing facility to distribute dianxin and dianxin ingredients, festive food items and pastries to its restaurants for sale.	11.89
Pokka Corporation (Singapore) Limited ("Pokka") Singapore	Pokka manufactures, imports, exports, and sells drinks. Through its subsidiaries, Pokka operates restaurant and manufactures and sells food products.	44.60

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Name / Country of Exchange	Business Description	Market Capitalisation ⁽¹⁾ (US\$ million)
Apex-Pal International Limited ("Apex-Pal") Singapore	Apex-Pal owns and operates restaurants, cafes, and kiosks under the Sakae Sushi, Sakae Express, and Crepes & Cream brand names. It also operates Nouvelle events, a food and beverages catering services and franchises its food and beverages brands. Apex-Pal provides information technology services through Innotech Consulting.	21.62
Super Coffeemix Manufacturing Limited ("Super Coffeemix") Singapore	Super Coffeemix manufactures, packages, and distributes instant cereal flakes, instant beverages, instant coffee powder, and other convenience food products. It also provides vending machine services.	238.16
Fraser and Neave Limited ("Fraser and Neave") Singapore	Fraser and Neave produces and sells soft drinks, beer, stout, dairy products, and glass containers. It also operates publishing and printing businesses and develops and invests in properties.	4,198.94
Yeo Hiap Seng Limited ("Yeo Hiap Seng") Singapore	Yeo Hiap Seng manufactures, distributes, and exports canned food, sauces, and non-alcoholic beverages. Through its subsidiaries, Yeo Hiap Seng also rents beverage vending machines. In addition, it develops and invests in properties.	914.27
Breadtalk Group Limited ("Breadtalk") Singapore	BreadTalk Group manufactures and retails a variety of food, bakery, and confectionery products. It also operates food and drinks sale outlets, eating houses, and restaurants.	63.20
Viz Brandz Limited ("Viz Brand") Singapore	Viz Branz manufactures and distributes instant beverages comprising mainly cereal mix, coffee mix, and tea mix. It also produces and distributes snack food, provides flexible packaging printing services.	41.39
Borneo Oil Berhad ("Borneo Oil") Malaysia	Borneo Oil is an investment holding company. Through its subsidiaries, Borneo Oil operates in the following business segments: restaurant and franchising operations, general trading of machinery and spare parts, phone cards, management and operations of resorts and oil, gas and energy related businesses.	9.11
KFC Holdings (Malaysia) Berhad ("KFC") Malaysia	KFC is an investment holding company. Through its subsidiaries, KFC manages and operates fast food restaurant chains such as Kentucky Fried Chicken and Pizza Hut. KFC also operates hatchery, feedmill, breeder farms, and bakery, processes and trades poultry, and manufactures seasoning sauces and confectionery.	406.16
QSR Brands Bhd ("QSR") Malaysia	QSR operates fast food restaurants. It operates Kentucky Fried Chicken and Pizza Hut restaurants in Malaysia.	200.40
Nestle (Malaysia) Berhad ("Nestle")	Nestle is an investment holding company. Through its subsidiaries, Nestle markets and sells powdered milk and drinks, liquid milk and	1,910.92

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Name / Country of Exchange	Business Description	Market Capitalisation ⁽¹⁾ (US\$' million)
Malaysia	juices, instant coffee, and instant noodles. Nestle also manufactures and provides packaging for culinary and chocolate-based food products and trades flavoring ingredients.	
Oishi Thailand	Oishi operates restaurants and bakeries. It focuses primarily on Japanese-style restaurants including Oishi Japanese Buffet, Oishi Express, Sabushi, Oishi Ramen, Oishi Sushi Bar, OK Suki, IN&OUT the Bakery Cafe, and Char for Tea. Additionally, it produces and market green tea drinks under Oishi Green Tea brand name.	204.28 ⁽²⁾

Source: Bloomberg L.P.

Notes:

- (1) Market capitalisation of the F&B Comparable Companies is based on their respective last transacted prices and the relevant exchange rates as at the Latest Practicable Date.
- (2) The market capitalisation of Oishi is based on the Acquisition Price.

We recognise that there is no company listed on the SGX-ST, the SET and Bursa Malaysia which we may consider to be identical to the Oishi Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the F&B Comparable Companies merely serve to provide an illustrative perceived market valuation of the Oishi Group as at the Latest Practicable Date.

(b) Valuation statistics

For the purpose of evaluating the financial terms of the Acquisition Price, we have applied the following valuation ratios on the F&B Comparable Companies to arrive at their valuation statistics.

Valuation Ratio	General Description
P/NTA	: "P/NTA" or "Price-to-Book NTA" ratio illustrates the ratio of the market price of a company's shares relative to its historical book NTA per share.
P/E	: "P/E" or "Price-to-Earnings" ratio illustrates the ratio of the market price of a company's shares relative to its historical earnings per share.
EV/EBITDA	: "EV" or "Enterprise Value" is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. "EBITDA" stands for historical earnings before interest, tax, depreciation and amortisation expenses. The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cashflow performance, without regard to the company's capital structure.

The table below sets out the valuation statistics for the F&B Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

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Comparable Company	Last Transacted Price ⁽¹⁾	Market Capitalisation ⁽¹⁾ (US\$' million)	P/NTA ⁽²⁾ (times)	P/E ⁽³⁾ (times)	EV/EBITDA ⁽⁴⁾ (times)
S&P	BHT27.75	85.54	1.70	15.86	4.99
Minor	BHT13.10	1,394.05	6.04	22.59	14.79
Serm Suk	BHT13.10	102.41	0.56	10.48	2.09
THBEV	S\$0.23	4,000.11	2.49	13.20	7.06
ABR	S\$0.23	30.83	0.88	11.38	5.97
Thai Village	S\$0.11	15.44	1.32	8.33	2.98
Soup	S\$0.27	19.02	2.10	6.11	4.58
Tung Lok	S\$0.12	11.89	2.01	46.15	2.10
Pokka	S\$0.75	44.60	2.02	8.95	5.17 ⁽⁵⁾
Apex-Pal	S\$0.22	21.62	2.25	13.52	5.99
Super Coffeemix	S\$0.62	238.16	1.52	11.38	9.58
Fraser and Neave	S\$4.27	4,198.94	1.24	14.88 ⁽⁶⁾	15.64
Yeo Hiap Seng	S\$2.25	914.27	3.46	511.36	35.65
Breadtalk	S\$0.38	63.20	2.47	11.76	3.38
Viz Brand	S\$0.42	41.39	0.90	6.53	3.59 ⁽⁷⁾
Borneo Oil	MYR0.19	9.11	0.30	N.A. ⁽⁸⁾	N.A. ⁽⁹⁾
KFC	MYR6.85	406.16	2.42	13.02	6.18
QSR	MYR2.34	200.40	1.25	8.57	6.79
Nestle	MYR27.25	1,910.92	15.03	21.80	13.74
Maximum			15.03	511.36	35.65
Minimum			0.30	6.11	2.09
Median			2.01	12.39	5.98
Simple Average			2.63	41.99	8.35
Simple Average (excluding outlier)			1.94 ⁽¹⁰⁾	14.38 ⁽¹¹⁾	6.74 ⁽¹¹⁾
Oishi ⁽¹²⁾	37.00	204.28	3.65	12.42	7.49

Source: Bloomberg L.P.

Notes:

- (1) Based on the last transacted prices of the respective companies and the relevant exchange rates as at the Latest Practicable Date.
- (2) Based on the book NTA per share obtained from the most recent announced financial statements of the respective companies. In respect of Oishi, the P/NTA ratio is based on Oishi's unaudited NTA of Baht 1,899.18 million as at 30 June 2008.
- (3) Based on the earnings per share obtained from the most recent annual reports of the respective companies.
- (4) Based on the EBITDA, net borrowings and minority interests obtained from the most recent annual reports and announced financial statements of the respective companies.
- (5) The short and long term debts of Pokka exclude bills payable to banks of S\$1,896,000.

