

DISCLOSURE INFORMATION TO SHAREHOLDERS

In relation with Affiliated Transaction PT Charoen Pokphand Jaya Farm, a Controlled Company of PT Charoen Pokphand Indonesia Tbk, by way of purchasing fixed assets owns by PT Tobaoli Palma ("Transaction").

Transaction is an Affiliated Transaction which stipulated in Rule Number IX.E.1 Attachment Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency No. Kep-412/BL/2009 dated 25 November 2009 concerning Affiliated Transaction and Conflict Inerest on Certain Transaction, which already amended with Financial Services Authority Regulation No. 42/POJK.04/2020 dated 2 July 2020 concerning Affiliated Transaction and Conflict Inerest on Certain Transaction.



PT Charoen Pokphand Indonesia Tbk

("Company")

Domiciled in Jakarta, Indonesia.

Head Office:

Jl. Ancol VIII/1, Jakarta 14430.

Phone (021) 6919999, Fax. (021) 6907324

www.cp.co.id

STATEMENT OF BOARD OF COMMISSIONERS DAN DIRECTORS

All significant information in relation with the Transaction has been disclosed and such information is not misleading.

This Disclosure Information issued in Jakarta on 11 August 2020.

DESCRIPTION OF THE TRANSACTION

1. Date and Object of Transaction

On 10 August 2020, PT Charoen Pokphand Jaya Farm ("CPJF"), a Controlled Company of the Company, signed Sale Purchase Agreement with PT Toboali Palma ("TP"). The object of Transaction is fixed assets of: (1) land of 1,285,240 m² located in Desa Delas and Desa Air Gegas, Kecamatan Air Gegas, Kabupaten Bangka Selatan, Kepulauan Bangka Belitung Province, including utilities ("Object of Transaction").

2. Value of Transaction

Value of Transaction is Rp8.491.800.000, excluding taxes, with the detail of (1) the land of Rp7.711.440.000 and (2) utilities of Rp780.360.000. Transaction is not Material Transaction which stipulated in Rule Number IX.E.2 Attachment Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency No. Kep-614/BL/2011 dated 28 November 2011 concerning Material Transaction and Change of Main Business Activities, which already amended with Financial Services Authority Regulation No. 17/POJK.04/2020 dated 20 April 2020 concerning Material Transaction and Change of Main Business Activities. The value of Transaction is Rp8.491 million or less than 20% of equity value of the Company and its subsidiaries based on Consolidated Financial Statement of the Company and its subsidiaries for the year ended 31 December 2019 which have been audited by Kantor Akuntan Publik Purwanto, Sungkoro & Surja with unqualified opinion, which is Rp4.214.320 million.

3. Parties Conducting the Transaction and the Relationship with the Company

PT Charoen Pokphand Jaya Farm

Brief History

CPJF domiciled in Jakarta dan incorporated with the name of PT Charoen Pokphand Farm, based on Deed of Notary Drs. Gde Ngurah Rai, SH, No. 33 dated 22 December 1972, which already approved by Minister of Justice Republic of Indonesia with Decree No. Y.A.5/6874 dated 12 March 1974.

Article of Association of CPJF already amended, lastly with Deed of Notary Elmi Santoso, SH, No. 1 dated 1 April 2019, which already approved by Minister Law and Human Rights Republic of Indonesia with Decree No. AHU-0020671.AH.01.02.TAHUN 2019 dated 15 April 2019.

Business Activities

Business activities of CPJF according to NIB No. 8120107881941 dated 6 November 2019 are (1) Cultivation of Broiler Chicken; (2) Cultivation of Layer Chicken; (3) Breeding Chickens; (4) Wholesaler of Chicken and Processed Chicken and (5) Wholesaler of Various Goods.

Shareholders Composition

Based on Deed of Notary Rachmad Umar, SH, No. 1 dated 3 April 2017, which already informed to Ministry of Law and Human Rights Republic of Indonesia with Reception Letter No. AHU-AH.01.03-0126072 dated 11 April 2017, shareholders of CPJF on 31 December 2019 are:

Shareholder	Number of Shares	Nominal Value (Rp)	%
The Company	6,999,990,000	6,999,990,000,000	99.99
PT Sarana Farmindo Utama	10,000	10,000,000	0.01
Total	7,000,000,000	7,000,000,000,000	100.00

Management

Based on Deed of Notary Elmi Santoso, SH, No. 3 dated 3 June 2020, which already informed to Ministry of Law and Human Rights Republic of Indonesia with Reception Letter No. AHU-AH.01.03-0239000 dated 8 June 2020, Directors and Board of Commissioners of CPJF are:

President Director : Eddy Dharmawan Mansjoer
Director : Pattphon Nutthapanpats
Director : Jusmeinidar
Director : Josef Muliawan Kangdra

President Commissioner : Ong Mei Sian
Commissioner : Jemmy
Commissioner : Suthep Watchara-Amphaiwan

PT Toboali Palma

Brief History

TP domiciled in South Bangka and incorporated based on Deed of Notary Dirhamdan, SH, No. 5 dated 6 March 2012, which already approved by Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-12644.AH.01.01.Tahun 2012 dated 7 March 2012.

