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19 November 2025

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF INDOFOOD GROUP'S PLANTATIONS BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2026, 2027 AND 2028

RENEWAL OF INDOFOOD GROUP'S DISTRIBUTION BUSINESS TRANSACTIONS AND NEW ANNUAL CAPS FOR 2026, 2027 AND 2028

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions including their respective Annual Caps (the "**Transactions**"). Details of the aforesaid transactions are set out in the letter from the Board contained in the circular of the Company (the "**Circular**") to its shareholders dated 19 November 2025, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

The Independent Board Committee comprising all the Independent Non-executive Directors, namely Prof. Edward K.Y. Chen, *GBS, CBE, JP*, Mrs. Margaret Leung Ko May Yee, *SBS, JP*, Mr. Philip Fan Yan Hok, Ms. Madeleine Lee Suh Shin and Mr. Blair Chilton Pickerell, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions including their respective Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated or connected with the Company, Indofood, Mr. Salim or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions, including their respective Annual Caps. In the two years prior to this appointment, we did not have other engagement with the Company or its associates. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Indofood, Mr. Salim or their respective core connected persons or associates.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the "**Management**"), which we have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be honestly held. We have reviewed information on the Company, including but not limited to, the circular of the Company dated 24 November 2022 in relation to, among other things, the continuing connected transactions as regards the 2023-2025 Plantations Business Transactions and the 2023-2025 Distribution Business Transactions (the "**2022 Circular**") and other information contained in the Circular.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions including their respective Annual Caps, we have taken into account the following principal factors and reasons:

1. Plantations Business

1.1 Background of and reasons for the 2026-2028 Plantations Business Transactions

Indofood Group conducts vertically integrated agribusinesses in Indonesia through Indofood Agri Resources Ltd., a listed company in Singapore, SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk, listed companies in Indonesia, and their respective subsidiaries (the "**Indofood Plantations Group**"). The Indofood Plantations Group, a major producer of edible oils and fats in Indonesia with widely accepted and recognised brands, is principally engaged in research and development, oil palm seed breeding, cultivation of oil palm plantations, production and refining of crude palm oil (the "**CPO**"), cultivation of rubber and sugar canes plantations and marketing and selling of other related products, management and cultivation of industrial timber plantations, including agroforestry. The Indofood Plantations Group also manages and cultivates cocoa and tea plantations, and conducts processing, marketing and selling of related agricultural products.

As advised by the management of Indofood, the Indofood Plantations Group is based in Indonesia and had planted area of 284,320 hectares as of 30 September 2025, of which 241,031 hectares and 16,226 hectares are planted with oil palm and rubber respectively, while the remainder of 27,063 hectares are planted with other crops such as sugar cane, cocoa, tea and timber.

As also advised by the management of Indofood, the Indofood Group will continue to focus on (i) capital investment in replanting older palms in North Sumatra and Riau, and critical infrastructure; (ii) improving the fresh fruit bunch (the "**FFB**") yields through active crop management and pursuing innovations and mechanization to raise plantation productivity; and (iii) cost control improvements and drive greater efficiency through digitalization and streamlining of work process.

We were advised that the 2026-2028 Plantations Business Transactions are essential and continue to be imperative to the integrated supply chains of CPO and sugar within the Indofood Group, with a firm target to continue to (1) vertically integrate the production of edible oils and fats and consumer branded products business of the Indofood Group and the oil palm and sugar cane plantations business of the Indofood Plantations Group; (2) ensure necessary equipment and facilities are in place for the cultivation of oil palm plantations; (3) secure reliable sources of high-quality CPO attributable to the self-developed high quality seeds to fulfil the internal demand from the Indofood Group; (4) facilitate the transportation of FFB and CPO to the production facilities of the Indofood Plantations Group; (5) utilise the technology developed by the research facilities of the Indofood Plantations Group to improve the yield rate and quality of CPO; and (6) enhance productivity and achieve cost efficiency.

1.2 Principal terms of the Plantations Agreements

As stated in the letter from the Board of the Circular, the framework agreements in respect of the existing 2023-2025 Plantations Business Transactions will expire on 31 December 2025. Subject to Independent Shareholders' approval having been obtained in respect of the 2026-2028 Plantations Business Transactions, the framework agreements in respect of the transactions numbered (1) to (11) in Table A in the letter from the Board of the Circular will be automatically renewed from 1 January 2026 for a term of three years, expiring on 31 December 2028, on the same terms as those of the existing agreements (the "**Plantations Agreements**").

The arrangements described below will commence on 1 January 2026 and will have a duration of three years, expiring on 31 December 2028. Subject to compliance with the relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of the framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

Details of the 2026-2028 Plantations Business Transactions are set out as follows:

(1) Provision of pumping and loading services by STP to SIMP and its subsidiaries (the "**SIMP Group**") (the "**Pumping Services**");

(2) Rental of infrastructure between SIMP Group and CSNJ (the "**Infrastructure Transactions**");

(3) Provision of various services by RMK to the SIMP Group (the "**RMK Services**");

(4) Transactions between the IGER Group and the SIMP Group (the "**IGER Transactions**");

(5) Sale and rental of cars and sales of spare parts and provision of car services by Indomobil and its subsidiaries (the "**Indomobil Group**") to the Indofood Group (the "**Indomobil (Plantations) Transactions**");

(6) Sale of palm oil and its derivative products by SIMP to Shanghai Resources (the "**Palm Oil Transaction**");

(7) Sale of palm oil and derivatives by SIMP to NIC (the "**Margarine Transaction**");

(8) Grant of exclusive license of "Indosugar" trademark by Indofood to LPI (the "**Sugar Transaction**");

(9) Sale of packaging materials by IAK to LPI (the "**Packaging Material Transaction**");

(10) Sale of finished goods (such as cooking oil, margarine and sugar) by the SIMP Group to Indomaret Group (the "**SIMP-Indomaret (Plantations) Transactions**"); and

(11) Sale of finished goods (such as cooking oil and margarine) by the SIMP Group to IDP (the "**IDP (Plantations) Transactions**").

(a) Pumping Services

SIMP is a subsidiary of Indofood Group which is principally engaged in the research and development, seed breeding, oil palm cultivation and milling as well as production and marketing of cooking oil, margarine and shortening products. The SIMP Group is also engaged in the cultivation of sugar cane, rubber and other crops.

STP is 100% owned by companies controlled by Mr. Salim and is engaged in pumping services at Dumai port in Indonesia, where the bulk storage tanks of SIMP are located. As advised by the management of Indofood, the SIMP Group have been utilising the pumping facilities owned by STP to infuse or extract CPO from its storage tanks for more than 24 years.

We have reviewed the Plantations Agreements and we note the fee payable under the Pumping Services are mutually agreed between the relevant parties from time to time based on prevailing market conditions which are expected to be no less favourable to the SIMP Group than to independent third parties. We are further advised by the management of Indofood that the Pumping Services have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, samples of similar transactions or quotes with or provided by independent third parties between January 2023 and September 2025 (the "**Relevant Period**"). We note that the principal terms, i.e. service scope of the existing agreements as regard the Pumping Services have been similar to those made available to the Indofood Group by independent third parties. As observed from the quotations of similar transactions provided, the rates charged by STP have been no less favourable to the SIMP Group than those offered by independent service suppliers. We are further advised by the management of Indofood that similar approach and basis will be used in setting the fee of the Pumping Services.

We are advised by the management of Indofood that the services provided by STP have been satisfactory. In the view that (i) SIMP Group has been utilising STP's pumping services for over 24 years, quality of which have been considered satisfactory by SIMP Group; (ii) any changes might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the service rates charged by STP will be no less favourable to SIMP Group when compared to the rates to be charged by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Pumping Services is beneficial to the Group.

(b) Infrastructure Transactions

As disclosed in the letter from the Board in the Circular, CSNJ is an associate of Mr. Salim and is engaged in the business of transportation, leasing and trading in Indonesia. As provided by the management of Indofood, under the Infrastructure Transactions PT Indoagri Inti Plantation may rent office building(s) close to its plantation areas from CSNJ for its operational use.

Pursuant to the Plantations Agreements as regard the Infrastructure Transactions, the fees shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions. We are advised by the management of Indofood that, the SIMP Group has been renting office units near its plantation areas in Sumatera from CSNJ since 2015. According to the lease agreement provided by the SIMP Group, the term of the lease is from 1 January 2023 up to 31 December 2025 and the annual rental fee for renting such office units was around Rp390 million or Rp90,400 per square meter ("**Sqm**"). In this regard, we have requested the SIMP Group to provide two quotations from independent property agencies for similar properties in the region which is considered by the Indofood Group to be within reasonable proximity to the SIMP Group's plantation area ("**CSNJ Comparable Properties**"). Based on the information provided, we noted that the annual rental fee per Sqm for the CSNJ Comparable Properties are in the range of around Rp300,000 to Rp302,778. We have discussed and understand from the Indofood Group management that the subject property being rented from CSNJ is considered to be preferable over other properties around the region because it is most convenient located next to its plantation area. Given that the rental being paid under the existing rental agreement with CSNJ is lower than the prevailing market price, as shown by the rent for the CSNJ

Comparable Properties, we concur with the Directors' view that the terms of the Infrastructure Transactions have been no less favourable to the SIMP Group than those available in the market. We further understand that in case the SIMP Group decides to continue to rent office unit(s) from CSNJ adjacent to its plantations area for operation purposes during 2026 to 2028, a similar approach and basis will be used to ensure that the rental fee and terms offered are fair, reasonable and comparable to those offered by independent third parties.

In view of, as discussed in paragraphs above, among other things, the entering into of the Plantations Agreements as regard the Infrastructure Transactions will not make the Indofood Group becoming obliged to enter into any transactions with CSNJ, but will only allow, among other things, CSNJ to be one of the available choice(s) for the SIMP Group's selection, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Infrastructure Transactions is beneficial to the Group.

(c) RMK Services

RMK is 100% owned by companies controlled by Mr. Salim which provides various services, including rental of tugboats, vehicle, transportation services and road reinforcement services, in accordance with the requirements of its counterparties.

Services provided by RMK to the SIMP Group under the RMK Services include (i) sales of building materials and others; (ii) provision of transportation services; and (iii) sales of road reinforcement services.

As advised by the management of Indofood, the SIMP Group has been using the RMK Services since 2007 and the SIMP Group and RMK have a long business relationship. As advised by the Indofood Group, historically speaking, a majority of the transactions under RMK Services has been related to the provision of transportation services. Indofood expects the RMK Services will continue to mostly consist of provision of rental of tugboats, vehicles, transportation services, as well as road reinforcement services.

