

**DISCLOSURE INFORMATION TO SHAREHOLDERS OF  
PT FAJAR SURYA WISESA TBK (the "COMPANY")  
IN CONNECTION WITH AFFILIATE TRANSACTIONS**

This information is made and is addressed to the Shareholders in compliance with Bapepam and LK Regulation No. IX.E.1 attachment to the Decision of Head of Bapepam and LK No. Kep-412 /BL/2009 dated 25 November 2009 regarding Affiliated Party Transaction and Conflict of Interest on Certain Transaction and Conflict of Interest of Certain Transactions and Anex of decision of the OJK Regulation No.31 / POJK.04 / 2015 dated 16 December 2015 concerning Openness to Information or Material Facts by Issuers or Public Companies

**DISCLOSURE OF THIS INFORMATION IS A REVISION OF THE DISCLOSURE COMPANY'S INFORMATION TO SHAREHOLDERS IN CONNECTION TO THE COMPANY'S AFFILIATION TRANSACTION ON 29 MARCH 2019.**

**THIS DISCLOSURE OF INFORMATION CONTAINED AND THE INFORMATION IN IT IS NOT INTENDED AS A GENERAL OFFERING DOCUMENT OR RECOMMENDATION TO BUY, GOOD DIRECT OR INDIRECT, ON ANY EFFECT.**



**PT FAJAR SURYA WISESA Tbk**

**Main Business Activities:**

Engaged in Industry and Packaging Paper Manufacture Company

**Domiciled in Central Jakarta, Indonesia**

**Head Office**

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Jakarta 10160  
Telp : +62 21 344 1316  
Fax : +62 21 345 7643

**Factory**

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**THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF THE COMPANY, INDIVIDUALLY OR JOINTLY, SHALL BE ENTIRELY RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF ALL MATERIAL INFORMATION OR FACTS RELATED TO THE TRANSACTION AS DISCLOSED IN THIS DISCLOSURE OF INFORMATION, AND AFFIRMS THAT AFTER COMPREHENSIVE RESEARCH AND AS FAR AS THEY KNOW AND BELIEVE, CONFIRM THAT THE MATERIAL INFORMATION RELATED TO THE TRANSACTION HEREUNDER IS TRUE, AND NO OTHER MATERIAL FACT RELATED TO THE TRANSACTION THAT HAS NOT BEEN DISCLOSED OR ELIMINATED THEREBY CAUSING THE INFORMATION PROVIDED HEREWITH TO BE UNTRUE AND MISLEADING.**

This Disclosure of Information is published on 29 March 2019

## DEFINITIONS

- Affiliated** : Affiliate as referred to in Article 1 number 1 of the Capital Market Law, namely:
- Family relationships due to marriage and descent to the second degree, both horizontally and vertically;
  - Relationship between parties with employees, Directors or Commissioners of these parties;
  - Relationship between 2 (two) companies where there are one or more members of the same Board of Directors or Commissioners;
  - Relations between the company and the parties, both directly and indirectly, controlling or controlled by the company;
  - Relations between 2 (two) companies controlled, directly or indirectly, by the same party; or
  - Relations between the company and major shareholders.
- Public Accountant** : KAP Satrio Bing Eny & Partners (Member of Deloitte Touche Tohmatsu Limited), whose office is at The Plaza Office Tower, 32nd Floor, Jl. M.H. Thamrin Kav. 28-30, Jakarta 10350.
- Bapepam** : The Capital Market Supervisory Agency as referred to in Article 3 paragraph 1 of the Capital Market Law or an authorized capital market authority institution.
- Bapepam dan LK** : Bapepam and Financial Institutions which are an amalgamation of Bapepam and the Directorate General of Financial Institutions (DJLK), in accordance with the Decree of the Minister of Finance of the Republic of Indonesia No. 606 / KMK.01 / 005 dated 30 December 2005 concerning the Organization and Capital Market Supervisory Body and Finance Institute (Badan Pengawas Pasar Modal and Lembaga Keuangan) as referred to in Finance Ministry of the Republic of Indonesia Regulation No. 184/PMK.01/2010 dated 11 October 2010 regarding Organization and Work Procedures of the Finance Ministry, or substitutes and recipients of their rights and obligations.
- Securities Administration Bureau** : Namely PT Datindo Entrycom, located at di Jl. Hayam Wuruk No. 28, Jakarta 10120, Indonesia.
- DAP** : PT Dayasa Aria Prima, a limited liability company established based on and subject to the laws of the Republic of Indonesia and domiciled in Jakarta, Indonesia whose 99.99% shares are owned by the Company and their financial statements are consolidated into the Company.
- Disclosure Information** : Information as stated in this announcement and any additional information that may or will be available.
- Financial Report** : Audited Financial Statements dated 31 December 2018 by a