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- (6) The P/E ratio in respect of Fraser and Neave is calculated based on the earnings per share after exceptional items.
- (7) The short and long term debts of Viz Brand exclude bills payable to banks of S\$12,040,000.
- (8) The P/E ratio in respect of Borneo Oil was not meaningful as the company had recorded net loss for the most recent financial year.
- (9) The EV/EBITDA of Borneo Oil was not meaningful as the company had recorded net loss for the most recent financial year.
- (10) Excluding Nestle as an outlier.
- (11) Excluding Yeo Hiap Seng as an outlier.
- (12) Based on the Acquisition Price of Baht 37.00 per Oishi Share.

For illustration purposes only, we note that:

- (a) The P/NTA ratio of Oishi implied by the Acquisition Price of 3.65 times is within the range of the P/NTA ratios of the F&B Comparable Companies and is higher than the simple average (excluding outlier) P/NTA ratio of 1.94 times and the median P/NTA ratio of 2.01 times in respect of the F&B Comparable Companies;
- (b) The P/E ratio of Oishi implied by the Acquisition Price of 12.42 times is within the range of the P/E ratios of the F&B Comparable Companies and is lower than the simple average (excluding outlier) P/E ratio of 14.38 times but marginally higher than the median P/E ratio of 12.39 times in respect of the F&B Comparable Companies; and
- (c) The EV/EBITDA ratio of Oishi implied by the Acquisition Price of 7.49 times is within the range of the EV/EBITDA ratios of the F&B Comparable Companies and is higher than the simple average (excluding outlier) EV/EBITDA ratio of 6.74 times and the median EV/EBITDA ratio of 5.98 times in respect of the F&B Comparable Companies.

We wish to highlight that earnings-based approaches would be considered the more appropriate benchmarks to assess the value of Oishi given that Oishi is a cash generative company and operates as a going concern entity principally engaged in the F&B business in Thailand. The NTA approach, on the other hand, would be relevant in the event that Oishi decides to realise or convert the use of all or most of its assets. As at the Latest Practicable Date, there are no publicly announced plans by Oishi to change the nature of its business or to realise and convert the uses of its assets within the foreseeable future.

5.8 Comparison with acquisitions involving selected companies broadly comparable to the Oishi Group

We have compiled certain relevant publicly available information on selected acquisitions which we believe to be relevant and which were announced and completed from 1 January 2006 and up to the Latest Practicable Date, involving listed and unlisted target companies that operate in the food and beverage sector in Asia Pacific (the "**Comparable Transactions**"), and where there is publicly available information on the key statistics as set out below.

Operating Country	Date Announced	Target Company	Acquirer	Acquired (%)	Total Value of Target Company ⁽¹⁾ (in millions)	P/NTA (times)	P/E (times)	EV/EBITDA (times)
Singapore	3 July 2007	Super Coffeemix Manufacturing Ltd	Yeo Hiap Seng Ltd	11.30	S\$ 542.54	2.43	20.08	12.14
China	28 May 2007	Want Want Holdings Ltd	Want Want International Ltd	25.13	US\$ 3,024.90	3.80	22.90	15.20
Hong Kong	17 November 2006	Saint Honore Holdings Ltd	Convenience Retail Asia Ltd	100.00	HK 631.76	2.05 ⁽²⁾	15.28	6.34
Thailand	27 March 2007	Siam Food Products Public Co., Ltd	TCC Agro-Industrial Co., Ltd	84.73	BHT 1,995.00	0.96	197.24	11.57

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Operating Country	Date Announced	Target Company	Acquirer	Acquired (%)	Total Value of Target Company ⁽¹⁾ (in millions)	P/NTA (times)	P/E (times)	EV/EBITDA (times)
Thailand	31 March 2006	Siam Food Products Public Co., Ltd	Thai Food Pattanakij Co., Ltd	91.81	BHT 1,995.00	0.94	24.00	11.20
Maximum						3.80	197.24	15.20
Minimum						0.94	15.28	6.34
Median						2.05	22.90	11.57
Simple Average						2.04	55.90	11.29
Simple Average (excluding outliers)						2.04	20.57 ⁽³⁾	11.29
Thailand	15 May 2008	Oishi ⁽⁴⁾	THBEV	43.90	BHT 6,937.50	3.65	12.42	7.49

Source: Bloomberg L.P., company filings, announcements and circulars to shareholders in relation to the respective transactions

Notes:

- (1) Based on the total number of outstanding shares and purchase consideration in relation to the respective transactions.
- (2) The NTA had been adjusted for the revaluation surpluses of HK\$99.3 million in respect of land, buildings and land use rights and the fair value of HK\$82.4 million for intangible assets as at 30 September 2006.
- (3) Excluding the acquisition of Siam Food Products Public Co., Ltd by TCC Agro-Industrial Co., Ltd which is an outlier.
- (4) Based on the Acquisition Price of Baht 37.00.

For illustration purposes only, we note that:

- (a) The P/NTA ratio of Oishi implied by the Acquisition Price of 3.65 times is within the range of the P/NTA ratios of the Comparable Transactions and is higher than the simple average (excluding outlier) P/NTA ratio of 2.04 times and the median P/NTA ratio of 2.05 times in respect of the Comparable Transactions;
- (b) The P/E ratio of Oishi implied by the Acquisition Price of 12.42 times is below the range of the P/E ratios of the Comparable Transactions; and
- (c) The EV/EBITDA ratio of Oishi implied by the Acquisition Price of 7.49 times is within the range of the EV/EBITDA ratios of the Comparable Transactions and is lower than the simple average (excluding outlier) EV/EBITDA ratio of 11.29 times and the median EV/EBITDA ratio of 11.57 times in respect of the Comparable Transactions.

It should be noted that the analysis of the selected transactions presented in the table above merely serves as a general indication of the possible range of value multiples that an acquirer may ascribe to a target company and that each transaction must be judged on its own commercial and financial merits (or otherwise). We would highlight that there are differences between the proposed Acquisition and the Comparable Transactions in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, the level of control acquired, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. Furthermore, most of the companies referred to in the Comparable Transactions are listed on foreign stock exchanges and may therefore be subject to different risk-reward expectations and trading conditions and any cross border valuation statistics will be subject to differing political, regulatory, market, investment, economic and currency conditions and as such may not be directly comparable to the Oishi Group.

5.9 Comparison with completed tender offers in Thailand

We have compiled certain relevant publicly available information on selected successful tender offers of companies listed on the SET which we believe to be relevant and which were announced and completed during the period from 1 January 2007 up to and including the Latest Practicable Date. We set out below statistics on tender offers relating to companies listed on the SET during the period from 1 January 2007 up to and including the Latest Practicable Date (the "Thai Tender Offers").