We have reviewed the Plantations Agreements as regard the RMK Services, and we note that the rates/rental fees are mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which is expected to be no less favourable to the SIMP Group than those offered by independent third parties. We are further advised by the management of Indofood that all the RMK Services have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant records as regard similar transportation services provided by independent third parties in the Relevant Period, and we note that the rates/rental fees under the existing agreements as regard the RMK Services have been no less favourable than those made available to the SIMP Group by independent third parties.

We are advised by the management of Indofood that RMK has always provided their services on time and effectively. As such, we concur with the management of Indofood that the services provided by RMK have been satisfactory. In the view that (i) the SIMP Group and RMK have a long business relationship and RMK's services have been considered satisfactory; (ii) any changes might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the rates/rental fees to be charged by RMK shall be no less favourable to SIMP Group when compared to the rates/rental fees charged by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the RMK Services is beneficial to the Group.

(d) IGER Transactions

The IGER Group is comprised of joint venture plantation companies between SIMP and the Salim Group.

Transactions under the IGER Transactions include (i) the provision of operational services which include mainly research services by the SIMP Group to the IGER Group; (ii) selling of seedlings and fertilizer products by the SIMP Group to the IGER Group; (iii) leasing of vehicle by the SIMP Group to the IGER Group; and (iv) purchase/sale of FFB, palm oil and derivative products from/by the IGER Group to/from the SIMP Group. As advised by the management of Indofood, based on purchase records over the last three years, the SIMP Group acquired over 70% of the annual production volume of the IGER Group's palm oil and its derivative products for further processing.

The aforesaid transactions as regard the provision of operational services and selling of FFB, seedlings and fertilizer products would broaden the income base and enhance revenue of the SIMP Group. On the other hand, the purchase of FFB, palm oil and derivative products from the IGER Group would allow the SIMP Group to continue to secure a stable supply of quality CPO and its derivative products for further processing.

We have reviewed the Plantations Agreements and we note that the rates/rental fees shall be mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions, and are expected to be no less favourable to the SIMP Group as compared with independent third parties. We are further advised by the management of Indofood that, save for the operational services provided by the SIMP Group, all other IGER Transactions have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records and quotations of similar transactions provided by independent third parties in the Relevant Period, and we note that the principal terms under the existing agreements as regard the IGER Transactions (save for the operational services provided by the SIMP Group) have been no less favourable to the SIMP Group as compared with independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the rates/rental fees under the IGER Transactions.

We are confirmed by the management of Indofood that the Indofood Group has not conducted transactions in respect of the operational services with independent third parties. We are also advised by the management of Indofood that the operational services provided to the IGER Group (e.g. chemical related analysis services) is only available from either Indofood Group or its competitors. Since the performance of the operational services will involve the collection of operational data and information, it would not be commercially sensible for the IGER Group, being a subsidiary of the SIMP Group, to engage the SIMP Group's competitors to provide such services. Nevertheless, we are advised by the management of Indofood that the Indofood Group has provided similar operational services to intra-group companies. In this regard, we have requested Indofood to provide us with, among other things, the relevant transaction records of similar intra-group transactions in the Relevant Period, and we note that the principal terms of the operational services as regard the IGER Transactions, are similar to those made available to the intra-group companies. As observed from the transaction records, the service fees for operational services under the IGER Transactions have been no more favourable than those available to the intra-group companies for similar service. Given that (i) as discussed above, the Indofood Group is likely to be the only suitable service provider to the IGER Group for certain transactions; and (ii) the service fees charged on operational services under the IGER Transactions have been no more favourable to IGER Group than those available to the intra-group companies for similar services, we considered that the terms under the operational services of the IGER Transactions are not unreasonable.

In view of, as discussed in paragraphs above, (i) the benefits pursuant to the IGER Transactions; and (ii) that the rates/rental fees involved shall be no less favourable to the SIMP Group, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the IGER Transactions is beneficial to the Group.

(e) Indomobil (Plantations) Transactions

Indomobil Group is an associate of Mr. Salim. As disclosed in the letter from the Board in the Circular, Indomobil Group is a brand holding sole agent, vehicle sales distribution, after sales service, vehicle ownership financing, spare part distribution under the "IndoParts" brand, vehicle assembly, automotive parts, component manufacturing, transportation services and other related support services.

As provided by the management of Indofood, services provided by the Indomobil Group under the Indomobil (Plantations) Transactions include (i) sales/renting of vehicles; (ii) provision of vehicle services; and (iii) sales of spare parts, to Indofood Group. Indofood Group has been using the aforesaid services provided by the Indomobil Group since 1993.

We have reviewed the Plantations Agreements as regard the Indomobil (Plantations) Transactions, and we note that the price/rent/fees are determined by and mutually agreed between the relevant contracting parties from time to time and based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than to independent third parties. We are further advised by the management of Indofood that all the Indomobil (Plantations) Transactions have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant records/quotations for purchases of vehicles/car services provided by independent third parties in the Relevant Period, and we note that the principal terms under the existing agreements as regard the Indomobil (Plantations) Transactions have been no less favourable to the Indofood Group than those available from independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future price/rent/fees under the Indomobil (Plantations) Transactions.

We are advised by the management of Indofood that the services provided by the Indomobil Group have been satisfactory. In the view that (i) the Indofood Group and the Indomobil Group have a long business relationship and the Indomobil Group's services have been considered satisfactory; (ii) any changes might lead to operation interruption and extra expenses in terms of cost and time; and (iii) as discussed in the paragraph above, the price/rent/rates to be charged by the Indomobil Group shall be no less favourable to Indofood Group when compared to the price/rent/rates charged by independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements in relating to Indomobil (Plantations) Transactions is beneficial to the Group.

(f) Palm Oil Transaction

Shanghai Resources is a trading company in which Mr. Salim has an aggregate effective interest of 100%. It has trading experience and consumer network in the PRC, particularly in respect of the trading of cooking oil.

We understand from the management of Indofood that palm oil and its derivative products are the main ingredients for production of cooking oil, margarine and shortening. SIMP has conducted the Palm Oil Transaction with Shanghai Resources for over 14 years.

We have reviewed the Plantations Agreement and we note that the selling prices of palm oil and its derivative products shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the SIMP than to independent third parties. We are advised by the management of Indofood that there are comparable products in the market. In such regard, we have reviewed relevant recent transaction records of sale of palm oil and its derivative products to independent third parties by SIMP in the Relevant Period, and we note that the selling prices of palm oil and its derivative products to Shanghai Resources have been no more favourable than those offered by SIMP to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the selling prices of palm oil and its derivative products of the Palm Oil Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and on terms no more favourable to Shanghai Resources than to independent third parties, we are of the view that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Palm Oil Transaction has been revenue contributors to Indofood Group; and (ii) that the selling prices offered to Shanghai Resources shall be no more favourable than those offered by the SIMP Group to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreement as regard the Palm Oil Transaction is beneficial to the Group.

(g) Margarine Transaction

As stated in the letter from the Board in the Circular, NIC is owned as to 16.8% by companies controlled by Mr. Salim and is an Indonesian public company with its shares listed on the Indonesian Stock Exchange. It is one of the largest mass-produced bread company in Indonesia with 15 factories throughout Indonesia. We are advised by the management of Indofood that SIMP is one of the bread margarine suppliers to NIC since 2013.

We have reviewed the Plantations Agreement as regard the Margarine Transaction, and we note that the selling prices of margarine shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to SIMP than to independent third parties. We are advised by the management of Indofood that the Margarine Transaction has comparable transactions with independent third parties. In such regard, we have reviewed the relevant transaction records of sale of margarine to independent third parties in the Relevant Period. As observed from the invoices, the selling prices offered to NIC have been no more favourable than those offered to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the Margarine Transaction such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the Margarine Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to NIC than to independent third parties, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Margarine Transaction has been a revenue contributor to Indofood Group; and (ii) that the selling prices offered to NIC shall be no more favourable than those offered to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Margarine Transaction is beneficial to the Group.

(h) Sugar Transaction

LPI is an Indonesian incorporated limited liability company in the business of plantation development in Indonesia. It currently has approximately 12,600 hectares of plantation cultivated with sugarcane located in South Sumatra and Central Java and a sugar cane production factory.

Indofood has granted the exclusive license of "Indosugar" trademark related to sugar to LPI in Indonesia since 2011 and there has been no dispute between the parties in respect of such trademark arrangement. The management of Indofood considers that the granting of the exclusive license of "Indosugar" trademark to LPI has broadened the income base and enhanced revenue of the Indofood Group and therefore, is beneficial to the Group.

We have reviewed the Plantations Agreement as regard the Sugar Transaction, and we noted that the rate of royalty fee of 1% per annum of the total annual sales value of sugar shall be determined by and mutually agreed between the relevant contracting parties from time to time. As the granting of the "Indosugar" trademark to LPI is exclusive, we were given to understand that there would be no independent third-party comparable transactions. Against such backdrop, we are advised by the management of Indofood that the Sugar Transaction has comparable transactions in respect of granting of the exclusive use of trademark of other products, such as granting of the exclusive use of "Milkuat" trademark of dairy products, by Indofood to its other subsidiary (the "**Milkuat Comparable**"). We consider the comparison of terms between that of the Sugar Transaction against that of the Milkuat Comparable to be reasonable mainly because: (i) there are no direct comparison available for the Sugar Transaction; and (ii) based on the discussion with the Indofood Group, the nature of the grant of the exclusive use of "Milkuat" trademark by Indofood to its other subsidiary, which is also an exclusive arrangement between Indofood Group and another party, is similar to that of the Sugar Transaction. In such regard, we have reviewed the relevant agreements of similar transactions provided by Indofood. As observed from the agreements, the rate of royalty fee charged on LPI was the same as those charged for comparable transactions. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future rate of royalty fee of the Sugar Transaction such that, if applicable, the then prevailing rate of similar comparable transactions will be used as market references to the Sugar Transaction. Considering that the rate of royalty fee will be determined with reference to the prevailing rate of similar comparable transactions and be no more favourable to LPI than to independent third parties or other subsidiary of the Indofood Group (if applicable), we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Sugar Transaction has been revenue contributors to Indofood Group; and (ii) that the royalty rate involved shall be no more favourable to LPI than to independent third parties or other subsidiary to the Indofood Group (if applicable), we concur with the view of the Directors that the entering into of the Plantation Agreements as regard the Sugar Transaction is beneficial to the Group.

(i) Packaging Material Transaction

IAK is one of Indofood's operating subsidiaries for the Indofood Group's packaging business. We understand from Indofood's management that IAK has been one of the suppliers of packaging materials to LPI since 2014.