Public Accountant.

**Menkumham** : Ministry of Law and Human Rights of the Republic of Indonesia.

**Object of Transaction** : namely:

- (i) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.7/Sumptut as described in the Situation Figure dated 27 April 1995, number 1434/1995, covering an area of 101,755 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Sumput Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (ii) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.8/Krikilan as described in the Situation Figure dated 23 December 1980, number 1134/1980, covering an area of 36,540 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Krikilan Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (iii) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.10/Driyorejo as described in the Situation Figure dated 23 December 1980, number 1135/1980, covering an area of 4,100 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Driyorejo Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (iv) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.12/Driyorejo as described in the Situation Figure dated 23 December 1980, number 1137/1980, covering an area of 6,340 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Driyorejo Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (v) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.13/Driyorejo as described in the Situation Figure dated 23 December 1980, number 1138/1980, covering an area of 32,050 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Driyorejo Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (vi) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.35/Driyorejo as described in the Situation Figure dated 14 April 1997, number 1851/1997, covering an area of 8,600 m<sup>2</sup> and the building standing on it, located on the Driyorejo Highway, Driyorejo Village, Driyorejo Sub-District, Gresik Regency, East Java;

- (vii) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.36/Driyorejo as described in the Situation Figure dated 14 April 1997, number 1850/1997, covering an area of 51,700 m2 and the building standing on it, located on the Driyorejo Highway, Driyorejo Village, Driyorejo Sub-District, Gresik Regency, East Java;
- (viii) A plot of land owned by SAIPK based on the Building Use Right Certificate ("SHGB") No.1356/Sumput as described in the Situation Figure dated 14 April 1997, number 1849/1997, covering an area of 33.500 m2 and the building standing on it, located on the Driyorejo Highway, Sumput Village, Driyorejo Sub-District, Gresik Regency, East Java;

(point (i) thru (viii) all above are reffered as "**SAIPK Lands**");

- (ix) 1 unit Paper Mill 1 owned by SAIPK;
- (x) 1 unit Paper Mill 3 owned by SAIPK;
- (xi) 1 unit Paper Mill 5 owned by SAIPK;
- (xii) 1 unit Paper Mill 6 owned by SAIPK;
- (xiii) 1 unit Paper Mill 7 owned by SAIPK;
- (xiv) 1 unit Paper Mill 8 owned by SAIPK;
- (xv) 1 unit Paper Mill 9 owned by SAIPK;
- (xvi) 1 unit Paper Mill 10 owned by SAIPK;
- (xvii) 1 unit water treatment owned by SAIPK;
- (xviii) 1 unit biological waste water treatment owned by SAIPK;
- (xix) 1 unit water pool equipment owned by SAIPK;
- (xx) 3 units steam boiler owned by SAIPK;
- (xxi) 27 units forklift owned by SAIPK;
- (xxii) 1 unit traktor owned by SAIPK;
- (xxiii) 1 unit converter owned by SAIPK;
- (xxiv) 1 unit cast coating machine owned by SAIPK;

(point (ix) thru (xxiv) all above are reffered as "**SAIPK Machines**");