Date of Announcement of Offer	Industry ⁽¹⁾	Target Companies	Acquirer	Pre-Offer Ownership Level (%)	Post-Offer Ownership Level (%)	Premium / (Discount) Over Last Transacted Price prior to Announcement (%)	Premium / (Discount) Over VWAP for 1 month prior to Announcement (%)	Premium / (Discount) Over VWAP for 6 months prior to Announcement (%)
21 May 2008	Building and construction products	Thai-German Ceramic Industry PCL	Cementhai Ceramics Company Ltd	39.90	61.92	1.40	2.17	32.34
21 May 2008	Property/Casualty Insurance	The Deves Insurance PCL	The Crown Property Bureau	87.30	98.28	1.62	1.94	0.64
28 December 2007	Containers/Paper/Plastic	Pack Delta PCL	Mauser Holding Asia Pte. Ltd.	91.89	99.35	1.69	2.00	4.93
25 December 2007	Hotels and Motels	Pacific Assets PCL	GMW Holding Company Ltd	62.50	75.18	8.68	9.17	(1.77)
15 November 2007	Computers/Memory Devices	Magnecomp Precision Technology PCL	TDK Corporation	74.29	98.93	1.50	3.15	16.08
11 November 2007	Paper and related Products	Advance Agro PCL	Mr. Yothin Dumrernchanvanit	75.79	78.52	2.63	25.48	20.00
15 October 2007	Finance	Thanachart Bank PCL	Thanachart Capital PCL	74.48	74.92	1.05	1.56	2.41
11 September 2007	Apparel Manufacturers	Hua Thai Manufacturing PCL	Prime-Time Company Ltd	98.95	99.87	31.33	50.87	76.01
26 July 2007	Non-Ferrous Metals	Univentures PCL	Adelfos Company Ltd	29.18	51.58	(42.70)	(28.93)	(15.23)
8 May 2007	Telecom Services	Siam2You PCL	Kudu Company Ltd	46.77	46.77	11.11	28.24	16.47

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Date of Announcement of Offer	Industry ⁽¹⁾	Target Companies	Acquirer	Pre-Offer Ownership Level (%)	Post-Offer Ownership Level (%)	Premium / (Discount) Over Last Transacted Price prior to Announcement (%)	Premium / (Discount) Over VWAP for 1 month prior to Announcement (%)	Premium / (Discount) Over VWAP for 6 months prior to Announcement (%)
26 April 2007	Chemicals	Thai Cane Paper PCL	SCG Paper PCL	77.40	83.56	1.39	1.52	2.33
24 April 2007	Hotels and Motels	Rajadamri Hotel PCL	Hua Hin Resort Ltd	95.81	98.55	(4.45)	(5.65)	(2.11)
27 March 2007	Food	Siam Food Products PCL	TCC Agro-Industrial Company Ltd	81.12	84.74	4.40	2.43	2.40
8 March 2007	Automotive and Equipment	CPR Gomu Industrial PCL	Kinugawa Rubber Industrial Co. Ltd	-	49.00	29.63	18.78	23.51
16 February 2007	Commercial Banks	Ayudhya Auto Lease PCL	Bank of Ayudhya PCL	79.32	98.40	2.41	3.32	24.72
Maximum						31.33	50.87	76.01
Minimum						(42.70)	(28.93)	(15.23)
Median						1.69	2.43	4.93
Simple Average						3.45	7.74	13.52
Simple Average (excluding outliers)						6.74 ⁽²⁾	4.66 ⁽³⁾	9.05 ⁽³⁾
15 May 2008	Food	Oishi	THBEV	-	43.90	5.71	13.87	20.14

Source: Bloomberg L.P., company filings, announcements and circulars to shareholders in relation to the respective transactions

Notes:

- (1) As classified by Bloomberg L.P.
- (2) Excluding the acquisition of Univentures PCL by Adefos Company Ltd, which is an outlier.
- (3) Excluding the acquisition of Hua Thai Manufacturing PCL by Prime-Time Company Ltd, which is an outlier.

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Based on the above analysis, we note the following:

- (a) the premium of 5.71% implied by the Acquisition Price over the last transacted market price of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the offer prices paid for the recent Thai Tender Offers over the last transacted market prices of the shares prior to the respective announcement dates and is higher than the median but lower than the simple average (excluding outlier) premium as implied by the offer price paid for the recent Thai Tender Offers over the last transacted market price of the shares prior to their respective announcement date;
- (b) the premium of 13.87% implied by the Acquisition Price over the 1-month VWAP of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the 1-month VWAP of the shares of the companies in the Thai Tender Offers and is higher than the median and simple average premium (excluding outliers) as implied by the 1-month VWAP of the shares of the companies in the recent Thai Tender Offers; and
- (c) the premium of 20.14% implied by the Acquisition Price over the 6-month VWAP of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the 6-month VWAP of the shares of the companies in the Thai Tender Offers and is higher than the median and simple average premium (excluding outliers) as implied by the 6-month VWAP of the shares of the companies in the recent Thai Tender Offers.

The Independent Directors should note that the level of premium (if any) an acquiror would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquiror from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquiror already has in the target company and prevailing market expectations. Consequently, each Thai Tender Offer has to be judged on its own merits (or otherwise).

The list of Thai Tender Offers indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Thai Tender Offers over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Thai Tender Offers. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Thai Tender Offer or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

Moreover, we wish to highlight that Oishi is not in the same industry and does not conduct the same businesses as most of the other companies in the list of Thai Tender Offers and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Thai Tender Offers.

Therefore, any comparison of the Acquisition Price with the Thai Tender Offers is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for Oishi.

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5.10 Financial Effects of the Proposed Acquisition

Detailed information on the financial effects of the proposed Acquisition is set out in section 2.6 of the Circular. We recommend that the Independent Directors advise Independent Shareholders to read section 2.6 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects.

We set out below a summary of the financial effects of the proposed Acquisition.

(i) EPS

Assuming that the proposed Acquisition had been effected at the beginning of FY2007, the Group's EPS would have increased from 1.78 cents to 1.82 cents.

(ii) NTA per share

Assuming that the proposed Acquisition had been effected at the end of FY2007, the Group's NTA per share would have increased from 9.35 cents to 9.52 cents.

(iii) Gearing

Assuming that the proposed Acquisition had been effected at the end of FY2007, the Group's gearing ratio would have increased from 0.45 times to 0.47 times.

We set out below a summary of the financial effects of the proposed Acquisition and the Tender Offer (assuming 100% of the issued share capital in Oishi had been acquired at Baht 37.00 per Oishi Share).

(i) EPS

Assuming that the proposed Acquisition and the Tender Offer had been effected at the beginning of FY2007, the Group's EPS would have increased from 1.78 cents to 1.88 cents.

(ii) NTA per share

Assuming that the proposed Acquisition and the Tender Offer had been effected at the end of FY2007, the Group's NTA per share would have increased from 9.35 cents to 9.69 cents.

(iv) Gearing

Assuming that the proposed Acquisition and the Tender Offer had been effected at the end of FY2007, the Group's gearing ratio would have increased from 0.45 times to 0.55 times.

6. OTHER CONSIDERATIONS**(a) Proposed Acquisition of a 43.9% stake in Oishi**

Upon completion of the proposed Acquisition, the Company will have an interest of 43.9% in Oishi. The Company's final shareholding interest in Oishi will be dependent on the level of acceptances received pursuant to the Tender Offer.

Accordingly, the Company will be the single largest shareholder of Oishi and would be in a position to exercise significant influence over Oishi including, *inter alia*, matters in which the Company is not conflicted from voting on at general meetings of shareholders, such as the election of directors and the approval of significant corporate actions.

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(b) Strategic value to the Company

Based on the rationale of the proposed Acquisition set out in section 2.5 of the Circular, we note that the proposed Acquisition will allow the Company to strengthen its foothold in the non-alcoholic beverage business. The proposed Acquisition will be synergistic, particularly in the area of distribution network and logistic capability and lead to further cost savings and enhancement of the Company's assets.

(c) Funding for the proposed Acquisition

As set out in section 2.2 of the Circular, the Purchase Consideration will be paid by the Company in cash, and the Company expects that up to approximately Baht 3,045.64 million will be funded from the proceeds of the Sale Consideration, approximately up to Baht 1,000 million will be funded through external borrowings, and the remainder will be funded through internal resources. The Executive Committee of the Company will decide whether the funding needs for the Purchase Consideration will be allocated between internal resources or by external borrowing based on the prevailing working capital of the Group, amongst other things, as they may deem appropriate. Following completion of the proposed Acquisition, the Tender Offer will be funded through external borrowings.