We have reviewed the Plantations Agreement as regard the Packaging Material Transaction, and we note that the selling prices of the packaging shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no more favourable to LPI than to independent third parties. We are advised by the management of Indofood that the Packaging Material Transaction has comparable transactions with independent third parties and the selling prices of the packaging material have been no more favourable to LPI than those to independent suppliers. In such regard, we have reviewed the relevant purchase orders for packaging material supplied by Indofood to independent third parties in the Relevant Period. As observed from the purchase orders, selling prices of the packaging materials to LPI have been no less favourable to IAK than those charged in the comparable transactions. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the Packaging Material Transaction such that, if applicable, the then prevailing selling prices of a similar comparable transactions will be used as market references to the Packaging Material Transaction. Considering that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to LPI than to independent third parties, we consider that the pricing basis for the Packaging Material Transaction is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the Packaging Material Transaction has been revenue contributors to Indofood Group; and (ii) that the selling prices charged on LPI shall be no more favourable than those charged to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the Packaging Material Transaction is beneficial to the Group.

(j) SIMP-Indomaret (Plantations) Transactions

Indomaret Group is an associate of Mr. Salim. The principal business of Indomaret Group is the operation of approximately 24,141 Indomaret outlets/mini stores, 240 Lion Superindo supermarkets and 69 Indogrosir outlets for wholesaling of customer goods to modern and traditional retailers and end users in Indonesia. It is one of the Indonesia's largest minimarket operators by number of stores. Indomaret was first established in 1988 and has since gained tremendous amount of operational experience with knowledge and skills to operate a large-scale retail network. We are advised by the management of Indofood that the SIMP Group is one of the major suppliers of packaged cooking oil products and oil derivative products including margarine to the Indomaret Group. The SIMP Group has been a supplier of the Indomaret Group for over 26 years. Therefore, given the long business relationship with Indomaret Group, it would also be in Indofood's interests and make commercial sense for Indofood to ride on the success of Indomaret Group and use its readily available extensive market coverage in Indonesia to distribute its products to end customers. Moreover, based on the current available information provided, it would not be economically feasible for Indofood to diversify out of its manufacturing specialisation and seek means to create its own retail sales network to a scale that is able to match or exceed that of Indomaret Group.

We have reviewed the Plantations Agreements as regard the SIMP-Indomaret (Plantations) Transactions, and we note that the selling prices of the finished goods supplied by the SIMP Group shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no more favourable to the Indomaret Group than to independent third parties. We are advised by the management of Indofood that the finished goods sold to the Indomaret Group include cooking oil and margarine and that the SIMP-Indomaret (Plantations) Transactions have comparable transactions with independent third parties. In such regard, we have reviewed the relevant invoices of sale of the same finished goods to independent third parties by the SIMP Group in the Relevant Period. As observed from the invoices, the selling prices of the same finished goods charged to Indomaret Group have been no less favourable to Indofood than those charged to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the SIMP-Indomaret (Plantations) Transactions such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the SIMP-Indomaret (Plantations) Transactions. Having taken into account that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to Indomaret Group than to independent third parties, we consider that the aforesaid pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the SIMP-Indomaret (Plantations) Transactions have been revenue contributors to Indofood Group; and (ii) that the selling prices shall be no more favourable to Indomaret Group than those to independent third parties, we concur with the view of the Directors that the entering into of the Plantation Agreements as regard the SIMP-Indomaret (Plantations) Transactions is beneficial to the Group.

(k) IDP (Plantations) Transactions

IDP is engaged in e-commerce solutions for grocery shopping for stalls, shops and kiosks. Products available through the IDP website ranges from packaged foods, snacks, soft drinks, kitchen spices and other necessities. As provided in the Circular, IDP is a company in which Mr. Salim has an aggregate effective interest of 100.0% and is an associate of Mr. Salim. We understand that the products to be sold to IDP are mainly cooking oil and margarine.

We have reviewed the corresponding framework agreements as regard the IDP (Plantations) Transactions, and we note that the selling prices of the products supplied shall be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no more favourable to IDP than those to the independent third parties. In this regard, we have reviewed the relevant invoices of sale of products to independent third parties by the SIMP Group. As observed from the invoices, the selling prices of the same products charged on IDP by the SIMP Group have been no less favourable to the SIMP Group than those charged on independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future selling prices of the IDP (Plantations) Transactions such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references to the IDP (Plantations) Transactions.

Having taken into account that the selling prices will be determined with reference to the prevailing market conditions and be no more favourable to IDP than to independent third parties, we consider that the pricing basis for the IDP (Plantations) Transactions is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Shareholders as a whole.

In view of, as discussed in paragraphs above, (i) the IDP (Plantations) Transactions will be revenue contributors to Indofood Group; and (ii) that the selling prices to IDP shall be no more favourable than those to independent third parties, we concur with the view of the Directors that the entering into of the Plantations Agreements as regard the IDP (Plantations) Transactions, is beneficial to the Group.

1.3 Annual Caps for the 2026-2028 Plantations Business Transactions

Set out below are details of the actual transacted amount of each of the 2026-2028 Plantations Business Transactions for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025, and details of the Annual Caps for the 2026-2028 Plantations Business Transactions:

	Actual transacted amount			Proposed Annual Caps			Revenue generating (R)/ Payments by Indofood Group (P)/ Bilateral (B)
	For the year ended 31 December		For the nine months ended 30 September	For the year ending 31 December			
	2023	2024	2025	2026	2027	2028	
	US$ million	*US$ million*	*US$ million*	*US$ million*	*US$ million*	*US$ million*	*(Note)*
Pumping Services	0.6	0.5	0.6	1.1	1.4	1.7	P
Infrastructure Transactions	0.0	0.0	0.0	0.1	0.1	0.1	P
RMK Services	0.6	0.7	0.6	2.9	3.5	4.0	P
IGER Transactions	48.4	57.1	33.3	152.9	171.4	189.7	B
Indomobil (Plantations) Transactions	6.4	9.5	7.0	11.0	13.9	17.6	P
Palm Oil Transaction	75.9	95.1	4.8	12.0	13.5	15.0	R
Margarine Transaction	1.9	2.9	2.1	4.9	5.4	5.9	R
Sugar Transaction	0.5	0.5	0.4	1.0	1.1	1.3	R
Packaging Material Transaction	0.4	0.4	0.5	0.7	0.8	1.0	R
SIMP-Indomaret (Plantations) Transactions	44.2	75.4	78.8	156.0	175.7	198.7	R
IDP (Plantations) Transactions	–	0.0	0.0	0.1	0.1	0.1	R
TOTAL	**178.9**	**242.1**	**128.1**	**342.7**	**386.9**	**435.1**	

Note: The classification of revenue, payment and bilateral nature of the transactions are based on the service scopes provided under the framework agreement(s).

As disclosed in the table above, the proposed annual caps are mainly contributed by the IGER Transactions and the SIMP-Indomaret (Plantations) Transactions. It is also observed that transactions which are all revenue-generating in nature for Indofood Group account for approximately 51.0%, 50.8% and 51.0% to the total annual caps for the Plantations Business Transactions for each of 2026, 2027 and 2028 respectively.

(a) Pumping Services

We note the transacted amount for Pumping Services was relatively steady for each of the 2023, 2024 and 2025 (on an annualised basis).

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2026-2028 Annual Caps, they have principally taken into account of (i) the expected recovery in production volume of CPO as a result of expected improvement in weather conditions, replanting activities in previous years, as well as from young trees and productive trees; (ii) the expected increase in unit prices of the pumping service provided by STP taking into account domestic inflation in Indonesia and anticipated wages increase; and (iii) a general buffer of 25.0% (the "**Plantations Buffer**") to allow flexibility in accommodating (a) the uncertainty in the fluctuation of exchange rate of US$ to Rp; and (b) possible unexpected increase in transaction amount due to one-off and/or occasional event(s).

We note that the 2026 Annual Cap (before applying the Plantation Buffer) represents an increase of around 10.0% over the annualised transaction amount of approximately US$0.8 million under the Pumping Services for year ending 31 December 2025 and an average growth rates of around 24.4% for 2027 and 2028. We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and the Independent Shareholders after taking into consideration the following:

(i) Indofood has indicated in its annual report for year ended 31 December 2024 ("**Indofood 2024 Annual Report**") that CPO production was flat at 706,000 tonnes mainly due to, amongst other things, heavy rainfall in Indonesia which impacted harvests and operations across estates. However, it is expecting higher CPO production volume for the coming years mainly as a result from the young and productive trees as well as replanting activities in previous years. Furthermore, it is stated in the Indofood 2024 Annual Report and based on our discussions with Indofood Management, the Indofood Plantations Group also expects to increase plantation productivity, which, based on our understanding, would directly affect production volume by prioritising capital investments in critical area, which would improve FFB yields through active crop management, bolstering cost control strategies, and pursuing relevant innovations and mechanization, resulting in increase of projected CPO volume for the next 3 years with an annual average of around 12% (together, the "**Expected Production Increase**").

(ii) Based on the data published by Bank Indonesia ("**BI**"), which is the central bank of the Republic of Indonesia, the fluctuation of monthly inflation rate of Indonesia has been highly volatile in the past three years with a peak of around 5.28% in January 2023 and a trough of around -0.09% in early 2025. Since then the monthly inflation rate of Indonesia has led a sharp increase from a deflation in early 2025 to reach an monthly inflation rate of around 2.86% in October 2025 (being the latest published data). The estimated increase in unit prices of the pumping services assumed for the purpose of formulating the annual caps has therefore taken into consideration of the historical high volatility and the recent upward trend of the domestic inflation (the "**Inflation Factor**");

(iii) the possibility of higher wages increase;

(iv) as stated in section "1.2 Principal terms of the Plantations Agreements – (a) Pumping Services" above, the pricing basis for the Pumping Services is considered to be fair and reasonable and sufficient internal procedures and policies are in place;

(v) the fluctuation of exchange rate of Rp to US$ during the period from 2 January 2020 to the Latest Practicable Date had been relatively volatile as we observed that, Rp experienced maximum appreciation of around 21.6% and maximum depreciation of around 2.2% against US$ during the period (assuming the spot rate on 2 January 2020 being the base price) (the "**FX Volatility**"). On such basis, we consider that a substantial portion of the buffer amount catering for the FX Volatility is not excessive; and

(vi) the Plantations Buffer is considered acceptable taking into account that, as the Pumping Services are essential for the normal operations of the Indofood Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to minimise the chance of operation disruption and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) as a result of possible unexpected increase in transaction amount due to unexpected one-off and/or occasional increase in demand of the services (the "**Benefits for having the Plantations Buffer (Purchase)**").