- (xxv) Other lands that are located inside the paper mill owned by SAIPK ("Other Lands")
- a. A plot of land with a title of ownership ("SHM") No.65 as described in the Situation Figure dated 19 September 1994, number 3286/1994, covering an area of 7,130 m2 on behalf of Arifin Sugiono;
  - b. A plot of land with a title of ownership ("SHM") No.66 as described in the Situation Figure dated 22 September 1994, number 4865/1994, covering an area of 7,140 m2 on behalf of Arifin Sugiono;
  - c. A plot of land based on PPJB No.120 dated 15 June 1990, with land covering an area of 3,670 m2 on behalf of Legowo Handojo as a buyer;
  - d. A plot of land based on PPJB No.123 dated 15 June 1990, with land covering an area of 7,390 m2 on behalf of Legowo Handojo as a buyer;
  - e. A plot of land based on PPJB No.129 dated 15 June 1990, with land covering an area of 3,430 m2 on behalf of Legowo Handojo as a buyer;
  - f. A plot of land based on PPJB No.132 dated 15 June 1990, with land covering an area of 3,310 m2 on behalf of Legowo Handojo as a buyer;
  - g. A plot of land based on PPJB No.11 dated 13 March 1993, with land covering an area of 7,320 m2 on behalf of Tirtomulyadi Sulistyoy as a buyer; and
  - h. A plot of land based on PPJB No.40 dated 16 July 1994, with land covering an area of 6,830 m2 on behalf of Tirtomulyadi Sulistyoy as a buyer;

**Financial Services Authority or OJK** : An independent institution established under Law No. 21 of 2011 regarding the Financial Services Authority ("OJK Law"), whose duties and authority includes the regulation and supervision of financial services activities in the banking, capital markets, insurance, pension funds, financing institutes and other financial institutions sectors. Where since 31 December 2012, OJK is the institute that replaced and received the rights and obligations to conduct regulatory and supervisory functions from Bapepam and/or Bapepam-LK in accordance with the provisions of Article 55 of OJK Law.

|                              |   |
|------------------------------|---|
| <b>Shareholders</b>          | : Means the Company's shareholders whose names are registered in the list of the Company's shareholders issued by the Securities Administration Bureau.   |
| <b>Independen Appraisal</b>  | : The Office of Public Appraisal Services of Iwan Bachron and Partners, an independent appraiser registered at the OJK who provides fairness opinion on the Transaction.  |
| <b>Regulation No. IX.E.1</b> | : Decision of the Chair of Bapepam-LK No. Kep-412/BL/2009 dated 25 November 2009, Regulation No. IX.E.1 regarding Affiliated transactions and Conflicts of Interest in Certain Transactions.  |
| <b>POJK No. 32/2014</b>      | : OJK Regulation No. 32/POJK.04/2014 regarding Plan and Holding of General Meeting of Shareholders of Public Companies.   |
| <b>POJK No. 31/2015</b>      | : OJK Regulation No.31 / POJK.04 / 2015 dated 16 December 2015 concerning Openness to Information or Material Facts by Issuers or Public Companies.   |
| <b>Company</b>               | : PT Fajar Surya Wisesa Tbk, a public company established based on and subject to the laws of the Republic of Indonesia and domiciled in Jakarta, Indonesia and its shares are listed on the Indonesia Stock Exchange.  |
| <b>SAIPK EGMS</b>            | : the Extraordinary General Meeting of Shareholders of SAIPK held on Wednesday, 19 September 2018 based on the provisions of OJK Regulation No. 32/2014   |
| <b>SAIPK</b>                 | : PT Surabaya Agung Pulp & Paper Industry Tbk, a public company established based on and subject to the laws of the Republic of Indonesia and domiciled in Surabaya, Indonesia.   |
| <b>Transaction</b>           | : means the purchase of the Transaction Object by the DAP, as follows: <ul style="list-style-type: none"> <li>(i) SAIPK Land and Buildings based on the Deed of Physical Handover Event No. 156 dated 28 December 2018, made before Yulia, S.H., Notary in South Jakarta City;</li> <li>(ii) SAIPK Machines based on the Deed of Affirmation on Physical Handover and Giving Guarantee No. 157 dated 28 December 2018, made before Yulia, S.H., Notary in South Jakarta City; and</li> <li>(iii) Other Lands based on the Deed of Agreement for Submission of Physical Mastery No. 83, December 14, 2018, made before Yulia, S.H., Notary in South Jakarta City.</li> </ul> |
| <b>UUPM</b>                  | : the Law of the Republic of Indonesia No. 8 of 1995 dated 10 November 1995 concerning Capital Market, State Gazette of   |

the Republic of Indonesia No. 64 of 1995, Supplement No. 3608, along with the changes and the implementing regulations.