7. THE DISPOSAL**7.1 Information on Thai Alcohol**

Thai Alcohol was established as a private limited company on 24 May 1972 and converted into a public limited company on 24 December 2002. It is a wholly-owned subsidiary of the Company with an issued and paid-up share capital of Baht 800 million comprising 160 million ordinary shares. Thai Alcohol has operated an industrial alcohol production facility since 1989 and following the purchase of Thai Alcohol in December 2002, the Company commenced the production of industrial alcohol.

Thai Alcohol's principal activities are the production and distribution of alcohol (95%), refine alcohol, ethanol, acetic acid and ethyl acetate. Its major products include ethanol (99.5%) which is used by major oil companies to make gasohol and ethyl alcohol (95%) which is exported to overseas customers such as Japan and Korea for use in the cosmetic, food and medical industries.

Thai Alcohol sells ethanol (99.5%) to major customers such as Bangchak Public Company Limited, PTT Public Company Limited, Caltex (Thailand) Company Limited, Shell (Thailand) Company Limited and Esso (Thailand) Public Company Limited, and ethyl alcohol (95%) to Mitsui & Co. UK Plc and Mitsubishi Corporation.

For the financial year ended 31 December 2007, Thai Alcohol's revenue was Baht 966.0 million and it incurred a loss after tax of Baht 126.68 million. Thai Alcohol's NTA as at 31 December 2007 was Baht 1,226 million. The gain from the proposed Disposal will be approximately Baht 216 million.

7.2 The Sale Consideration

The Sale Consideration for the proposed Disposal is approximately Baht 1,590.95 million in aggregate. The Sale Consideration was arrived at after arms length negotiations on a willing buyer willing seller basis, by reference to among other things, the NTA of Thai Alcohol.

The Sale Consideration will be satisfied in cash and will be used by the Company to partially finance the Purchase Consideration.

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7.3 Conditions to the Thai Alcohol Share Sale and Purchase AgreementConditions Precedent

The sale and purchase of the Thai Alcohol Shares is conditional upon the satisfaction or waiver by the respective parties of, *inter alia*, the following conditions as of the Thai Alcohol Closing Date:

- (a) the warranties of the Company, save for those specified in the Thai Alcohol Disclosure Letter, being true and correct in all respects on and as of the date of the Thai Alcohol Share Sale and Purchase Agreement, and being true and correct in all material respects on and as of the Thai Alcohol Closing Date with the same effects as though they had been made on and as of the Thai Alcohol Closing Date;
- (b) no legislation or governmental action having been promulgated or effected after the date of the Thai Alcohol Share Sale and Purchase Agreement which would (i) prohibit the consummation of the transactions contemplated therein or (ii) prohibit or restrict the acquisition and sale of the Thai Alcohol Shares by Damrongfah and the Company respectively;
- (c) no legal action, suit or proceeding having been commenced by any Government Authority seeking to enjoin the transaction contemplated under the Thai Alcohol Share Sale and Purchase Agreement and no event or action having occurred, threatened or having been taken which may be reasonably expected to result in the commencement of said legal action, suit or proceeding, which makes it inadvisable to proceed with the transactions contemplated under the Thai Alcohol Share Sale and Purchase Agreement;
- (d) the Company and the Thai Alcohol Group having performed and complied with, in all material respects, the covenants under clause 3.2 and clause 3.3 of the Thai Alcohol Share Sale and Purchase Agreement, as may be applicable on or before the Thai Alcohol Closing Date;
- (e) no event and/or action having occurred after the date of the Thai Alcohol Share Sale and Purchase Agreement which causes or may cause material adverse effect on the status or assets of Thai Alcohol and/or the other members of the Thai Alcohol Group, except for the events and actions disclosed in the Thai Alcohol Disclosure Letter;
- (f) no action having been performed by Thai Alcohol and/or the other members of the Thai Alcohol Group after the date of the Thai Alcohol Share Sale and Purchase Agreement until the Thai Alcohol Closing Date which causes a significant decrease in the value of the shares of Thai Alcohol;
- (g) all Permits and Consents of any other Person required in connection with the execution, delivery, performance, validity or enforceability of the Thai Alcohol Share Sale and Purchase Agreement having been obtained and being in full force and effect;
- (h) there being no material adverse change in the financial condition, assets and business of Thai Alcohol and the other members of the Thai Alcohol Group;
- (i) Thai Alcohol and the other members of the Thai Alcohol Group having submitted the application to renew all licences before the Thai Alcohol Closing Date;
- (j) all resolutions, documents and deliveries described in Clause 2.3 of the Thai Alcohol Share Sale and Purchase Agreement having been duly carried out and delivered to Damrongfah;
- (k) each of the representations and warranties of Damrongfah set forth in the Thai Alcohol Share Sale and Purchase Agreement being true and complete in all respects on the Thai Alcohol Closing Date, except to the extent waived in writing by the Company;

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- (l) no Action by any Government Authority or any other Person having been instituted or threatened to restrain or prohibit any of the transactions contemplated in the Thai Alcohol Share Sale and Purchase Agreement;
- (m) the Company having delivered to Damrongfah, on or prior to the, Thai Alcohol Closing Date written evidence showing (i) the assignment of the expertise engagement agreement, dated 27 July, 2004 between Thai Alcohol and Major Prajuabsook Karnjanalaksana and Mr. Dejpongse Karnjanalaksana of 430 Prannok Road, Siriraj, Bangkoknoi, Bangkok 10700, Thailand (as the experts) relating to the provisions of alcohol recipe, formula and method, from Thai Alcohol (as the assignor) to Sura Bangyikhan Co., Ltd., a subsidiary of the Company (as the assignee) and (ii) the reimbursement of the expertise payment made and/or to be made by Thai Alcohol to the experts, to Thai Alcohol by the assignee under the expertise engagement agreement;
- (n) there being the resolution of the Shareholders approving the proposed Disposal; and
- (o) completion of the proposed Acquisition.

Other Salient Terms

Under the Thai Alcohol Share Sale and Purchase Agreement, the proposed Disposal must complete by 30 September 2008 or any other date as is mutually agreed by the parties thereto, failing which the Thai Alcohol Share Sale and Purchase Agreement will automatically terminate if the failure to complete is through no fault of any of the parties, and the Company and Damrongfah will be released from their respective obligations thereunder.

If Damrongfah fails to purchase, or the Company fails to sell, the Thai Alcohol Shares in accordance with the Thai Alcohol Share Sale and Purchase Agreement, the party not in default, is entitled to claim damages from the defaulting party equivalent to half of the Sale Consideration, being approximately Baht 795.5 million.

The Company has also made certain representations and warranties to Damrongfah with respect to the Thai Alcohol Shares and the Thai Alcohol Group in the Thai Alcohol Share Sale and Purchase Agreement. Damrongfah is entitled to make a claim against the Company in the event of any breach of these representations and warranties, with the claim period specified in the agreement, and subject to an aggregate amount of not more than Baht 300.0 million for all claims.

The Company has also undertaken to Damrongfah not to compete with the Thai Alcohol Group on the terms set out in the Thai Alcohol Share Sale and Purchase Agreement indefinitely.

As a post-closing condition, Damrongfah has also undertaken to the Company to cause Thai Alcohol to repay within 30 days of the Thai Alcohol Closing Date, all monies (e.g. principal, interest, etc.) owed by Thai Alcohol to the Company under the promissory notes issued by Thai Alcohol to the Company. As of 30 June 2008, approximately Baht 852.08 million is owed by Thai Alcohol to the Company.

All stamp duty, fees and taxes (if any) payable in connection with the transfer of the Thai Alcohol Shares shall be borne by the Company.

7.4 Rationale for the Proposed Disposal

The full text of the Company's rationale for the proposed Disposal has been extracted from the Circular and set out in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular unless otherwise stated.