(b) Infrastructure Transactions

We note the total transacted amounts for 2023 and 2025 (on an annualised basis) remained minimal. We also note that the expected Annual Caps for the coming three years ending 31 December 2028 will remain the same as the annual caps for each of 2023 to 2025 of approximately US$0.1 million. In this regard, we have enquired and were advised by the management of Indofood that they expect further adjustments in total rent should it choose to rent offices from CSNJ, over the next three years ending 31 December 2028 would not be material. In addition, we understand that in determining the Annual Caps, the Plantations Buffer was also factored in.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) according to quotations from two independent property agency provided to us by the management of Indofood, the rent per Sqm charged for properties similar to the property being rented by the SIMP Group (i.e. the CSNJ Comparable Properties) are higher. We note that the rent per Sqm based on the proposed new rent per year for the next three years ending 31 December 2028, being approximately Rp108,500 per sqm and is lower than the per Sqm rent for the CSNJ Comparable Properties (located in city), being at approximately Rp300,000 and Rp343,750 per Sqm per annum;

(ii) as stated in section "1.2 Principal terms of the Plantations Agreements – (b) Infrastructure Transactions" above, the pricing basis for the Infrastructure Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(iii) the Plantations Buffer is considered acceptable and commercially justifiable taking into account the Benefits for having the Plantations Buffer (Purchase) as discussed in detail in section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (a) Pumping Services" above.

(c) RMK Services

We note that the transacted amount for RMK Services was relatively stable at around US$0.6-US$0.8 million throughout 2023-2025 (on an annualised basis). We understand from Indofood that the actual transacted amounts were lower than expected due to (i) no increase in the rental barge rate during 2023 to 2025, which remained at Rp180/kg; (ii) termination of certain vehicles rentals due to the use of owned vehicles and cooperation with local cooperatives.

We have discussed with the management of Indofood and understand they are expecting a general uptrend in annual caps for the RMK Services transactions mainly due to the Expected Production Increase of its plantation areas as disclosed in the section above under the heading "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (a) Pumping Services" which would result in the corresponding increase in demand of the RMK Services as well as expected activities of road reinforcements.

We understand from the management of Indofood that it has adopted an embedded growth rate of around 190% before the application of Plantations Buffer in estimating the Annual Cap for 2026 mainly due to (i) the rise in plantations productivity including FFB yields improvement through active crop management requiring higher use of transportation services; and (ii) mechanization initiative including the road reinforcements activities to improve plantations infrastructure in order to enhance the efficiency of FFB transportation from estates to mills. We also understand that Indofood expects an increase in annual caps by around 21% from 2026 to 2027 and by around 14% from 2027 to 2028. Given the Expected Production Increase along with other reasons as mentioned above and the Plantations Buffer adopted in estimating the annual caps, we consider such assumptions to be prudent.

In addition to the aforementioned and considering (i) as stated in section "1.2 Principal terms of the Plantations Agreements – (c) RMK Services" above, the pricing basis for the RMK Services is considered to be fair and reasonable and sufficient internal procedures and policies are in place; (ii) the Inflation Factor in view of the historical high volatility and the recent upward trend of the domestic inflation; and (iii) the Plantations Buffer is considered commercially justifiable taking into account the Benefits for having the Plantations Buffer (Purchase) as discussed in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (a) Pumping Services" above, we concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and the Independent Shareholders.

(d) IGER Transactions

The transacted amounts under the IGER Transactions between 2023 and 2025 were relatively substantial among the 2023-2025 Plantations Business Transactions, reaching approximately US$44.4 million in 2025 (on an annualised basis). Nevertheless, such historical transacted amounts were noted to be generally lower than the previous corresponding annual caps, which were, according to the management of Indofood, mainly due to, amongst other things, the lower than expected CPO production resulting from unfavourable weather conditions over the past few years as well as mismatch of timing between the CPO demand at the refinery and the CPO production from the plantation segment, which led to the less purchase volume by SIMP Group from IGER Group.

Based on the information provided by Indofood Group, among the various transactions under the IGER Transactions, the purchase of palm oil and its derivative products from the IGER Group by the SIMP Group accounted for over 95% of the historical transacted amount of the IGER Transactions and as expected by the Indofood Group, the purchase of palm oil and its derivative products will continue to take up over 95% of the total transaction amount of the IGER Transactions in the coming three years.

We also note that the Annual Caps for 2026, 2027 and 2028 have adopted an embedded annual growth rate of approximately 175.5%, 12.1% and 10.7% respectively, before applying the Plantations Buffer of 25.0%. In this regard, we have discussed with the management of Indofood regarding the underlying reasons and noted that, in arriving at the 2026-2028 Annual Caps, they have principally taken into account, among others, (i) the expected improvement in harvesting of FFB as well as CPO production in good weather conditions; (ii) the projected purchase of CPO and its derivative products by the SIMP Group based on approximately 85% (versus around 70% in 2025) of the annual production volume of the IGER Group's CPO and its derivative products for further processing; and (iii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and the Independent Shareholders after taking into account, among others, the following consideration:

(i) the expected increase in volume demand of CPO and its derivative products from the IGER Group by SIMP Group for the use in its edible oils and fats business as a result of, as stated in the 2024 annual report of SIMP, SIMP is expanding its Tanjung Priok refinery with a third production line, capable of processing up to 450,000 tonnes of CPO per year (the "**SIMP Refinery Expansion Plan**"). Upon completion which is expected to be by the end of 2025, the expansion will increase the total CPO refining capacity by approximately 29.4%. from 1.7 million tonnes to 2.2 million tonnes annually. Such additional capacity represents over 7 times of the total annualised volume of CPO purchase of SIMP from IGER Group in 2025;

(ii) as stated in section "1.2 Principal terms of the Plantations Agreements – (d) IGER Transactions" above, the pricing basis for the IGER Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(iii) the Plantations Buffer is considered commercially justifiable taking into account the Benefits for having the Plantations Buffer (Purchase) as discussed in detail in section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (a) Pumping Services" above.

(e) Indomobil (Plantations) Transactions

We note the transacted amounts under the Indomobil (Plantations) Transactions increased by around 48.4% from around US$6.4 million in 2023 to around US$9.5 million in 2024, and maintained at around US$9.3 million in 2025 (on an annualised basis). As advised by the management of Indofood, this was mainly due to capital expenditure for replacement of vehicles and heavy equipment from time to time during the period.

The 2026 Annual Cap, before the Plantation Buffer, represents around 5.4% decrease as compared to the annualised transacted amount for 2025. An embedded growth rate of approximately 26.4% and 26.6% are assumed in the Annual Caps for 2027 and 2028 respectively. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2026-2028, they have principally taken into account of capital expenditure replacement plans of dump trucks and heavy equipment for the Indofood Plantations Group and transportation costs is estimated to be higher for new trucks and rental/ transportations. Furthermore, the Plantations Buffer was also considered in estimating the Annual Caps for this category.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) the expected increase in production of FFB and CPO under the IGER Transaction and the expected increase in sales of the SIMP's products under the Margarine Transaction, SIMP-Indomaret (Plantations) Transactions and IDP (Plantations) Transactions and production of CPO by SIMP, which would increase the demand in ancillary services such as those under the Indomobil (Plantations) Transactions;

(ii) expected increase in service fees charged by Indomobil corresponding to the expected increase in transportation costs and investments to be incurred by Indomobil in 2027 and 2028 in order to comply with requirements under the government's plans to counter overweight and oversized truck issue ("**ODOL Issue**") in order to improve road safety and protect Indonesia's infrastructure;

(iii) the Inflation Factor in view of the historical high volatility and the recent upward trend of the domestic inflation;

(iv) as stated in section "1.2 Principal terms of the Plantations Agreements – (e) Indomobil (Plantations) Transactions" above, the pricing basis for the Indomobil (Plantations) Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(v) the Plantations Buffer is considered commercially justifiable taking into account the Benefits for having the Plantations Buffer (Purchase) as discussed in detail in section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (a) Pumping Services" above.

(f) Palm Oil Transaction

We note that the transacted amounts for Palm Oil Transaction were around US$75.9 million in 2023 and US$95.1 million in 2024. The transacted amount for 2025 (on an annualised basis), however, is expected to substantially decrease to around US$6.4 million. As advised by management of Indofood, this was mainly due to the appointment of another distributor by SIMP in 2025 to distribute margarine and shortening in China and therefore, SIMP has conducted less sales to Shanghai Resources in 2025.

We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2026-2028 Annual Caps and in applying an embedded growth rate of approximately 50.0%, 12.5% and 11.1% (before applying the Plantation Buffer) for each of 2026, 2027 and 2028 respectively, they have principally taken into account (i) the Expected Production Increase and/or the SIMP Refinery Expansion Plan is expected to increase saleable products which shall need more distributors including Shanghai Resources for distribution to China; and (ii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) in view of the possible increase in production pursuant to the Expected Production Increase and/or the SIMP Refinery Expansion Plan, we understand from the management of Indofood that it intends to expand its sales through all channels, among others, by increasing the volume and varieties of products placed to its distributors including Shanghai Resources to explore further sales of its products in China;

(ii) the Palm Oil Transaction is revenue in nature and is expected to broaden the income base and enhance revenue of the SIMP Group, and the entering into of the framework agreement does not make SIMP Group being obliged to enter into transactions with Shanghai Resources but only allow Shanghai Resources to be one of the distributors for SIMP Group's selection;

(iii) as stated in section "1.2 Principal terms of the Plantations Agreements – (f) Palm Oil Transaction" above, the pricing basis for the Palm Oil Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(iv) the Plantations Buffer is considered acceptable taking into account the FX Volatility and that the Palm Oil Transaction involve mainly sales of products which are income-generating to the Indofood Group, the Plantations Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and to mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) (the "**Benefits for having the Plantations Buffer (Sales)**"), which are considered commercially justifiable.

(g) Margarine Transaction

As advised by the management of Indofood, the transacted amounts under the Margarine Transaction were approximately US$1.9 million, US$2.9 million and US$2.8 million for each of 2023, 2024 and 2025 (on an annualised basis).

We further note that, embedded annual growth rates of approximately 40.0%, 10.2% and 9.3% are applied in arriving at the Annual Caps for 2026, 2027 and 2028 (before applying the Plantation Buffer) respectively. In this regard, we have discussed with the management of Indofood regarding the underlying reasons and understand that they have principally taken into account (i) the estimated continued increase in demand for margarine by NIC as NIC is still in the process of expanding its operations; and (ii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) as provided by the management of Indofood, assumed volumes adopted in arriving at the Annual Caps are mainly based on NIC's projected demand for margarine which are around 2,951 metric tonnes, 3,099 metric tonnes and 3,254 metric tonnes in 2026, 2027 and 2028 respectively;

(ii) the estimated increase in the unit selling price of margarine by Indofood Group by taking into account the Inflation Factor as discussed in the sections above;

(iii) as stated in section "1.2 Principal terms of the Plantations Agreements – (g) Margarine Transaction" above, the pricing basis for the Margarine Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(iv) the Plantations Buffer is considered acceptable and commercially justifiable taking into account the Margarine Transaction being income generating in nature and the Benefits for having the Plantations Buffer (Sales) as discussed in detail in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (f) Palm Oil Transaction" above.