**UUPT** : the Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies, State Gazette of the Republic of Indonesia No. 106 of 2007 Supplement No. 4756, along with the implementing regulations and their changes.

## **PREFACE**

Information as stated in this Information Disclosure is made in order to fulfill the obligations of the Company to convey information disclosure on an agreement between SAIPK and DAP to close the Proposed Transaction as stated in the Deed of Closing Transaction No. 04, dated 28 March 2019, made before Ayem Agustinah, SH., MKn., Notary in Gresik Regency ("Minutes of Meeting"). However, even though the closure of the Proposed Transaction has been agreed upon by SAIPK and DAP, the parties will make the best effort necessary to carry out and settle obligations related to the transfer of the Proposed Transaction Object in the not too long period after the requirements are fulfilled before signing the transfer document Object of the Proposed Transaction by SAIPK and DAP.

In connection with the signing of the Minutes of Meeting and Proposed Transactions, in accordance with the provisions of applicable laws and regulations, specifically the provisions of Number 2 letter (a) of Regulation No. IX.E.1, the Board of Directors of the Company must announce to the public and submit proof of announcement and supporting documents to OJK no later than the end of the second working day after the Transaction Plan is implemented.

Information disclosure on the signing of the Minutes and the implementation of the Transaction Plan was carried out with the intention to provide an explanation, consideration and reasons for the Transaction Plan to the public and OJK as part of fulfilling the Company's obligations to Regulation No. IX.E.1.

## **BACKGROUND OF THE TRANSACTIONS**

### **A. REASONS AND BACKGROUND OF THE TRANSACTION**

SAIPK currently needs funds to increase cash flow to pay their obligations. Therefore, by conducting the Transaction, SAIPK sees the potential and better allocation of funding to increase the cash flow and liquidity of SAIPK funds. As for DAP side, the implementation of the Proposed Transaction can increase DAP's asset ownership which is expected to support and develop its business activities.

Furthermore, when it is viewed from the Company side, in order to support and develop the Company's business activities which in this case it will be through the Company's subsidiaries, DAP, adequate facilities and infrastructure are needed to support DAP's business activities in the paper industry. With considering the characteristics of the paper industry business that it requires machines and factories in a large number and / or area, including a strategic location for water sources and good disposal of waste, then the Transaction Plan with SAIPK has already had those things. DAP can have facilities and infrastructure in the form of machinery and factory buildings located in strategic locations for support DAP business activities. In addition of this, at this moment in Surabaya area there are no other unaffiliated parties who intend to sell their

assets or companies that are in the line with DAP's business activities. So that the DAP will have a difficulties and need more time to find the seller who owns the assets with the same criteria mentioned above.

## **B. OBJECT OF THE TRANSACTION**

The object of the Proposed Transaction is in the form of SAIPK Land, SAIPK Machines and Other Lands as described above with each purchase price details as follows:

- a. SAIPK Land and Buildings amounting to Rp.418,234,680,000.00 (four hundred eighteen billion two hundred thirty four million six hundred eighty thousand Rupiah);
- b. SAIPK Machines amounting to Rp193,641,052,000.00 (one hundred ninety three billion six hundred forty one million fifty two thousand Rupiah); and
- c. Other lands amounting to Rp27,500,000,000.00 (twenty seven billion five hundred million Rupiah);

so that a total of Rp.639,377,732,000.00 (six hundred thirty nine billion three hundred seventy five million seven hundred thirty two thousand Rupiah) ("Total Asset Purchase Price").