Article of Association of TP already amended, lastly with Deed of Notary Afrizal, SH, No. 19 dated 17 September 2019, which already approved by Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-0072577.AH.01.02.TAHUN 2019 dated 20 September 2019.

Business Activities

Business Activities of TP according to Article of Association are (1) Oil palm fruit plantation; (2) The crude palm oil industry; (3) Palm kernel crude oil industry; and (4) Wholesale trade in fruit containing oil.

Shareholders Composition

Based on Deed of Notary Afrizal, SH, No. 15 dated 30 April 2018, which already approved by Minister of Law and Human Rights Republic of Indonesia with Decree No. AHU-0013352.AH.01.02.TAHUN 2018 dated 2 July 2018, shareholders of TP on 31 December 2019 are:

Shareholder	Number of Shares	Nominal Value (Rp)	%
PT Agro Makmur Lestari Jaya	34,390	34,390,000,000	99.97
Eddy Dharmawan Mansjoer	10	10,000,000	0.03
Total	34,400	34,400,000,000	100.00

Management

Based on Deed of Notary Afrizal, SH No. 10 dated 6 March 2018, which already informed to Ministry of Law and Human Rights Republic of Indonesia with Reception Letter No. AHU-AH.01.03-0116207 dated 20 March 2018, Directors and Board of Commissioners are:

President Director : Eddy Dharmawan Mansjoer
Director : Hartono Pranoto
Director : Hendrik Daulat Pasaribu

President Commissioner : Ferdiansyah Gunawan Tjoe
Commissioner : Hadijanto Kartika

4. Nature of Conflict of Interest among Parties Involved in Transaction with the Company

In term of control, the Company, CPJF and TP has the same Controlling Shareholder, which is Jiaravanon Family.

In term of management, Eddy Dharmawan Mansjoer, Director of the Company, is also the President Director of CPJF and TP. In addition to that, Ferdiansyah Gunawan Tjoe, Director of the Company, is also the President Commissioner of TP.

5. Explanation, Justification and Reason for Such Proposal of Transaction

Although Indonesia is one of the countries with largest population in the world, the poultry consumption level is still low. Also, the fact that the poultry is the most affordable source of animal protein at this moment, encourage the Company and its subsidiaries to conduct various efforts in order to strengthen its position in poultry business, including production of Day-Old Chicks ("DOC"). The Company believes that the demand of DOC will continue to grow for the next couple of years.

At this moment, CPJF is the DOC producer with the facilities spread throughout Indonesia. With purchasing the fixed assets of land belongs to TP, CPJF is able to use the fixed assets for development and additional breeding facilities in the future.

The reason of CPFJ for conducting the transaction with Affiliated party, TP, compared to transaction with un-affiliated party is the strategic location of the fixed assets and the information on fixed assets which sufficient and complete.

The source of fund that will be used by CPJF to conduct the Transaction is internal source.

SUMMARY OF APPRAISAL REPORT

KJPP Toto Suharto dan Rekan as the Appraisal appointed by the Company to determine the fair value of the Object Transaction and/ or fairness of the Transaction already submitted Fairness Opinion Report No. 00294/2.0055-00/BS/05/0060/1/VIII/2020 dated 7 August 2020 with the summary as follows:

a. Parties involved in Transaction

- **PT Charoen Pokphand Indonesia Tbk**, as the party who owns 99.99% shares of PT Charoen Pokphand Jaya Farm.
- **PT Charoen Pokphand Jaya Farm** as the party who will purchase and accept the transfer of assets owns by PT Toboali Palma.
- **PT Toboali Palma** as the party who has the fixed assets that will be sold and transferred to PT Charoen Pokphand Jaya Farm.

b. Object Transaction

Fixed assets of the land with 1.285.240 m², located in Desa Delas and Desa Air Gegas, Kecamatan Air Gegas, Kabupaten Bangka Selatan, Kepulauan Bangka Belitung Province, including utilities.

c. Limiting Conditions and Main Assumptions

In preparing this independent opinion, we use several assumptions, such as:

- We assume that the date of issuance of this opinion until the Proposed Transaction there is no change that has material impact on the Proposed Transaction.
- We assume that the CPJF complies with all regulations set by the government, especially those related to CPJF operations, both in the past and in the future.
- We assume that the legality possessed by the CPJF does not have problems either legally or other problems either before or after the Proposed Transaction.
- We assume that the CPJF has and will fulfill its obligations with respect to taxation, levies and other levies in accordance with the prevailing regulations.
- This opinion should be viewed as a whole and that the use of parts of the analysis and information without considering the overall information and analysis may lead to a misleading view of the process underlying that opinion. The preparation of this opinion is a complex process and may not be possible through incomplete analysis.
- The scope of our study is limited to plans for sale and purchase and transfer of control of fixed assets in the form of land including complementary facilities to be purchased and transferred from PT Toboali Palm which is an affiliated transaction.
- All data and information that we receive in this assignment, which is based on the explanation by CPJF management is data and information that supports the CPJF Transaction Plan, we receive and we consider it true.
- We have reviewed the documents used in the assessment process.
- We are responsible for the Fairness Income report and the final opinion or conclusion.
- We are not responsible for losses as a result of wrong opinion or conclusions that occur due to relevant data or information from CPJF and have significant impact on our opinion or conclusion, which we have not and / or have not received from CPJF.
- We are not responsible for reaffirming or supplementing our opinion due to events occurring after the date of this report.
- The rewards we receive are in no way influenced by the fairness of value resulting from this fairness analysis process and we only receive rewards as stated in the offer letter Number: M.FO.19.00.0011, December 17, 2019.
- This Fairness Opinion Report is a non-disclaimer opinion.
- The financial projections used are made by CPJF management and have been adjusted accordingly.