(h) Sugar Transaction

We note that the transacted amounts under the Sugar Transaction were steady at around US$0.5 million in 2023, 2024 and 2025 (on an annualised basis).

We also note that the Annual Caps for 2026, 2027 and 2028 have adopted an embedded annual growth rate of approximately 50.9%, 10.0% and 18.2% respectively, before applying the Plantations Buffer. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2026-2028, they have principally taken into account (i) increase in sales estimation with higher volume and price; and (ii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) sugar production and sales of LPI is expected to increase resulting from the productivity and cost efficiency initiatives remained a key priority, with efforts focused on critical infrastructure, enhanced fertiliser application through nutrient analysis, preventive maintenance strategies, mechanisation programmes and usage of renewable energy sources;

(ii) LPI is expecting to purchase around 30% raw sugar of its total refinery production and sales which would in turn increase saleable products;

(iii) the unit prices of LPI's products are assumed taking into account of the Inflation Factor as discussed in the sections above;

(iv) as stated in section "1.2 Principal terms of the Plantations Agreements – (h) Sugar Transaction" above, the pricing basis for the Sugar Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(v) the Plantations Buffer is considered acceptable and commercially justifiable taking into account the Sugar Transaction being income-generating in nature and the Benefits for having the Plantations Buffer (Sales) as discussed in detail in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (f) Palm Oil Transaction" above.

(i) Packaging Material Transaction

We note that the actual transacted amount for transactions under the Packaging Material Transaction was largely steady between 2023 and 2024, but is expected to show an increase by around 75% to around US$0.7 million in 2025 (on an annualised basis). The increase in transaction amount in 2025 (on annualised basis) was in line with the increase in production and sales of LPI in 2025 as partially reflected in the increase in transaction amount in 2025 (on annualised basis) under the Sugar Transaction.

The 2026 Annual Cap, before the Plantation Buffer, is noted to be lower than the annualised transacted amount for 2025 by around 16.4%, while growth rate of approximately 14.3% and 25.0% are assumed in the Annual Caps for 2027 and 2028 respectively. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps for 2026 to 2028, they have principally taken into account (i) the projected demand of packaging materials of LPI largely corresponding to the demand pursuant to the Sugar Transaction in the coming three years; (ii) the prevailing and expected increase in selling prices of packaging materials; and (iii) the Plantations Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and Independent Shareholders after taking into consideration the following:

(i) as provided by the management of Indofood, based on expected sales volume of sugar in 2025 and the latest stock level of packaging materials of LPI, LPI's demand for packaging materials as a whole is expected to increase to around 1.9 million sheets in 2026 from 1.7 million sheets in 2025, representing an expected growth of approximately 11.8%;

(ii) the estimated increase in the unit selling price of packaging material after taken into account the Inflation Factor as discussed in the sections above; and

(iii) as stated in section "1.2 Principal terms of the Plantations Agreements – (i) Packaging Material Transaction" above, the pricing basis for the Packaging Material Transaction is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(iv) the Plantations Buffer is considered acceptable and commercially justifiable taking into account the Packaging Material Transaction being income-generating in nature and the Benefits for having the Plantations Buffer (Sales) as discussed in detail in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (f) Palm Oil Transaction" above.

(j) SIMP-Indomaret (Plantations) Transactions

We note that the transacted amounts for the SIMP-Indomaret (Plantations) Transactions were approximately US$44.2 million in 2023 and approximately US$75.4 million in 2024, and is estimated to be around US$105.1 million in 2025 (on an annualised basis).

The 2026 Annual Cap, before the Plantation Buffer, represents around 18.7% increase as compared to the annualised transacted amount for 2025 mainly because the management of Indofood expects the 2026 sales volume to increase due to Indomaret Group's estimated increase in network of wholesale centers for traditional & modern retail traders, additional stores opening of around 5% and possible increase in inflation. A further growth rate of around 13% is assumed in each of the Annual Caps for 2027 and 2028 respectively to factor in expected continued increase for products offered and expected increases in prices. Furthermore, in estimating the Annual Caps for 2026-2028, the management of Indofood also considered the Plantations Buffer.

We also understand that over 99% of total annual cap relating to the SIMP-Indomaret (Plantations) Transactions has been attributable to selling of finished goods to Indomaret, Lion Superindo and Indogrosir. Such finished goods include cooking oil, margarine and sugar.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and the Independent Shareholders after taking into consideration the following:

(i) as provided by the management of Indofood, Indomaret, Lion Superindo and Indogrosir currently operates around 24,141 minimarkets, 240 supermarkets and 69 outlets in Indonesia. The increase in stores for Indomaret was phenomenal, as compared to, for instance the approximately 16,000 minimarkets it had in 2019. We understand the Indomaret Group intends to continue to increase its presence and aim at achieving an annual sales increase of approximately 20%;

(ii) the historical annual growth of transaction amount under the SIMP-Indomaret (Plantations) Transactions during 2023 to 2025 was around 55% on average;

(iii) the estimated increase in branded cooking oil sales of around 10% to 14% each year between 2025 (on an annualised basis) and 2028 as the price of the government-launched cooking oil brand to address the shortage and price spikes of cooking oil in 2023 has increased to a level similar to branded cooking oil in 2025, and such estimated increment in cooking oil sales is considered prudent comparing with the historical average growth of around 48% each year between 2023 and 2025 (on an annualised basis);

(iv) the estimated price increases in products of around 5% to 7% between 2025 and 2028 by taking into account the Inflation Factor as discussed in the sections above and is close to the historical inflation range;

(v) as stated in section "1.2 Principal terms of the Plantations Agreements – (j) SIMP-Indomaret (Plantations) Transactions" above, the pricing basis for the SIMP-Indomaret (Plantations) Transactions is considered to be fair and reasonable and sufficient internal procedures and policies are in place; and

(vi) the Plantations Buffer is considered acceptable and commercially justifiable taking into account the SIMP-Indomaret (Plantations) Transactions being income-generating in nature and the Benefits for having the Plantations Buffer (Sales) as discussed in detail in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (f) Palm Oil Transaction" above.

(k) IDP (Plantations) Transactions

The transacted amounts for the IDP (Plantations) Transactions were minimal between 2023 and 2025 (on an annualised basis) due to consumers preference to purchase cooking oil and margarine in store instead of online shopping. Nevertheless, according to the management of Indofood, the volume of cooking oil and margarine sold through IDP showed an increase of more than 40% in 2025 (on annualised basis) as compared to 2024 (the "**Historical Growth**").

We noted that Indofood has proposed Annual Caps of US$0.1 million for each of the coming three years. We have discussed with the management of Indofood and noted that the main reasons for this are (i) the possible increase in transaction amount in the future primarily with the anticipated continued gradual trend of customers purchasing online instead of offline stores given the Historical Growth; and (ii) the consideration of the Inflation Factor. As with other Plantations Transactions, the Plantations Buffer of 25.0% was also adopted.

We consider the Plantations Buffer is acceptable and commercially justifiable taking into account the IDP (Plantations) Transactions being income generating in nature and the Benefits for having the Plantations Buffer (Sales) as discussed in detail in the section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (f) Palm Oil Transaction" above.

Having considered the above, we are of the view that the Annual Caps for the IDP (Plantations) Transactions are fair and reasonable and in the interests of both the Company and Independent Shareholders.

Conclusion

Having considered that, in particular, the reasons and factors discussed above in relation to our assessment of the Annual Caps for each of the 2026-2028 Plantations Business Transactions, we are of the view that the proposed aggregated Annual Caps for the 2026-2028 Plantations Business Transactions are set by the Directors after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of both the Company and Independent Shareholders as a whole.

2. Distribution Business

2.1 Background of and reasons for the 2026-2028 Distribution Business Transactions

As disclosed in the letter from the Board in the Circular, IAP and PDU are the operating subsidiaries of Indofood for the Indofood Group's distribution business ("**Distribution Business**"). The Distribution Business is a strategic asset that forms a vital part of Indofood's vertically integrated operations. Its vast network and nationwide distribution capabilities enable the availability of Indofood and third-party products throughout Indonesia. The products distributed by the Distribution Business are mainly consumer products including the instant noodle products, snack food, food seasoning, cooking oil, beverage, dairy products and personal care products. With the cooperation from the distribution partners, the Distribution Business has the most extensive distribution network of outlets in Indonesia among domestic consumer goods distributors.

Indofood Group has conducted the distribution business transactions with LS for over 16 years, with FFI for over 11 years, and with Indomaret and Indogrosir since 2014. LS, FFI, Indomaret and Indogrosir currently operate around 240 outlets, 698 restaurant outlets, 24,141 outlets/mini stores and 69 outlets respectively in Indonesia. It forms a sizeable retail network for consumer goods covering most of the major cities and regions of Indonesia. As long as the pricing and other terms of the transactions with Indomaret Group and FFI are fair and reasonable to the Group and its Shareholders as a whole, it will be beneficial to the Indofood Group to maintain business relationship with them and leverage on their retail network for the development of Distribution Business.

As disclosed in Indofood 2024 Annual Report, the Distribution Business continues to play an instrumental role in Indofood's vertically integrated operation, ensuring safe and efficient delivery of its food and beverage products to customers. The Distribution Business of Indofood has more than 1,368 distribution/stock points in densely populated areas with direct access to both traditional and modern trade outlets.

It is of high importance for the Distribution Business to maintain and broaden the distribution network. In addition, the 2023-2025 Distribution Business Transactions have contributed, and the entering into of the 2026-2028 Distribution Business Transactions is also expected to continue, to contribute to Indofood Group's operating revenue. As such, we consider the entering into of the 2026-2028 Distribution Business Transactions to be in the interest of the Group.

2.2 Principal terms of the 2026-2028 Distribution Business Transactions

As disclosed in the letter from the Board of the Circular, agreements in respect of the existing 2023-2025 Distribution Business Transactions will expire on 31 December 2025.

Subject to Independent Shareholders' approval having been obtained in respect of the 2026-2028 Distribution Business Transactions, the framework agreements in respect of the transactions numbered (1) to (7) and (9) in the letter from the Board of the Circular will be automatically renewed from 1 January 2026 for a term of three years, expiring on 31 December 2028, on the same terms as those of the existing agreements. Subject to compliance with the relevant requirements of the rules of any stock exchange to which any of the parties to the relevant framework agreement is subject to, including, but not limited to, the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each of such new framework agreements will be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier by any party to the relevant framework agreement by giving not less than one month's notice to the other party(ies) in accordance with the terms of the relevant framework agreement.

We have reviewed the corresponding existing framework agreements in relation to the 2026-2028 Distribution Business Transactions and note that the pricing basis in respect of each of transactions will be determined from time to time based on the written mutual agreement between the parties, with due regard to prevailing market conditions.