"3.4 Rationale for the Proposed Disposal

The production of industrial alcohol by Thai Alcohol represents a non-core and non-strategic business of the Group, contributing approximately 1.22% and 0.95% to the Group's revenue for the financial years ended 31 December 2006 and 31 December 2007, respectively.

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The proposed Disposal is in line with the Company's strategy to dispose businesses that are less likely to have a material contribution to the Group's business in the long run, and to reallocate its resources to its core alcoholic beverage business segment and also focus its efforts in increasing its presence in the non-alcoholic beverage business."

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE PROPOSED DISPOSAL

In assessing the fairness and reasonableness or otherwise of the financial terms of the proposed Disposal, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment:

- (a) Financial performance of Thai Alcohol;
- (b) Net assets of Thai Alcohol;
- (c) Outlook of Thai Alcohol;
- (d) Valuation ratios of selected listed companies broadly comparable to Thai Alcohol;
- (e) Financial effects of the proposed Disposal; and
- (f) Other relevant considerations (as set out in section 9 of this letter).

8.1 Financial performance of Thai Alcohol

For the purposes of evaluating the financial terms of the proposed Disposal, we have considered the audited financial statements of Thai Alcohol for FY2005, FY2006 and FY2007.

The summary of the profit and loss account, balance sheet and cash flow statement of Thai Alcohol for FY2005, FY2006 and FY2007 are set out below. The following summary financial information should be read together with the annual reports of the Group and the financial statements of Thai Alcohol in respect of the relevant financial years ended 31 December.

<i>(Baht million, unless otherwise stated)</i>	FY2005 (Audited)	FY2006 (Audited)	FY2007 (Audited)
Income Statement			
Revenue	882	1,209	988
Gross Profit	451	263	48
Profit from Operations	297	83	(70)
Profit before Tax	290	48	(127)
Net profit / (Loss) attributable to Shareholders	239	42	(127)
Earnings / (Loss) per Share (cents) - Basic	1.50	0.26	(0.79)
← As at 31 December →			
<i>(Baht million, unless otherwise stated)</i>	2005 (Audited)	2006 (Audited)	2007 (Audited)
Balance Sheet			
Non-current Assets	1,468	1,809	1,954
Current Assets	263	514	671
Current Liabilities	186	872	1,398

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Net Current Assets	77	(358)	(727)
Non-current Liabilities	13	0	0
Total Equity attributable to Shareholders	1,532	1,451	1,227

(Baht million, unless otherwise stated)

	FY2005 (Audited)	FY2006 (Audited)	FY2007 (Audited)
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Cash Flow Statement

Net cash provided / (used in) operating activities	393	(430)	(119)
Net cash provided / (used in) investing activities	(250)	(59)	(46)
Net cash provided / (used in) financing	(152)	466	178
Cash and cash equivalents	30	7	21

Revenue increased by 37.1% from approximately Baht 882 million in FY2005 to Baht 1,209 million in FY2006. The increase was mainly attributable to an increase in the sales of ethanol which was partially offset by the decrease in the sales of alcohol 95% sales volume. The sales of ethanol increased by 124.1% to 46.6 million litres in FY2006 while the average selling price increased by 42.3% to Baht 24.94 per litre in FY2006. Despite the increase in revenue, gross profit decreased by 41.7% from Baht 451 million in FY2005 to Baht 263 million in FY2006 mainly due to high product cost arising from higher molasses prices and energy costs. Overall, the net profit attributable to shareholders decreased by 82.4% from Baht 239 million to Baht 42 million as a result of a decrease in gross profit margin of industrial alcohol arising from higher energy costs and raw materials prices and an increase in interest expense.

Revenue decreased by 18.3% from approximately Baht 1,209 million in FY2006 to Baht 988 million in FY2007. This was mainly attributable to the delay in the ban of 95 Octane gasoline in Thailand which led to an oversupply of ethanol in Thailand. The oversupply led to a decrease in the selling price of ethanol from Baht 24.97 per litre in FY2006 to Baht 16.14 per litre in FY2007 and a decrease in sales volume of 8.6% from 46.6 million litres in FY2006 to 42.6 million litres in FY2007. Gross profit decreased by 81.7% from approximately Baht 263 million in FY2006 to Baht 48 million in FY2007 due mainly to the lower sales volume and sales margin of ethanol. As a result, Thai Alcohol recorded net loss of Baht 127 million in FY2007 compared to net profit of Baht 42 million in FY2006. The loss was also caused by higher depreciation expense in FY2007 compared to FY2006.

We note that Thai Alcohol's working capital had deteriorated from a surplus of approximately Baht 77 million as at 31 December 2005 to a deficit of approximately Baht 358 million as at 31 December 2006 and Baht 727 million as at 31 December 2007. The deterioration of its working capital is mainly due to an increase in the short-term loans from related parties (mainly from the Group) from approximately Baht 90 million as at 31 December 2005 to Baht 710 million as at 31 December 2006 and Baht 1,269 million as at 31 December 2007.

Thai Alcohol had also recorded negative operating cash flow of approximately Baht 430 million and Baht 119 million for FY2006 and FY2007. As at 31 December 2006 and 2007, Thai Alcohol has recorded relatively low cash and cash equivalents balance amounting to Baht 7 million and Baht 21 million respectively.

The deficit in working capital, negative operating cash flow and low cash and cash equivalents indicate that liquidity may be of concern for Thai Alcohol. We note that the operations of Thai Alcohol have been funded, to a large extent, through short-term loans from the Group. In this regard, the Group may be required to provide additional financing to support Thai Alcohol's continuing operations should Thai Alcohol continues to incur losses and its financial position

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continues to deteriorate. As set out in section 8.3 of this letter, the loss-making trend is expected to continue, due mainly to challenging market conditions for the sale of industrial alcohol in Thailand.

8.2 Net Assets of Thai Alcohol

To evaluate the financial terms of the proposed Disposal based on the NTA approach as stated in section 5.2 of this letter, we have considered whether there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the audited balance sheet of Thai Alcohol as at 31 December 2007. We note that it would be relevant in Thai Alcohol's case to distinguish between the audited book NTA and the audited book NTA adjusted for items which should be valued at an amount that is materially different from that which is recorded in the audited balance sheet of Thai Alcohol as at 31 December 2007 ("**Adjusted NTA**") to make our assessment more realistic and useful. Our analysis in respect thereof is set out in section 8.2(b) of this letter.

In addition, we note that Thai Alcohol has holdings of cash and bank balances of Baht 20.74 million representing approximately 0.79% of total assets as at 31 December 2007 and have considered the cash and bank balances of Thai Alcohol in our evaluation of the financial terms of the proposed Disposal. Our analysis in respect thereof is set out in section 8.2(c) of this letter.

(a) Book NTA

In assessing the Sale Consideration in relation to the audited book NTA, we have reviewed the audited balance sheet of Thai Alcohol as at 31 December 2007 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the audited book NTA as at 31 December 2007. The Directors have confirmed that, to the best of their knowledge, there are no intangible assets, other than those already disclosed in the audited balance sheet of Thai Alcohol as at 31 December 2007, which ought to be disclosed in accordance with Thai Accounting Standards.

We have also considered whether there are any factors which have not been otherwise disclosed in the financial statements of Thai Alcohol or the annual report of Group that are likely to reduce the audited book NTA as at 31 December 2007. Save as disclosed in the audited financial statements of Thai Alcohol for the financial year ended 31 December 2007, the Directors have confirmed that, to the best of their knowledge, there are no unrecorded and contingent liabilities which are likely to have a material impact on the audited book NTA of Thai Alcohol as at 31 December 2007.

The audited book NTA of Thai Alcohol as at 31 December 2007 was approximately Baht 1,226.42 million. The Sale Consideration of Baht 1,590.95 million represents a premium of approximately 29.72% over the audited book NTA of Thai Alcohol as at 31 December 2007.