The total Asset Purchase Price that must be paid by the DAP to SAIPK as described above is 14.91% of the Company's equity, amounting to Rp.4,288,337,297,565.00 (four trillion two hundred eighty eight billion three hundred thirty seven million two hundred and nine twenty seven thousand five hundred sixty five Rupiah) based on the Company's Financial Report and hence the Proposed Transaction is not a material transaction as stipulated in Bapepam-LK Regulation No. IX.E.2, Attachment to Decision of Chairman of Bapepam-LK No. Kep-614/BL/2011 dated 28 November 2011 concerning Material Transactions and Changes in Main Business Activities.

## **C. PARTIES OF THE TRANSACTIONS**

The following is a brief description of the parties involved in the Transaction:

### **(i) DAP as a buyer**

#### **Brief History**

DAP, domiciled in Central Jakarta is a limited liability company established based on and subject to the laws and regulations in force in the Republic of Indonesia. DAP was established based on the Deed of Establishment of Limited Liability Company No. 87 dated 14 December 2017, made before Yulia, S.H., a Notary in South Jakarta. The deed was approved by Menkumham based on Decree No. AHU-0057018.AH.01.01.Year 2017 dated 15 December 2017 and has been registered in the Register of Companies in accordance with the Company Law with No. AHU-0159931.AH.01.11.TAHUN 2017, dated 15 December 2017.

The latest Articles of Association of the DAP have undergone changes and the latest amendments are as stated in the DAP No. Shareholders Decree No. 36 dated 14 January 2019, made before Yulia, S.H., a Notary in South Jakarta, who has obtained (i) Approval Letter of Amendment to Articles of Association with No. AHU-0001937.AH.01.02.TAHUN 2019, dated 15 January 2019 and it has been registered in the Register of Companies in accordance with the Company Law with No. AHU-0006326.AH.01.11.TAHUN 2019, dated 15 January 2019; and (ii) Letter of Acceptance of Notice of Amendment to Articles of Association with No. AHU-AH.01.03-0024000 dated 15 January 2019 and registered in the



Register of Companies in accordance with the Company Law with No. AHU-0006326.AH.01.11.TAHUN 2019, dated 15 January 2019 ("Deed No. 36/2019").

### **Business Activities**

DAP engaged in trade, development, industry, printing, agriculture, workshop, service and transportation.

### **Capital and Shareholder Structure**

Based on Deed No. 36/2019 and List of DAP Shareholders as of October 10, 2018, the capital structure and composition of DAP shareholders are as follows:

| No.                                  | Shareholders               | Number of Share      | Amount of Share Nominal Value (Rp) @Rp1.000,00 | %             |
|--------------------------------------|----------------------------|----------------------|--|---------------|
| <b>Authorized capital</b>            |                            | <b>1.000.000.000</b> | <b>1.000.000.000.000</b>                       |               |
| <b>Issued capital</b>                |                            |                      |  |               |
| 1.                                   | The Company                | 249.999.000          | 249.999.000.000                                | 99,99         |
| 2.                                   | PT Intratata Usaha Mandiri | 1.000                | 1.000.000                                      | 0.01          |
| <b>Total Paid Up Capital</b>         |                            | <b>250.000.000</b>   | <b>250.000.000.000</b>                         | <b>100,00</b> |
| <b>Number of Shares in Portfolio</b> |                            | <b>750.000.000</b>   | <b>750.000.000.000</b>                         |               |

### **Current composition**

Based on the DAP Decree No. DAP. 91 dated 29 August 2018, which was made before Yulia, S.H., a Notary in South Jakarta, who had received a Letter of Acceptance of Notification of Company Data No. AHU-AH.01.03-0237545 dated 30 August 2018 and has been registered in the Register of Companies in accordance with the Company Law with No. AHU-0113997.AH.01.11.Year 2018 dated 30 August 2018, the composition of the DAP management is as follows:

### **Board of Commissioners**

Commissioner : Any Indrawati

### **Board of Directors**

President Director : Leonardy Halim  
Director : Efendy Sugijanto  
Director : Andree Budi Soesilo

## **(ii) SAIPK as a Seller**

### **Brief History**

SAIPK was established based on the Deed of Establishment of Limited Liability Company No. 35 dated 31 August 1973, which was made before Harsono Sutedja, S.H., Notary in Surabaya. The Deed of Establishment has been approved by the Minister of Justice of the Republic of Indonesia in Decree No. YA-5/26/21 dated 27 January 1975 and announced in the State Gazette of the Republic of Indonesia No. 45 dated 4 June 1976 Supplement No. 420 dated 4 June 1976.