The 2026-2028 Distribution Business Transactions include:

(1) distribution of various consumer products and finished goods (such as noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third party products) by IAP to the Indomaret Group (the "**IAP-Indomaret (Distribution) Transactions**");

(2) sales of chili and tomato sauces, seasonings and dairy products by IAP to FFI (the "**IAP-FFI Transactions**");

(3) distribution of various consumer products and finished goods (such as noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third party products by PDU to the Indomaret Group (the "**PDU-Indomaret (Distribution) Transactions**");

(4) sale/rental of vehicles and spare parts and provision of vehicles service by the Indomobil Group to the Indofood Group (the "**Indomobil (Distribution) Transactions**");

(5) the Indofood Group uses human resources outsourcing services from SDM Group (the "**Indofood-SDM (Distribution) Transactions**");

(6) rental of space by the Indomaret Group from IAP (the "**Indomaret Rental Transaction**");

(7) management of IAP's pension plan assets by Indolife (the "**Pension Transaction**"); and

(8) sale of finished goods (such as noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third party products) by IAP to IDP (the "**IDP (Distribution) Transactions**")

(a) IAP-Indomaret (Distribution) Transactions, IAP-FFI Transactions and PDU-Indomaret (Distribution) Transactions

As provided by Indofood, the Distribution Agreements involving sales of goods by the Indofood Group such as the IAP-Indomaret (Distribution) Transactions, IAP-FFI Transactions and PDU-Indomaret (Distribution) Transactions, will consist of terms and conditions similar to those offered by the Indofood Group to independent third parties and on normal commercial terms, and in particular, the price/fee to be received by Indofood Group under each relevant transaction agreements will be agreed between the relevant contracting parties from time to time based on prevailing market conditions which is expected to be no more favourable to connected parties than those offered to other independent third parties by the Indofood Group.

In this regard, we have requested Indofood to provide us with the relevant transaction records and/or invoices of similar transactions with independent third parties in the Relevant Period and we note that the principal terms of the Distribution Agreements as regard the IAP-Indomaret (Distribution) Transactions, IAP-FFI Transactions and PDU-Indomaret (Distribution) Transactions, have been similar to those offered by/to independent third parties for similar products. As observed from the transaction records/invoices, the prices in connection with the respective transactions charged for services/products provided/sold to connected parties have been no less favourable to Indofood Group than the prices charged to/by independent third-parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices/fees under the aforesaid transactions such that, if applicable, the then prevailing selling prices/fees of similar comparable transactions will be used as market references. Considering that the prices/fees will be determined with reference to the prevailing market conditions, we consider that the pricing basis for the IAP-Indomaret (Distribution) Transactions, IAP-FFI Transactions and PDU-Indomaret (Distribution) Transactions is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Independent Shareholders as a whole.

FFI is engaged in food and restaurant operations and is the master franchise holder of the Kentucky Fried Chicken (KFC) brand in Indonesia. We are advised by the Indofood Group that certain supplies to FFI under the IAP-FFI Transactions including chili, tomato sauce and seasoning, are subject to certain specification (i.e. sauce/seasonings of tailor-made tastes) and therefore, do not have direct comparable products in the market. However, we are advised by the management of Indofood that the Indofood Group only plays the role of distributor who mainly sources the required products with specifications for FFI and arranges the delivery of the finished goods, such as seasoning, dairy products and sauces from the manufacturer(s) to FFI under the IAP-FFI Transactions. Indofood Group itself does not manufacture or produce such products with specifications.

Therefore, despite there are specifications imposed by FFI on the required products, IAP charges the same distribution margins of around 4% on factory prices of products supplied to FFI as those similar types of product without specification. Given the distributor role of IAP under the IAP-FFI Transactions, we concur with the view of the management of Indofood that charging the same distribution margins on factory prices of such products supplied with specification as those similar types of product without specification is not unreasonable.

In such regard, we have reviewed the relevant transaction records of transactions with independent third parties for the similar types of products without specification in the Relevant Period, and we note that the distribution margins charged by IAP for products with specification as regard the IAP-FFI Transactions have been no less favourable to IAP than those similar types of products that without specification offered by IAP to independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices under the aforesaid transactions such that, if applicable, the then distribution margins charged by the Indofood Group for similar types of products without specification will be used as market references. Having considered the above, we are of the view that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Independent Shareholders as a whole.

(b) Indomobil (Distribution) Transactions

As provided by Indofood, the Distribution Agreements in relation to the Indomobil (Distribution) Transactions will consist of terms and conditions similar to those offered to the Indofood Group by independent third parties and on normal commercial terms, and in particular, the price/fee to be paid by the Indofood Group will be mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than those available from other independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant quotations of similar transactions with independent third parties in the Relevant Period, and we note that the principal terms of the Distribution Agreements as regard the Indomobil (Distribution) Transactions have been similar to those made available by independent third parties to the Indofood Group. As observed from the quotations, the prices paid by the Indofood Group to the Indomobil Group have been more favourable to the Indomobil Group than the prices quoted by independent suppliers for similar product/service. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices under the Indomobil (Distribution) Transactions and therefore, considering that the prices will be determined with reference to the prevailing market conditions, we consider that the pricing basis is fair and reasonable, on normal commercial terms and in the interests of both the Company and the Independent Shareholders as a whole.

(c) Indofood-SDM (Distribution) Transactions

As provided by the management of Indofood, SDM Group has been providing human resources outsourcing services to Indofood Group under the Indofood-SDM (Distribution) Transactions since 2015.

We have reviewed the Distribution Agreements as regard the Indofood-SDM (Distribution) Transactions, and we note that the fees are mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than to independent third parties. We are further advised by the management of Indofood that all the Indofood-SDM (Distribution) Transactions have comparable transactions with independent third parties. In this regard, we have requested Indofood to provide us with, among other things, the relevant quotations of similar services provided by independent third parties in the Relevant Period and we note that the principal terms under the existing agreements as regard the Indofood-SDM (Distribution) Transactions have been no less favourable than those made available to the Indofood Group from independent third parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future fees under the Indofood-SDM (Distribution) Transactions. We consider that the aforesaid pricing basis is fair and reasonable, on normal commercial terms and the entering into of the Distribution Agreements as regards the Indofood-SDM (Distribution) Transactions is in the interests of both the Company and the Independent Shareholders as a whole.

(d) Indomaret Rental Transaction

Under the Indomaret Rental Transaction, IAP will lease out idle space to Indomaret and LS respectively as warehouses.

Pursuant to the Distribution Agreements as regard the Indomaret Rental Transaction, the annual rental fee for the coming three years period is fixed at approximately Rp10-11 billion per year.

The rental fee needs to be paid on yearly basis by Indomaret and on quarterly basis by LS. We are advised that the aforesaid rental fee has been determined after arm's length negotiations with reference to the prevailing market rental rates in similar geographical location in Indonesia. In this regard, the management of Indofood has provided us quotations from independent property agencies which showed that as at September 2022 and October 2025, the rental fee per Sqm charged for rental of similar industrial units considered to be comparable and within close proximity of properties being rented to Indomaret and LS respectively were lower than the rental fee per Sqm charged under the Indomaret Rental Transaction. Accordingly, we concur that the rental rate charged by IAP is no more favourable when compared to the rental rate quoted by independent property agencies.

(e) Pension Transaction

As disclosed in the letter from the Board of the Circular, Indolife is engaged in life insurance and pension funds businesses and has 75 branches in Indonesia. We understand from the management of Indofood that IAP decided to fund its employees' pension through Financial Institution Pension Fund in Indonesia and engaged Indolife as the custodian and manager of the pension assets under IAP's defined benefit plan (the "**DBP**") for its employees. In accordance with the Distribution Agreement as regard the Pension Transaction, IAP will make monthly contribution to the DBP which IAP's employees are the beneficiaries of the custodian accounts managed by Indolife.

The investment return of the pension assets under Indolife's management should not be lower than the interest rates of time deposit in the licensed bank(s) in Indonesia. We are confirmed by the management of Indofood that the employees will account for all the management fees incurred and interest incomes derived from the contribution and will be responsible for payment of the management fees and/or other expenses (if any) in respect of the custodian and management services provided by Indolife.

As such, the management of Indofood confirms that the estimated transaction amounts under the Pension Transaction mainly cover the deposit of all the monthly contributions by IAP during the respective year, without taking into account any management fees, interest incomes and any other expenses/incomes (if any) derived or incurred in respect of such custodian and management arrangement during the respective year. Based on the aforesaid, we consider that the basis for calculating the annual transaction amount under the Pension Transaction, which will be calculated by the monthly total payroll to IAP's employees multiplying the contribution rate of 5% by IAP (which is above the minimum social security contribution rate issued by the Indonesian government), is reasonable.

(f) IDP (Distribution) Transactions

IDP is engaged in e-commerce solutions for grocery shopping for stalls, shops and kiosks. IDP is 100% owned by companies controlled by Mr. Salim. We understand from the management of Indofood that IAP would market its products through IDP.

We have reviewed the Distribution Agreements as regard the IDP (Distribution) Transactions, and we note that the price of goods sold by IAP to IDP shall be determined by and mutually agreed between the relevant contracting parties from time to time based on prevailing market conditions which are expected to be no less favourable to the Indofood Group than to independent third parties.

As for the supply of goods from IAP to IDP, we have requested Indofood to provide us with the relevant transaction records and/or invoices of similar transactions with independent third parties in the Relevant Period and we note that the principal terms of the Distribution Agreements as regard the IDP (Distribution) Transactions, has been similar to those offered by/to independent third parties in for similar goods. As observed from the transaction records/invoices, the prices in connection with the respective transactions charged for goods sold to IDP have been no less favourable to IAP than the prices charged to independent third-parties. We are further advised by the management of Indofood that a similar approach and basis will be used in setting the future prices under the aforesaid transactions such that, if applicable, the then prevailing selling prices of similar comparable transactions will be used as market references.

Having taken into account of the aforementioned and given the prices under the IDP (Distribution) Transactions will be determined with reference to the prevailing market conditions and be no less favourable to IAP than those offered to/by independent third parties, we consider that the pricing basis for the IDP (Distribution) Transactions is on normal commercial terms, fair and reasonable and is in the interests of both the Company and the Independent Shareholders.