(b) Adjusted NTA

We have considered in our evaluation of the financial terms of the proposed Disposal, whether there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the audited balance sheet of Thai Alcohol as at 31 December 2007.

We note that Thai Alcohol has two subsidiaries, Banglen Agriculture Company Limited and Sint Ek Panich Company Limited (collectively, the "**Subsidiaries**") which are classified as general investments and stated at cost in the audited balance sheet of Thai Alcohol as at 31 December 2007. These Subsidiaries have not been accounted for by the equity method nor consolidated in the financial statements of Thai Alcohol. We understand that each of the Subsidiaries holds land which had been re-valued as at 31 December 2007 and the increase in value over the carrying amount had been recognised as revaluation surplus in their respective financial statements. Given that the investment in Subsidiaries was recorded at cost in the financial statements of Thai Alcohol, we had made an adjustment to the audited book NTA of Thai Alcohol to reflect the difference between the aggregate NTA of the Subsidiaries (which amounted to Baht 393.52 million as at 31 December 2007) and Thai

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Alcohol's cost of investment in the Subsidiaries (which amounted to Baht 28.99 million). The Adjusted NTA of Thai Alcohol is derived as follows:

	Baht million
Audited Book NTA as at 31 December 2007	1,226.42
Add:	
Aggregate of NTA of Subsidiaries as at 31 December 2007	393.52
Less:	
Cost of investment in Subsidiaries	28.99
Adjusted NTA	1,590.95

For illustration purposes only, the Sale Consideration is equivalent to the Adjusted NTA of Thai Alcohol.

Save for the foregoing, the Directors have confirmed that, to the best of their knowledge and based on the accounting policies adopted by Thai Alcohol, they are not aware of any factors which may cause the value of Thai Alcohol's tangible assets, to be materially different from that which is recorded in the audited balance sheet of Thai Alcohol as at 31 December 2007.

(c) Ex-Cash Book NTA

We note that Thai Alcohol has holdings of cash and bank balances as at 31 December 2007 of approximately Baht 20.74 million. We have therefore considered it appropriate in our evaluation of the financial terms of the proposed Disposal to consider the cash and bank balances of Thai Alcohol to arrive at the Sale Consideration excluding cash and bank balances (the "**Ex-Cash Sale Consideration**").

The Ex-Cash Sale Consideration of Baht 1,570.21 million is the difference between the Sale Consideration of Baht 1,590.95 million and the cash and bank balances of Baht 20.74 million.

For illustration purposes only, the audited ex-cash book NTA of Thai Alcohol as at 31 December 2007 was approximately Baht 1,205.68 million. The Ex-Cash Sale Consideration of approximately Baht 1,570.21 million represents a premium of approximately 30.23% over the audited ex-cash book NTA as at 31 December 2007.

8.3 Outlook of Thai Alcohol

We understand that THBEV Management expects Thai Alcohol to continue to operate under challenging market conditions. This is due to the postponement of the ban of 95 Octane gasoline which had resulted in an oversupply of ethanol in Thailand. The oversupply situation is expected to continue as more ethanol producers in Thailand are completing their factories in 2008 which will lead to an increase in production capacity in Thailand. In view of the foregoing, the selling prices of industrial alcohol are expected to be eroded as producers lower their prices to clear their inventories. In addition, Thai Alcohol also faces competitive pressures in the export market as abundant supplies from Brazil have led to pressure on global industrial alcohol prices. THBEV Management is of the opinion that the loss making position of Thai Alcohol will not be reversed in the short term.

8.4 Valuation ratios of selected listed companies broadly comparable to Thai Alcohol

(a) Comparable companies

For the purpose of evaluating the financial terms of the proposed Disposal, we have made reference to the valuation statistics of selected companies listed on the global stock exchanges, and engaged in the industrial alcohol business which we consider to be broadly

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comparable to Thai Alcohol (“**Industrial Alcohol Comparable Companies**”) to get an indication of the current market expectations with regard to the perceived valuation of Thai Alcohol. Brief descriptions of the Industrial Alcohol Comparable Companies are set out below.

Name / Country of Exchange	Business Description	Market Capitalisation ⁽¹⁾ (US\$' million)
Korea Alcohol Industrial Co., Ltd. (“ Korea Alcohol ”) Korea	Korea Alcohol manufactures organic chemicals, such as synthetic ethanol, ethyl acetate, and acetaldehyde used in cosmetics, refined alcohols, beverages, and medicines.	116.51
Jinro Distillers Co., Ltd. (“ Jinro ”) Korea	Jinro produces alcohol mainly used in Korean traditional spirits. Jinro ferments grains and distills crude alcohol to produce spirits and industrial alcohol products.	161.81
MGP Ingredients, Inc. (“ MGP ”) USA	MGP produces and markets value-added proteins and starches derived primarily from wheat. It also produces natural food-grade alcohol for use in beverage, food, and industrial applications, as well as fuel grade alcohol, commonly known as ethanol.	98.69
Pacific Ethanol, Inc. (“ Pacific ”) USA	Pacific produces and markets low-carbon ethanol. It also identifies and develops other renewable fuel technologies, such as cellulose-based ethanol production and bio-diesel.	115.18
Xethanol Corporation (“ Xethanol ”) USA	Xethanol produces ethanol. It uses an extractive fermentation process to produce ethanol from fermentable sugars in biomass. Biomass includes trees, plants and associated residues, plant fiber, poultry litter and other animal wastes, industrial waste, and the paper component of municipal solid waste.	13.73
Aventine Renewable Energy Holdings, Inc. (“ Aventine ”) USA	Aventine produces and markets ethanol products in the United States. It also produces corn gluten feed, corn germ, and bio-products.	266.94
Green Plains Renewable Energy Inc. (“ Green Plains ”) USA	Green Plains seeks to develop, construct, own and operate a dry mill, fuel grade ethanol plant in Iowa. The Company produces animal feed as a by-product from the ethanol production process.	53.58
Infinity Bio-Energy Ltd (“ Infinity ”) London	Infinity produces clean and renewable fuels, with an emphasis on ethanol made from sugarcane.	392.04
Dollex Industries Limited (“ Dollex ”) India	Dollex manufactures extra neutral alcohol (ENA), ethanol and its byproducts.	5.53
Thai Alcohol Thailand	Thai Alcohol produce and distribute ethanol 95%, ethyl alcohol 95%, acetic acid and ethyl acetate.	N.A.⁽²⁾

Source: Bloomberg L.P.

Notes:

- (1) Market capitalisation of the Industrial Alcohol Comparable Companies is based on their respective last transacted prices and the relevant exchange rates as at the Latest Practicable Date.
(2) Not applicable as Thai Alcohol is not listed.

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We recognise that there is no company listed on the global stock exchanges which we may consider to be identical to Thai Alcohol in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. It should be noted that comparison is made without taking into account the discount that should be ascribed to the shares of Thai Alcohol which are not publicly listed and therefore will not be as liquid as the shares of the listed companies. The Independent Directors should note that any comparison made with respect to the Industrial Alcohol Comparable Companies merely serve to provide an illustrative perceived market valuation of Thai Alcohol as at the Latest Practicable Date.

(b) Valuation statistics

An earnings approach based on the historical P/E ratio and the EV/EBITDA ratio implied by the sale consideration would generally be used in evaluating the financial terms in the case where a company disposes its subsidiary. However, we note that in this context, the market P/E ratio and EV/EBITDA ratio approaches would not be appropriate as Thai Alcohol incurred net loss of Baht 127 million for FY2007 and accordingly, it is not possible to compute the historical P/E ratio and EV/EBITDA for Thai Alcohol as implied by the Sale Consideration.

We have reviewed the P/NTA ratios of the Industrial Alcohol Comparable Companies and set out below the relevant P/NTA ratios of the Industrial Alcohol Comparable Companies, based on their respective last transacted share prices on the relevant stock exchanges as at the Latest Practicable Date.