- We are responsible for the assessment and fairness of financial projections.
- This Fairness Opinion Report is open to the public unless there is confidential information which could affect the Company's operations.

d. Appraisal Approach

In evaluating the fairness of the Transaction, we conduct an analysis with the following stages:

- Analysis of the Proposed Transaction which includes identification and relationship between the parties involved in the Proposed Transaction, analysis of the binding agreement and requirements in the Proposed Transaction, analysis of the benefits and risks of the Proposed Transaction.
- Qualitative analysis of the Proposed Transaction which includes the history of the CPJF and CPJF's business activities, industry analysis, analysis of CPJF operations and prospects, analysis of reasons for the Proposed Transaction, advantages and disadvantages of the Proposed Transaction.
- Quantitative analysis of the Proposed Transaction which includes analysis of historical CPJF financial statements, CPJF cash flow analysis, CPJF financial ratio analysis, CPJF financial projection analysis, CPJF financial statement analysis before and after the Proposed Transaction, added value analysis.
- Analysis of the fairness of the value of the Proposed Transaction.

e. Results of Analysis of the Fairness of the Value of the Proposed Transaction

- Based on a brief history of the transacting parties, it is known that the Proposed Transaction is an affiliated transaction, in terms of control where the Company, CPJF and TP are affiliated parties, because they have the same controlling shareholder and in terms of Management and Supervision the President Director of CPJF, namely Eddy Dharmawan Mansjoer, also serves as President Director of TP and Director of the Company. In addition, another Director of the Company, Ferdiansyah Gunawan Tjoe, also serves as the President Commissioner of TP.
- Based on the summary of the draft agreement and terms of the Sale and Purchase Agreement, there are no special conditions that will be detrimental to the transacting parties so that the terms in the Proposed Transaction are reasonable.
- Benefits of the Proposed Transaction, namely Currently, CPJF is a DOC producer with nursery facilities spread across Indonesia. By purchasing and taking over fixed assets in the form of land and complementary facilities belonging to the TP, CPJF can expand by establishing DOC nursery facilities in that location. Proposed Transaction Risk, namely the Risk if the planned projection is not achieved so that the planned profit target is not achieved.
- Based on the industry description above, it is known that the DOC industry in Indonesia still has future prospects. Thus the CPJF's decision to buy and take over fixed assets in order to increase the supply of broilers to meet the increasing demand for domestic broilers in order to strengthen the Company's position in the chicken farming industry is reasonable.
- The reason for the CPJF to carry out the Proposed Transaction with affiliated parties, namely the strategic location of the fixed assets to be purchased and transferred as well as sufficient and complete information on the transacted property, plant and equipment available to CPJF, is reasonable.
- The advantage of the Transaction Plan is that by carrying out the Transaction Plan, CPJF can carry out cost efficiency by placing chicken breeding facilities at the location of the Object of the Transaction. Loss of the Proposed Transaction, namely that the Company will bear the depreciation expense on the fixed assets purchased and transferred.
- Based on the historical financial performance of CPJF, it is known that DOC's business is able to generate profits, so CPJF's plan to buy and take over fixed assets in the form of land and complementary facilities owned by TP and to expand DOC's business which is expected to provide benefits to CPJF is reasonable

- Based on the ratio analysis, the Proposed Transaction has a good influence on CPJF finances, so that the Proposed Transaction is considered reasonable
- Performing the Proposed Transaction is estimated to provide added value to CPJF in the form of an average net profit of Rp. 3,025,565,000 per year during the projection period, or 0.86% greater than without the Proposed Transaction.
- Based on the comparison between the value of the Proposed Transaction and the market value of the assets, there is a difference of 0% or below 7.5%, thus the price set is fair.

f. Conclusion of Appraisal

Based on the analysis of the Proposed Transaction, qualitative and quantitative analysis, and analysis of the fairness of the value of the Proposed Transaction, we are of the opinion that the Proposed Transaction is FAIR.

ADDITIONAL INFORMATION

If the shareholders wish to get additional information in regards to this Disclosure Information, shareholders may contact:

PT CHAROEN POKPHAND INDONESIA Tbk
Jl. Ancol VIII/1, JAKARTA 14430
Phone (021) 6919999; Facsimile (021) 6907324
email: investor.relations@cp.co.id