2.3 Annual Caps for the 2026-2028 Distribution Business Transactions

Set out below are details of the actual transacted amount of each of the Distribution Transactions for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025 respectively, and the respective Annual Caps for the 2026-2028 Distribution Business Transactions:

	Actual transacted amount			Proposed Annual Caps			
	For the year ended 31 December		For the nine months ended 30 September	For the year ending 31 December			Revenue generating (R)/ Payments by Indofood Group (P)
	2023	2024	2025	2026	2027	2028	
	US$ million	*US$ million*	*US$ million*	*US$ million*	*US$ million*	*US$ million*	*(Note)*
IAP-Indomaret (Distribution) Transactions	327.3	360.1	280.8	599.4	700.9	820.3	R
IAP-FFI Transactions	1.4	1.1	0.7	1.4	1.5	1.6	R
PDU-Indomaret (Distribution) Transactions	17.3	17.7	13.4	27.1	31.9	37.5	R
Indomobil (Distribution) Transactions	5.8	7.3	5.0	17.1	21.3	26.4	P
Indofood-SDM (Distribution) Transactions	17.1	17.6	13.4	25.0	27.3	29.8	P
Indomaret Rental Transaction	0.6	0.6	0.4	0.8	0.9	0.9	R
Pension Transaction	0.2	0.1	0.1	0.2	0.2	0.3	P
IAP-LPI Sugar Transaction	0.2	0.0	–	–	–	–	P
IDP (Distribution) Transactions	0.7	1.4	0.9	1.7	1.8	2.0	R
Total	**370.6**	**405.9**	**314.7**	**672.7**	**785.8**	**918.8**	

Note: The classification of revenue and payment nature of the transactions are based on the service scopes provided under the framework agreement(s).

As disclosed in the table above, the proposed annual caps for the IAP-Indomaret (Distribution) Transactions account for 89.1%, 89.2% and 89.3% of the total annual caps for the Distribution Business Transactions for each of 2026, 2027 and 2028 respectively and such transactions are revenue-generating in nature for Indofood Group.

(a) IAP-Indomaret (Distribution) Transactions

We note that the actual transacted amounts under the IAP-Indomaret (Distribution) Transactions showed steady growth by around 10.0% from approximately US$327.3 million in 2023 to US$360.1 million in 2024, then further by around 4.0% to the expected US$374.4 million in 2025 (on an annualised basis).

We noted that further growth is anticipated by Indofood for the three years ending 31 December 2028. We noted that the 2026 annual cap represents an around 28.1% increase compared with the annualised transaction amount in 2025, and each of the annual caps for 2027 and 2028 embeds an annual growth of around 17% as compared to the prior year, before applying a general buffer of 25.0% (the "**Distribution Buffer**") to allow flexibility in accommodating (a) the uncertainty in the fluctuation of exchange rate of US$ to Rp in view of the increased volatility in spot exchange rate of Rp to US$; and (b) possible unexpected increase in transaction amount due to one-off and/or occasional events. We understand from the management of Indofood that such growths were estimated based on the anticipated growth in sales volume and sales price as well as increases in Indomaret Group's additional network of wholesale centres and traditional and modern retail traders and additional stores opening of around 5%.

In addition to our discussion as outlined above, we further noted that the growth embedded in formulating the annual caps has therefore taken into consideration of:

(i) the historical growth in transaction amount under the IAP-Indomaret (Distribution) Transactions amounted to around 10.0% for 2024 and 4.0% for 2025 (on annualised basis);

(ii) based on data published by the Central Statistics Agency (BPS), the average monthly per capita expenditure on food has grown on an average annual rate of around 6.3% between 2021 to 2024;

(iii) expected launch of new products which is expected to contribute around 5% in total sales;

(iv) the Inflation Factor in view of the historical high volatility, the recent upward trend of the domestic inflation;

(v) the number of outlets currently operated by LS is approximately 240, which has increased by approximately 42.86% from 168 outlets in 2019, the number of outlets operated by Indogrosir increased by 300% to 69 as at 2025 from 23 in 2019, and Indomaret increased its outlets by around 50.88% from 16,000 locations to approximately 24,141 locations in 2025 with the intention to continue to increase its presence. We understand the Indomaret Group intends to continue to increase its presence and aim at achieving an annual sales increase of approximately 18%; and

(vi) the Distribution Buffer is considered acceptable taking into account the FX Volatility and that the IAP-Indomaret (Distribution) Transactions are income generating to the Indofood Group, the Distribution Buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to enjoy additional income resulting from any possible unexpected increase in transaction amount due to one-off and/or occasional event(s), and mitigate the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) (the "**Benefits for having the Distribution Buffer (Sales)**"), which are considered commercially justifiable.

Having considered the above, we are of the view that the Annual Caps for the IAP-Indomaret (Distribution) Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(b) IAP-FFI Transactions

We note that the transacted amount for transactions under the IAP-FFI Transactions gradually declined from around US$1.4 million in 2023 to around US$0.9 million for 2025 (on an annualised basis). According to Indofood, this decline in 2024 and 2025 (on annualised basis) might be attributable to the influence by global economic uncertainty and mixed perceptions regarding products from the United States.

The proposed 2026 Annual Cap (before the Distribution Buffer) represents an around 24.4% increase compared with the annualised transaction amount in 2025, and each of the annual caps for 2027 and 2028 (before the Distribution Buffer) embeds an annual growth of around 7% as compared to the prior year. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps, they have principally taken into account (i) the expected rebound in demand to 2024 level; and (ii) the Distribution Buffer.

Having considered that:

(i) as provided by the management of Indofood, FFI currently operates around 698 restaurant outlets in Indonesia. As stated in the 2024 annual report of PT Indoritel Makmur Internasional Tbk, a number of plans and strategies for the coming years are being developed including, among others, expanding market penetration and outlet locations, developing new products and menu diversification;

(ii) as mentioned above and as compared to the transacted amount of around US$1.4 million in 2023, the lower transaction amounts in 2024 and 2025 (on an annualised basis) might be mainly attributable to the influence by global economic uncertainty and mixed perceptions regarding products from the United States during the recent year and with the extra efforts to be made for improving its business performance as mentioned in (i) above and the long operation history of KFC in Indonesia, the 2026 annual cap which is set at a level roughly equivalent to the 2024 transacted amount of US$1.1 million, would be commercially justifiable;

(iii) the growth rate embedded in the 2027 and 2028 annual caps are moderate taking into consideration of, among others, the Inflation Factor as discussed before; and

(iv) the Distribution Buffer is considered acceptable and commercially justifiable taking into account the IAP-FFI Transactions being income-generating and the Benefits for having the Distribution Buffer (Sales) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Business Transactions – (a) IAP-Indomaret (Distribution) Transactions" above,

we are of the view that the Annual Caps for IAP-FFI Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(c) PDU-Indomaret (Distribution) Transactions

We note the transacted amounts under the PDU-Indomaret (Distribution) Transactions remained at around US$17.3 million to US$17.9 million between 2023 and 2025 (on an annualised basis).

We noted that growth rates of approximately 21.1% (before the application of the Distribution Buffer), 17.7% and 17.6% were used to estimate the Annual Caps for 2026, 2027 and 2028 respectively. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the Annual Caps, they have principally taken into account (i) expected improvement in sales as a result of new products and new outlet; and (ii) the Distribution Buffer.

Having considered that:

(i) based on data published by the Central Statistics Agency (BPS), the average monthly per capita expenditure on food had grown on an average annual rate of around 6.3% between 2021 to 2024;

(ii) expected launch of new products which is expected to contribute around 5% growth in sales;

(iii) the Inflation Factor in view of the historical high volatility and the recent upward trend of the domestic inflation;

(iv) the number of outlets currently operated by LS is approximately 240, which has increased by approximately 42.86% from 168 outlets in 2019, the number of outlets operated by Indogrosir increased to 69 as at 2025 from 23 in 2019 and Indomaret increased its outlets from 16,000 locations to approximately 24,141 locations in 2025 with the intention to continue to increase its presence; and

(v) the Distribution Buffer is also considered acceptable taking into account the PDU-Indomaret (Distribution) Transactions are income-generating in nature and the Benefits for having the Distribution Buffer (Sales) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Business Transactions – (a) IAP-Indomaret (Distribution) Transactions" above,

we are of the view that the Annual Caps for PDU-Indomaret (Distribution) Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(d) Indomobil (Distribution) Transactions

We note that the historical transacted amounts for the Indomobil (Distribution) Transactions increased from approximately US$5.8 million in 2023 to around US$7.3 million in 2024, then is expected to remain at similar level of around US$6.7 million in 2025 (on an annualised basis).

The 2026 Annual Cap, before the Distribution Buffer, represents around 104.2% increase as compared to the annualised transacted amount for 2025 and around 24.6% and 23.9% annual growths are assumed in the Annual Caps for 2027 and 2028 respectively. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2026-2028 Annual Cap, they have principally taken into account (i) vehicle replacement plan; (ii) expected increase in transportation costs to comply with requirements under the government's plans to counter the ODOL issue; and (iii) the adoption of a Distribution Buffer.

Having considered that:

(i) the expected increase in sales of finished goods;

(ii) the ODOL Issue as discussed under section headed "1.3 Annual Caps for the 2026-2028 Plantations Business Transactions – (e) Indomobil (Plantations) Transactions" above which may increase the costs and investments to be incurred by Indomobil and in turn, lead to an increase in service fees charged by Indomobil;

(iii) given the business plan in terms of vehicle replacement program as well as the anticipated increase in distribution demand;

(iv) the Inflation Factor in view of the historical high volatility, and the recent upward trend of the domestic inflation;

(v) the Distribution buffer of 25.0% is considered acceptable taking into account the FX Volatility and that the Indomobil (Distribution) Transactions involve also mainly purchase/rent of vehicles and spare parts from the Indomobil Group, the buffer, apart from providing provision for the FX Volatility, will also provide flexibility for the Indofood Group to accommodate unexpected future variations in its demand for products/services which may be caused by one-off and/or occasional event(s), and mitigate the chance of operational disruption and the burden of the Group to bear additional time and costs to conduct revision of the relevant annual cap(s) (the "**Benefits for having the Distribution Buffer (Purchase)**"), which are considered commercially justifiable,

we are of the view that the Annual Caps for the Indomobil (Distribution) Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(e) Indofood-SDM (Distribution) Transactions

We note that the transacted amounts under the Indofood-SDM (Distribution) Transactions remained relatively stable in the past three years at level of around US$17 million to US$18 million for each of 2023, 2024 and 2025 (on an annualised basis).

The 2026 Annual Cap, before the Distribution Buffer, represents around 11.7% increase as compared to the annualised transacted amount for 2025 and an approximately 9.2% annual growth are assumed in determining Annual Caps for 2027 and 2028. We have discussed with the management of Indofood regarding the underlying reasons and noted that, when arriving at the 2026-2028 Annual Caps, they have principally taken into account (i) further increase in wages in the next three years; (ii) the additional manpower required to facilitate business growth; and (iii) the Distribution Buffer.

Having considered that:

(i) the possible increase in wages;

(ii) Indofood plans to use more outsourcing services from SDM Group having considered that their service is better than other suppliers based on the experience; and

(iii) the Distribution Buffer of 25.0% is considered acceptable and commercially justifiable taking into account the Benefits for having the Distribution Buffer (Purchase) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Business Transactions – (d) Indomobil (Distribution) Transactions" above,

we are of the view that the Annual Caps for Indofood-SDM (Distribution) Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

(f) *Indomaret Rental Transaction*

Under the Indomaret Rental Transaction, IAP will rent its idle space of the premises to Indomaret and LS as warehouses.