The Articles of Association of SAIPK have undergone several changes with the latest changes as stated in the Deed of Decision of the SAIPK EGMS No.48 dated 11 December 2015, which was made before Anita Anggawidjaja, S.H., Notary in Surabaya, the contents of which are in accordance with OJK Regulation No. 32/2014 and OJK Regulation No. 33 / POJK.04 / 2014 concerning Directors and Board of Commissioners of Issuers or Public Companies, which have obtained Approval Letter of Amendment to Articles of Association of Menkumham with No.AHU-0947958.AH.01.02.Tahun 2015 dated 15 December 2015 and have been reported and accepted as well as recorded in the Kemenkumham Legal Entity Administration System list with No. AHU-AH.01.03-0987854 dated 15 December 2015 and registered in the Company's Register in accordance with the Company Law with No. AHU-3592791.AH.01.11. Year 2015 dated 15 December 2015 ("Deed No. 48/2015").

**Business Activities.**

SAIPK engaged in Industry and Trade.

**Capital and Shareholder Structure**

Based on Deed No.48 / 2015, the capital structure and composition of SAIPK's shareholders are as follows

| No.                                  | Shareholders         | Number of Shares     |                      | Amount of Share Nominal Value (Rp) |                          | %          |
|--------------------------------------|----------------------|----------------------|----------------------|------------------------------------|--------------------------|------------|
|                                      |                      | Seri A               | Seri B               | Seri A<br>@Rp1.000,00              | Seri B<br>@Rp395,00      |            |
| <b>Authorized capital</b>            |                      | <b>4.753.140.000</b> | <b>3.156.607.595</b> | <b>4.753.140.000.000</b>           | <b>1.246.860.000.025</b> |            |
| <b>Issued capital</b>                |                      |                      |                      |                                    |                          |            |
| 1.                                   | ZT Holding Pte. Ltd. | 1.359.667.303        | 2.632.174.045        | 1.359.667.303.000                  | 1.039.708.747.775        | 72,45      |
| 2.                                   | Public               | 993.299.163          | 524.433.550          | 993.299.163.000                    | 207.151.252.250          | 27,55      |
| <b>Total Paid Up Capital</b>         |                      | <b>2.352.966.466</b> | <b>3.156.607.595</b> | <b>2.352.966.466.000</b>           | <b>1.246.860.000.025</b> | <b>100</b> |
| <b>Number of Shares in Portfolio</b> |                      | <b>2.400.173.534</b> | -                    | <b>2.400.173.534.000</b>           | -                        |            |

**Current composition**

Based on the Deed of Decision of the SAIPK Shareholders No. 27 dated 5 October 2018, which was made before Anita Anggawidjaja, S.H., Notary in Surabaya, who had obtained the Letter of Acceptance of the Company's Data Change Notification No. AHU-AH.01.03-0251202 dated 10 October 2018 and has been registered in the Register of Companies in accordance with the Company Law with No. AHU-0133869.AH.01.11.In 2018 on 10 October 2018, the composition of the SAIPK management is as follows:

**Board of Commissioners**

President Commissioner : Cruz Herminigildo Jr Javier  
 Independent : Djohan Tedjosoejanto  
 Commissioner

**Board of Directors**

Independent Director : Rasmachahjana Sulistyio  
 Directors : Zhang Hui Han Sindu  
 Directors : Tio Kuncoro Sulistyio

#### **D. Nature of Affiliate Relationship of the Transacted Parties**

The affiliate relationships between the Company, DAP, and SAIPK are as follows:

- a. DAP is a subsidiary of the Company with share ownership of 99.99% (ninety nine point nine nine percent) in the DAP.
- b. Winarko Sulistyو who is the Company's Commissioner and one of the Company's shareholders, is (i) the younger brother of Tio Kuncoro Sulistyو who is the Director of SAIPK; (ii) uncle of Rasmachahjana Sulistyو who is the President Director of SAIPK; and (iii) uncle of Zhang Hui Han Sindu who is the Director of SAIPK.