Comparable Company	Last Transacted Price ⁽¹⁾	Market Capitalisation ⁽¹⁾ (US\$ million)	P/NTA ⁽²⁾ (times)
Korea Alcohol	KRW5,730	116.51	0.93
Jinro	KRW12,600	161.81	1.99
MGP	US\$5.96	98.69	0.67
Pacific	US\$1.99	115.18	0.37
Xethanol	US\$0.48	13.73	0.74
Aventine	US\$6.36	266.94	0.79
Green Plains	US\$6.85	53.58	0.48
Inifinity	US\$3.65	392.04	4.19
Dollex	INR16.15	5.53	1.44
Maximum			4.19
Minimum			0.37
Median			0.79
Simple Average			1.29
Simple Average (excluding outlier) ⁽³⁾			0.93
Thai Alcohol ⁽⁴⁾	N.A.	N.A.	1.30

Source: Bloomberg

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Notes:

- (1) Based on the respective last transacted prices of the respective companies and the relevant exchange rates as at the Latest Practicable Date.
- (2) Based on the book NTA per share obtained from the most recent announced financial statements of the respective companies. In respect of Thai Alcohol, the P/NTA ratio is based on Thai Alcohol's audited NTA of Baht 1,226.42 million as at 31 December 2007.
- (3) Excluding Infinity as an outlier.
- (4) Based on the Sale Consideration of Baht 1,590.95 million.

For illustration purposes only, we note that the P/NTA ratio of Thai Alcohol implied by the Sale Consideration of 1.30 times is within the range of the P/NTA ratios of the Industrial Alcohol Comparable Companies and is higher than the simple average (excluding outlier) P/NTA ratio of 0.93 times and the median P/NTA ratio of 0.79 times in respect of the Industrial Alcohol Comparable Companies.

8.5 Financial Effects of the Proposed Disposal

Detailed information on the financial effects of the proposed Disposal is set out in section 3.5 of the Circular. We recommend that the Independent Directors advise Independent Shareholders to read section 3.5 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects.

We set out below a summary of the financial effects of the proposed Disposal.

(i) EPS

Assuming that the proposed Disposal had been effected at the beginning of FY2007, the Group's EPS would have increased from 1.78 cents to 1.80 cents.

(ii) NTA per share

Assuming that the proposed Disposal had been effected at the end of FY2007, the Group's NTA per share would have decreased from 9.35 cents to 9.13 cents.

9. OTHER CONSIDERATIONS**(a) Thai Alcohol Business is a non-core and non-strategic business for the Company**

Based on the rationale of the proposed Disposal set out in section 3.4 of the Circular, we note that the production of industrial alcohol represents a non-core and non-strategic business of the Company and the proposed Disposal will allow the Company to realise its investment in an otherwise loss-making business. After the proposed Disposal, the Company will be able to reallocate resources to its core alcoholic beverage business segment and also focus its efforts to increase its presence in the non-alcoholic beverage business.

(b) Inter-conditionality of the proposed Disposal and proposed Acquisition

Under the terms of the formal sale and purchase agreements with Yodkij and Damrongfah in relation to the proposed Acquisition and the proposed Disposal, the completion of the proposed Acquisition is conditional upon completion of the proposed Disposal and *vice versa*, and both are intended to occur simultaneously. Accordingly, if the proposed Disposal is not approved by a majority of the Independent Shareholders, the proposed Acquisition will not take place and *vice-versa*.

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10. OPINION**10.1 Proposed Acquisition**

In arriving at our opinion on the proposed Acquisition, we have taken into consideration, *inter alia*, the following factors as set out below.

- (a) The Acquisition Price of Baht 37.00 per Oishi Share represents a premium of approximately 248.40% over the audited book NTA per Share of Baht 10.62 as at 31 December 2007;
- (b) The Ex-Cash Acquisition Price of Baht 34.87 per Oishi Share represents a premium of approximately 310.24% over the ex-Cash audited book NTA per Oishi Share of Baht 8.50 as at 31 December 2007;
- (c) Based on the average dividend yield of 4.43% provided by Oishi in respect of FY2005, FY2006 and FY2007, the Company would be able to achieve a higher rate of return by investing in Oishi compared to placing its excess cash with the local and foreign commercial banks in Thailand;
- (d) We note that Oishi plans to set up 20 new restaurant outlets as well as buy new Japanese restaurant franchise in 2008 in view of the growing demand for Japanese cuisine in Thailand. In addition, we note that Oishi's management is confident of maintaining its market share of approximately 70% in the green tea beverage segment;
- (e) The Acquisition Price of Baht 37.00 per Oishi Share is within the range of Analyst Estimated Valuation of between Baht 31.00 per Oishi Share and Baht 40.00 per Oishi Share. The Acquisition Price of Baht 37.00 per Oishi Share is lower than the highest Analyst Estimated Valuation of Baht 40.00 per Oishi Share and is higher than the simple average Analyst Estimated Valuation of Baht 34.80 per Oishi Share;
- (f) Over the 2-year period prior to the Announcement Date, the Oishi Shares have traded between a low of Baht 16.60 per Oishi Share and a high of Baht 35.00 per Oishi Share;
- (g) The Oishi Shares have traded below the Acquisition Price of Baht 37.00 per Oishi Share over the 2-year period prior to the Announcement Date;
- (h) The Acquisition Price represents a premium of 63.67%, 62.37%, 20.14%, 14.77% and 13.87% respectively over the 2-year, 1-year, 6-month, 3-month and 1-month VWAP of the Oishi Shares respectively;
- (i) During the 2-year period prior to the Announcement Date, trading liquidity of the Oishi Shares had generally been low. The Oishi Shares were traded with an average daily trading volume of approximately 132,078 Oishi Shares at between Baht 16.60 and Baht 35.00 per Oishi Share. This volume represented approximately 0.07% of the outstanding number of Oishi Shares;
- (j) From the Announcement Date to the Latest Practicable Date, the market price of the Oishi Shares fluctuated in a band of between Baht 33.75 per Oishi Share and Baht 35.50 per Oishi Share;
- (k) From the Announcement Date to the Latest Practicable Date, trading liquidity of the Oishi Shares was comparable to the trading liquidity during the 6-month period prior to the Announcement Date. The average daily trading volume was approximately 40,529 Oishi Shares, representing approximately 0.02% of the outstanding number of Oishi Shares. The Oishi Shares were traded at a range of between Baht 33.75 and Baht 35.50 per Oishi Share;

