

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors and their affiliated company by the Group for the financial year ended 31 December 2006 is as follows:

	RM'000
Ernst & Young	84
Ernst & Young Tax Consultants Sdn Bhd	28
Total	112

2. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE ("RRPT")

Details of transactions with related parties undertaken by the Group during the financial year are disclosed on pages 92 to 93 of the financial statements.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by QSR Brands Bhd (QSR) and/or its subsidiaries during the financial year under review:

- (a) On 26 March 2007, QSR, CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) ("CIMB") and CIMB Bank Berhad (formerly known as Bumiputra Commerce Bank Berhad) ("CIMB Bank") entered into a term loan agreement whereby CIMB and CIMB Bank have granted a secured term loan facility of up to RM650 million on the terms and conditions defined therein; and
- (b) On 1 December 2006, QSR and CIMB entered into an underwriting agreement whereby CIMB has agreed to underwrite 89,223,607 shares in KFC Holdings (Malaysia) Bhd ("KFCH Shares"), which represent 45% equity interest in KFCH as at that date and which form part of the KFCH Shares that QSR and the parties acting in concert with it are obligated to acquire pursuant to acceptances under the mandatory general offer ("offer").

Additionally, on 27 March 2007, QSR and CIMB entered into the following agreements in furtherance of the underwriting agreement mentioned above:

- (a) Memorandum of Fixed Deposit wherein QSR is required to inter alia deposit with CIMB an amount of RM10,000,000.00 as continuing security for QSR's due performance of and compliance with all of its agreements, covenants, undertaking and obligations stipulated in the underwriting agreement; and
- (b) Memorandum of Deposit of Shares to charge all of QSR's shares in Pizza Hut Holdings (Malaysia) Sdn Bhd in favour of CIMB to secure the obligations stipulated in the Memorandum of Deposit.

4. DISCLOSURE OF THE RESTRICTIVE COVENANT CLAUSE IN THE INTERNATIONAL FRANCHISE AGREEMENTS ("IFA") GOVERNING THE PIZZA HUT FRANCHISE

The operation of the Pizza Hut restaurants are governed by, the IFAs with the Franchisor, namely Yum! Restaurants Asia Pte Ltd.

The IFAs contain a restrictive clause which provides that the Franchisor may terminate the IFA by notice to the Franchisee effective upon receipt by the Franchisee of the notice, and/or adopt any of the remedies specified in the IFA, in the event the following occurs:

"...any direct or indirect acquisition by any person or entity acting in concert with others of more than fifteen (15%) of the voting shares of KFCH and/or QSR, whether by itself or with or through its Affiliated Companies or another person or entity or taken together with any previous transaction; and/or the ability of such person and persons acting in concert with him by virtue of their shareholding to amend any provisions of the Memorandum and Articles of Association of Franchisee and/or QSR or to have any ability to direct in the management or board of Franchisee and/or QSR; and/or such person(s) or entity does not (i) execute such shareholders' deed(s) and such other documentation in the form as Franchisor requires; or (ii) undertake that it will not sell, transfer, gift, charge or pledge any interest or share to any party; or (iii) comply with the terms of the IFA(s); and/or in opinion of Franchisor, such acquisition is likely to be detrimental to the business.."

5. SANCTIONS AND/OR PENALTIES

The Company was reprimanded and imposed a fine of RM23,000 for the breach of Paragraph 9.23(a) of the Listing Requirements of Bursa Securities for failure to submit its Annual Report for the financial year ended 31 December 2005 to Bursa Securities within six (6) months after the financial year, i.e., on or before 30 June 2006.

The Companies Commission of Malaysia had further compounded the Company an amount of RM300.00 for breach of Section 169 (1) of the Companies Act, 1965, i.e., failure to table the audited accounts within six (6) months after the financial year.