As for Vilia Sulistyو who is the Director and shareholder and DAP controlling shareholder is (i) niece of Tio Kuncoro Sulistyو who is Director of SAIPK and (ii) cousin of Rasmachahjana Sulistyو who is President Director of SAIPK and Director of CMI and Zhang Hui Han Sindu is the Director of SAIPK.

In connection with the planned sale of its assets, SAIPK has obtained the approval of an independent shareholder based on the SAIPK EGMS 19 September 2018, whose decision is contained in the Deed of Minutes of the SAIPK EGMS No. 143 dated 19 September 2018, made by Anita Anggawidjaja, S.H., Notary in Surabaya.

#### **INDEPENDENT PARTY APPOINTED IN THE TRANSACTION**

Independent parties who play a role in the Transaction and have been appointed by the Company are as follows:

Law Consultant : Makes & Partners Law Firm  
Independent Appraiser : KJPP Iwan Bachron dan Rekan

#### **SUMMARY OF THE APPRAISAL REPORT**

To ensure the fairness of the value of the Transaction, the Company has requested an Independent Appraiser registered with the Financial Services Authority ("OJK"), namely the Office of Public Appraisal Services (KJPP) Iwan Bachron and Rekan ("KJPP IDR") as the official KJPP. 2.09.0047, Kep. Minister of Finance No. 552KM.1/2009 dated 13 April 2009 from the Ministry of Finance of the Republic of Indonesia registered as a capital market supporting profession at OJK with Capital Market Supporting Professionals (STTD) No. STTD.PPB-27 / PM.2 / 2018 (Property and Business Assessment) as an independent appraiser to provide opinions on the market value and the fairness of the Transaction.

##### **A. Summary of Assessment Report**

The following is a summary of the Transaction Object No. report. 00010/2.0047-05/PI/07/0500/1/1/2019 dated 10 January 2019 compiled by KJPP IDR:

- a. Fairness Opinion Object  
The object assessed in the assessment is the Object of the Proposed Transaction in the form of land, buildings, and machinery and equipment located on Jalan Sumput, Sumput Village, Driyorejo District, Gresik.
- b. Purposes of the Fairness Opinion

The purpose of the valuation of the Object of the Proposed Transaction is to provide an opinion about the market value of the Proposed Transaction Object as of 30 September 2018 which is stated in Rupiah. The purpose of the valuation is to provide an overview of the market value of the Transaction Object which will then be used by the Company as a reference in the context of implementing the Transaction Plan.

c. Limitation and Assumptions

- Assessments and Assessment Reports are prepared only for the purpose and objectives as stated in the Assessment report. We are not responsible to other parties other than the Assignment Giver. Other parties who use this report are responsible for all risks that will arise.
- Information that has been given by another party to the Appraiser as mentioned in the Assessment report is deemed feasible and reliable but the Appraiser is not responsible when it turns out that the information provided is proven not to be in accordance with the real thing. Information stated without mentioning the source is the result of our review of existing data, examination of documents or statements from authorized government agencies. The responsibility for re-checking the correctness of the information is entirely with the Assignment Giver
- The values stated in this report as well as any other values in the report that are part of the object assessed are only valid in accordance with the purpose and objective of the Assessment. The value used in this assessment report may not be used for other purposes of evaluation that can result in errors
- Appraisers do not conduct research and investigations that have to do with the truth of legality and receivables that result in losses on the property being valued because it is not the assessor's scope of work. We assume that the object assessed is free from all lawsuits.
- The field inspection that we did was only on the condition of the assets stated in this report which is a visible condition so that it is not intended to check the condition of property under the ground/water does not investigate construction feasibility (building audit) and does not investigate detailed technical conditions.
- We do not conduct investigations on environmental issues relating to pollution. If not informed otherwise. Our assessment is based on assumptions about the absence of pollution that can affect value.
- Office of Public Appraisal Services (KJPP) IWAN BACHRON AND PARTNERS are not obliged to give testimony or attend before a court or government official. If this is not related to the purpose and purpose of this report and outside the scope of the assignment.
- If in the future the Appraiser is asked to provide explanations and explanations made outside the work area of our office or to parties other than the assignor and service users then all forms of costs that arise are borne by the assignor.
- This valuation report is invalid if it is not signed by the office and office seal of KJPP IWAN BACHRON AND PARTNERS.