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- (l) Although the Oishi Shares had generally underperformed the MTCBFOOD Index from end-October 2006 to end-December 2007, it started to appreciate significantly from January 2008 to the Latest Practicable Date and outperformed MCTBFOOD Index during the period. Although the Oishi Shares had generally underperformed the SET Index in the last two years prior to the Announcement Date, the price of the Oishi Shares rose significantly subsequent to the Announcement Date and has outperformed the SET Index up to the Latest Practicable Date. The upward trend in the price of the Oishi Shares since January 2008 and after the Announcement Date may be reflective of the prevailing positive market sentiment in relation to the performance of Oishi;
- (m) The market price of the Oishi Shares decreased by 0.71% from Baht 35.00 per Oishi Share on 13 May 2008 to 34.75 per Oishi Share as at the Latest Practicable Date. Over the same period, the SET Index had decreased by 18.75% and MCTBFOOD Index had increased by 0.02% respectively;
- (n) The P/NTA ratio of Oishi implied by the Acquisition Price of 3.65 times is within the range of the P/NTA ratios of the F&B Comparable Companies and is higher than the simple average (excluding outlier) P/NTA ratio of 1.94 times and the median P/NTA ratio of 2.01 times in respect of the F&B Comparable Companies;
- (o) The P/E ratio of Oishi implied by the Acquisition Price of 12.42 times is within the range of the P/E ratios of the F&B Comparable Companies and is lower than the simple average (excluding outlier) P/E ratio of 14.38 times but marginally higher than the median P/E ratio of 12.39 times in respect of the F&B Comparable Companies;
- (p) The EV/EBITDA ratio of Oishi implied by the Acquisition Price of 7.49 times is within the range of the EV/EBITDA ratios of the F&B Comparable Companies and is higher than the simple average (excluding outlier) EV/EBITDA ratio of 6.74 times and the median EV/EBITDA ratio of 5.98 times in respect of the F&B Comparable Companies;
- (q) The P/NTA ratio of Oishi implied by the Acquisition Price of 3.65 times is within the range of the P/NTA ratios of the Comparable Transactions and is higher than the simple average (excluding outlier) P/NTA ratio of 2.04 times and the median P/NTA ratio of 2.05 times in respect of the Comparable Transactions;
- (r) The P/E ratio of Oishi implied by the Acquisition Price of 12.42 times is below the range of the P/E ratios of the Comparable Transactions;
- (s) The EV/EBITDA ratio of Oishi implied by the Acquisition Price of 7.49 times is within the range of the EV/EBITDA ratios of the Comparable Transactions and is lower than the simple average (excluding outlier) EV/EBITDA ratio of 11.29 times and the median EV/EBITDA ratio of 11.57 times in respect of the Comparable Transactions;
- (t) The premium of 5.71% implied by the Acquisition Price over the last transacted market price of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the offer prices paid for the recent Thai Tender Offers over the last transacted market prices of the shares prior to the respective announcement dates and is higher than the median but lower than the simple average (excluding outlier) premium as implied by the offer price paid for the recent Thai Tender Offers over the last transacted market price of the shares prior to their respective announcement date;
- (u) The premium of 13.87% implied by the Acquisition Price over the 1-month VWAP of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the 1-month VWAP of the shares of the companies in the Thai Tender Offers and is higher than the median and simple average premium (excluding outliers) as implied by the 1-month VWAP of the shares of the companies in the recent Thai Tender Offers;

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- (v) The premium of 20.14% implied by the Acquisition Price over the 6-month VWAP of the Oishi Shares prior to the Announcement Date is within the range of premia implied by the 6-month VWAP of the shares of the companies in the Thai Tender Offers and is higher than the median and simple average premium (excluding outliers) as implied by the 6-month VWAP of the shares of the companies in the recent Thai Tender Offers;
- (w) Upon completion of the proposed Acquisition, the Company will be the single largest shareholder of Oishi and would be in a position to exercise significant influence over Oishi including, *inter alia*, matters in which the Company is not conflicted from voting on at general meetings of shareholders, such as the election of directors and the approval of significant corporate actions;
- (x) The proposed Acquisition will enable the Company to strengthen its foothold in the non-alcoholic beverage business;
- (y) The proposed Acquisition is expected to be synergistic in terms of economies of scale and optimisation of resources;
- (z) We note that the Company will fund the Purchase Consideration through the proceeds of the Sale Consideration, internal resources and external borrowings. Following completion of the proposed Acquisition, the Tender Offer will be funded through external borrowings; and
- (aa) Based on the financial effects of the proposed Acquisition, we note that immediately after the proposed Acquisition, the Group's EPS will increase from 1.78 to 1.82 cents, the Group's NTA per share will increase from 9.35 cents to 9.52 cents and the Group's gearing ratio will increase from 0.45 times to 0.47 times.

10.2 Proposed Disposal

In arriving at our opinion on the proposed Disposal, we have taken into consideration, *inter alia*, the following factors as set out below.

- (a) Thai Alcohol's working capital had deteriorated from a surplus of approximately Baht 77 million as at 31 December 2005 to a deficit of approximately Baht 358 million as at 31 December 2006 and Baht 727 million as 31 December 2007. In addition, Thai Alcohol had also recorded negative operating cash flow of approximately Baht 430 million and Baht 119 million for FY2006 and FY2007. As at 31 December 2006 and 2007, Thai Alcohol has recorded relatively low cash and cash equivalents balance amounting to Baht 7 million and Baht 21 million respectively. The foregoing indicates that liquidity may be of concern for Thai Alcohol;
- (b) The operations of Thai Alcohol have been funded, to a large extent, through short-term loans from the Group and additional financing to support Thai Alcohol's continuing operations may be required should Thai Alcohol continues to incur losses and its financial position continues to deteriorate;
- (c) As a post-closing condition, Damrongfah has undertaken to the Company to cause Thai Alcohol to repay within 30 days of the Thai Alcohol Closing Date, all monies owed by Thai Alcohol to the Company under the promissory notes issued by Thai Alcohol to the Company. As of 30 June 2008, approximately Baht 852.08 million is owed by Thai Alcohol to the Company;
- (d) The Sale Consideration of Baht 1,590.95 million represents a premium of approximately 29.72% over the audited book NTA of approximately Baht 1,226.42 million of Thai Alcohol as at 31 December 2007;
- (e) The Sale Consideration is equivalent to the Adjusted NTA of approximately Baht 1,590.95 million as at 31 December 2007;

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- (f) The Ex-Cash Sale Consideration represents a premium of approximately 30.23% over the audited ex-cash book NTA of approximately Baht 1,205.68 million of Thai Alcohol as at 31 December 2007;
- (g) Thai Alcohol will continue to operate under challenging market conditions due to the postponement of the ban of 95 Octane gasoline which had resulted in an oversupply of ethanol in Thailand. The oversupply situation is expected to continue as more ethanol producers in Thailand are completing their factories in 2008 which will lead to an increase in production capacity in Thailand;
- (h) The P/NTA ratio of Thai Alcohol implied by the Sale Consideration of 1.30 times is within the range of the P/NTA ratios of the Industrial Alcohol Comparable Companies and is higher than the simple average (excluding outlier) P/NTA ratio of 0.93 times and the median P/NTA ratio of 0.79 times in respect of the Industrial Alcohol Comparable Companies;
- (i) The production of industrial alcohol represents a non-core and non-strategic business of the Company. The proposed Disposal will allow the Company to realise its investment in an otherwise loss-making business and enable it to reallocate resources to its core alcoholic beverage business segment and also focus its efforts to increase its presence in the non-alcoholic beverage business;
- (j) Under the terms of the formal share sale and purchase agreements with Yodkij and Damrongfah in relation to the proposed Acquisition and the proposed Disposal, the completion of the proposed Acquisition is conditional upon completion of the proposed Disposal and *vice versa*, and both are intended to occur simultaneously. Accordingly, if the proposed Disposal is not approved by a majority of the Independent Shareholders, the proposed Acquisition will not take place and *vice-versa*; and
- (k) Based on the financial effects of the proposed Disposal, we note that immediately after the proposed Disposal, the Group's EPS will increase from 1.78 cents to 1.80 cents and the Group's NTA per share will decrease from 9.35 to 9.13.

10.3 Conclusion

Having regard to the considerations set out in this letter and the information available as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the proposed Acquisition and proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

Independent Directors should also note that transactions of the Oishi Shares are subject to possible market fluctuations and accordingly, our opinion on the proposed Acquisition and the proposed Disposal does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the proposed Acquisition and the proposed Disposal and should not be relied on by any other party. The recommendation made to the Independent Shareholders in relation to the proposed Acquisition and the proposed Disposal shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular and to be referred to for the purposes of the proceedings in the EGM to be held in relation to the proposed Acquisition and the proposed Disposal, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than for the purpose of the EGM without the prior written consent of PPCF in each specific case.

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This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any amendments thereto shall not apply.

Yours faithfully,
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

-Signature-

MARK LIEW
DIRECTOR, CORPORATE FINANCE

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