d. The Valuation Methods Applied

The approach and methodology that being used in this valuation is the cost approach. The cost approach is the valuation approach to get the value of the valuation object based on the reproduction cost new or the replacement cost new at the cut-off date after being reduced by depreciation.

New reproduction costs / new replacement costs are calculated by considering the costs incurred for the procurement of property including planning and supervision

costs, unit or material procurement costs, foundation costs, construction or installation costs, including all standard expenditures relating to transportation, insurance, import duties, taxes, and interest costs during the construction period, but not including costs due to time delay and overtime costs.

e. Conclusion

Based on the results of the analysis of all data and information received and taking into account all relevant factors that influence the valuation, KJPP IDR concluded that the market value of the Proposed Transaction as of September 30, 2018 was Rp. 667.002 billion.

**B. Summary of fairness opinion report**

The following is a summary of the fairness opinion report No. 00154/2.0047-05/BS/04/0465/1/III/2019 dated 29 March 2019 compiled by KJPP IDR:

a. The Transacting Parties

The Transaction parties are the Company, SAIPK, CMI, and DAP.

b. The Transaction Object

The Transaction Object is the Transaction carried out by the Company for the purchase of Assets owned by SAIPK and CMI.

c. Purpose and Objective of the Fairness Opinion

Purpose and objective of the preparation of the fairness opinion report of the Divestment Transaction is to provide an overview on the fairness of the Divestment Transaction to the Company's Directors and to comply with the applicable regulations, i.e. Rule IX.E.1.

d. Limiting Conditions and Major Assumptions

- KJPP IDR assumes that since the Transaction until the issuance of this fairness opinion there has been no change whatsoever has a material effect on the Transaction.
- KJPP IDR assumes that the Company complies with all regulations stipulated by the government, especially those related to the Company's operations, both in the past and in the future
- KJPP IDR assumes that the legality of the Company has no problems either legally or other issues both before and after the Transaction.
- - KJPP IDR assumes that the Company has and will fulfill obligations relating to taxation, levies and other levies in accordance with applicable regulations.
- - KJPP IDR has reviewed the documents used in the assessment process.
- - This Fairness Opinion Report is a non-disclaimer opinion.
- - Fairness opinion is a report that is open to the public unless there is confidential information, which can affect the Company's operations.
- - KJPP IDR is responsible for the fairness opinions and conclusions of fairness opinions.
- - KJPP IDR has obtained information on the terms and conditions in the agreements related to Transactions from the Company.

e. Assessment Approach and Procedure

In evaluating the fairness of the Transaction, the IDR has conducted (a) analysis of Transactions, namely an analysis of the identification and relations between the parties involved in the Transaction, analysis of binding agreements and

requirements in Transactions, analysis of benefits and risks of Transactions; (b) qualitative analysis of Transactions that include the Company's history and the Company's business activities, industry analysis, operational analysis and prospects of the Company, analysis of the reasons for the Transaction, Transaction gains and losses; (c) quantitative analysis, which includes analysis of the Company's historical financial statements, analysis of the Company's cash flows, analysis of the Company's financial ratios, analysis of the Company's financial projections, value added analysis; and (d) analysis of the fairness of the value of the Transaction.

f. Final Conclusion

Based on the fairness analysis of the Transaction plan as described in the fairness opinion analysis above, KJPP IDR believes that the Transaction is reasonable.

**ADDITIONAL INFORMATION**

Any further information needed, please contact the Company at the address:

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Jakarta, 29 March 2019

**Board of Directors**