The Annual Caps for 2026 to 2028 is determined after taking into account (i) the proposed annual rental fee of approximately around Rp10-11 billion (equivalent to approximately US$0.6–0.7 million) for the term of the coming three years for Indomaret Rental Transaction; and (ii) the adoption of the Distribution Buffer.

Having considered that:

(i) according to a quotation from an independent property agency provided to us by the management of Indofood, the prevailing market monthly rental rate of similar industrial unit proximate to where the warehouses are located was around Rp30,000 – Rp40,000 per Sqm for Indomaret and Rp126,263 – Rp127,315 per Sqm for Lion Superindo as at October 2025. The monthly rental rate of around Rp41,800 – 48,070 per Sqm for Indomaret and Rp167,790 – 181,480 per Sqm for Lion Superindo under the Indomaret Rental Transaction is higher than the quoted market rental rates, which is considered favourable to the Indofood Group;

(ii) the Distribution Buffer is considered acceptable and commercially justifiable taking into account the and the Indomaret Rental Transaction being income generating in nature and the Benefits for having the Distribution Buffer (Sales) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Business Transactions – (a) IAP-Indomaret (Distribution) Transactions" above,

we are of the view that the Annual Caps for the Indomaret Rental Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(g) *Pension Transaction*

We note the transacted amounts for the Pension Transaction was between US$0.1 million and US$0.2 million between 2023 and 2025 (on an annualised basis).

The 2026 annual cap (before the Distribution Buffer) represents around 23.1% increase as compared to the annualised transaction amount in 2025 and the annual caps for 2027 and 2028 (before the Distribution Buffer) are expected to remain at the level of roughly US$0.2 million. We are advised that the Annual Caps for 2026 to 2028 is determined with reference to (i) the annual contribution to the DBP to be transferred by IAP to the custodian account managed by Indolife (the "**Annual Contribution**"); and (ii) the Distribution Buffer.

Having considered that:

(i) we are advised that each of the expected transaction amounts of the Pension Transaction between 2026 and 2028 is equivalent to the Annual Contribution which is calculated based on the annual total payroll to IAP's employees of around Rp64 billion in 2024 and IAP's contribution rate of 5% per annum, and the management of Indofood confirm that IAP does not expect there would be substantial changes in total number of its employees in the coming three years;

(ii) the possible increase in wages;

(iii) the management of Indofood confirms to us that, as the individual employees will be the beneficiaries of the custodian accounts managed by Indolife, the estimated transaction amounts under the Pension Transaction mainly cover the deposit of all contributions by IAP, and the employees will account for all the management fees incurred and interest incomes which was invested by Indolife and will be responsible for payment of the management fees and/or other expenses (if any) in respect of the custodian and management services provided by Indolife; and

(iv) the Distribution Buffer is considered acceptable and commercially justifiable taking into account the Benefits for having the Distribution Buffer (Purchase) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Business Transactions – (d) Indomobil (Distribution) Transactions" above,

we are of the view that the Annual Caps for the Pension Transaction are fair and reasonable as far as the Company and Independent Shareholders are concerned.

(h) IDP (Distribution) Transactions

We note that the transaction amounts under the IDP (Distribution) Transactions was around US$0.7 million in 2023 and around US$1.4 million in 2024, and dropped to around US$1.2 million in 2025 (on an annualised basis) given higher competition in the online market.

The 2026 annual cap (before Distribution Buffer) represents around 13.3% increase as compared to the annualised transaction amount in 2025 while an annual growth rate of around 5.9% and 11.1% have been embedded in the annual caps for 2027 and 2028 (before Distribution Buffer) respectively. We have discussed with the management of Indofood regarding the underlying reasons for the Annual Caps for 2026 to 2028 and we understand that they have principally taken into account (i) expected increase in sale of goods by IAP to IDP; and (ii) the adoption of a Distribution Buffer.

We concur with the Directors' view that the respective Annual Caps are fair and reasonable and in the interests of both the Company and the Independent Shareholders after taking into consideration the following:

(i) according to International Trade Administration (an administration under the U.S. Department of Commerce), Indonesia e-commerce market size is expected to grow from US$52.9 billion in 2023 to US$86.8 billion by 2028 at a compound annual growth rate of 10.4% and it is the largest market among other ASEAN countries with US$52.9 billion in e-commerce business revenue in 2023;

(ii) the transacted amounts under the IDP (Distribution) Transactions have reported increase historically from approximately US$0.7 million in 2023 to US$1.2 million in 2025 (on an annualised basis), represented a simple average growth rate of around 35.7% per year;

(iii) the expected launch in new products which is estimated to contribute around 5% growth in sales; and

(iv) the adoption of the Distribution Buffer is considered acceptable and commercially justifiable taking into account the Benefits for having the Distribution Buffer (Purchase) as discussed in detail in the section headed "2.3 Annual Caps for the 2026-2028 Distribution Transactions – (d) Indomobil (Distribution) Transactions" above.

Conclusion

Having considered that, in particular, the reasons and factors discussed above in relation to our assessment of the Annual Caps for each of the 2026-2028 Distribution Business Transactions, we are of the view that the proposed aggregated Annual Caps for the 2026-2028 Distribution Business Transactions are set by the Directors after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of both the Company and Independent Shareholders as a whole.

3 Internal control procedures

3.1 Monitoring of the utilisation of the Annual Caps

As disclosed in the letter from the Board in the Circular, the Company and Indofood has in place procedures to ensure that Annual Caps in respect of continuing connected transactions are not exceeded. A specific continuing connected transactions team has been established within Indofood, which is responsible for the identification and reporting of the Indofood Group's continuing connected transactions.

As part of the reporting processes implemented by the Company and Indofood, we note that each month, Indofood's business units are required to submit a report to Indofood's continuing connected transactions team, setting out the transaction amounts and an indication of whether transaction volumes are expected to remain within the approved disclosed annual caps.

Indofood's continuing connected transactions team collates such monthly reports from all business units and compiles the data to prepare a monthly certification report, which is provided to and agreed with the Company and on which the legal team and finance team of the Company provides comments to Indofood's continuing connected transactions team.

The finance team of the Company calculates its own forecasts of the projected transaction values for the remainder of the relevant year and if the Company anticipates that an annual cap might be exceeded, the Company initiates discussions with Indofood's continuing connected transactions team to establish revised annual caps as necessary.

Please refer to the letter from the Board in the Circular for further details of the internal control procedures of the Group and the Indofood Group.

We consider the aforesaid internal procedures, including but not limited to, the submissions of reports by Indofood's business units to Indofood's continuing connected transactions team and monthly certification report from Indofood's continuing connected transactions team to the Company as well as the regular calculation of forecasts of the projected transaction values for the remainder of the relevant year by the finance team of the Company following receipt of the monthly certification report, all on a monthly basis, can facilitate a regular communication and reporting to the Company which shall enable the legal team and finance team of the Company to effectively monitor the utilisation of the Annual Caps on timely manner.

3.2 Pricing policies

As disclosed in the letter from the Board in the Circular, Indofood Group takes into account the following procedures and/or policies in negotiating with the connected parties to agree and determine the prices of the transactions with reference to normal commercial terms and on an arm's length basis between Indofood Group and the connected parties and are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality and those offered to or by independent third parties.

(1) In relation to the transactions involving sales of goods or services by Indofood Group:

(a) for products or services where there are comparable products or services in the market:

- the Sales and Marketing Department of the Indofood Group maintains a database of the market price of the products the Indofood Group sells and the services the Indofood Group provides;

- such database tracks the historical selling price and rates of the Indofood Group, as well as competitors, for such products and services (in each case covering a period of approximately one year);

- the information in the database is obtained from the Indofood Group's internal sources (including information in respect of transactions entered into by different divisions of the Indofood Group) and publicly available information;

- to the extent possible the competitors' price being tracked are for the same products/services as those sold/provided by the Indofood Group; however, in some cases the products/services sold/provided by competitors would be of a slightly different specification, but in any event would be of the same type and sold/provided in the same market;

- the proposed selling price to be quoted under a continuing connected transaction would be determined based on, among other things, production cost (raw material commodity price) and on a comparison with at least two comparable transactions (as per the market price database described above); the proposed selling price/service fee under a continuing connected transaction would be no less favourable (as far as the Indofood Group is concerned) than those in the transactions being compared; and

- the Sales and Marketing Department of the Indofood Group reviews and updates such database on a monthly basis as required.

(b) for products manufactured with specific specifications and operational services provided with specific scope in respect of which there are no comparable products or services in the market, the prices are determined by reference to estimates of Indofood Group's costs of production plus a fair and reasonable profit margin, which would be no lower than the profit margin which the Indofood party to the continuing connected transaction estimates to be enjoyed by other suppliers of similar products or services, such estimates being calculated by reference to the quoted selling price of such similar products or services of the other suppliers and on the basis that the cost of production would not differ significantly between the Indofood party to the continuing connected transaction and such other suppliers. The Sales & Marketing Department of the Indofood Group maintains a database of the quoted selling prices of such other suppliers for products or services supplied in similar geographic locations. The information in the database is obtained from publicly available information. The Indofood Group's profit margins are subject to quarterly review and are consistent with the historical prices for such products or services offered to the connected parties; and

(c) for license or services fees charged based on a certain percentage of the net sales of the connected parties, the percentage is compared to the percentage charged to independent third parties. The terms are subject to periodic review to ensure that they are no less favourable (as far as the Indofood Group is concerned) than those offered to independent third parties.

(2) In relation to the transactions involving purchases of goods or services by the Indofood Group, we also note that the Indofood Group conducts the following bidding process to ensure that the price and terms offered by a connected party are fair, reasonable and comparable to those offered by independent third parties:

(a) request and compare at least two quotations for products or services of the same type and quality from qualified suppliers; a supplier is classified as a qualified supplier if it meets the criteria set by the Corporate Procurement Division of the Indofood Group (relating to the supplier's size, reputation, quality of services, capabilities (delivery, safety etc.) and track records). The Corporate Procurement Division (which has in excess of fifty persons) of the Indofood Group assesses suppliers against these criteria by engaging in dialogue, and meeting with, relevant suppliers. Reviews of qualified suppliers are carried out on a quarterly basis. Most qualified suppliers are independent;

(b) review and evaluate each quotation to check if it meets the respective specification and scope of products or services; and

(c) negotiate with the suppliers to get the best price and service.

(3) For the products or services from the sole manufacturer or sole distributor or sole service provider in respect of which substitutes are not available and there are no comparable products or services in the market, the prices are determined by reference to the price and cost analysis conducted by the Indofood Group to estimate the suppliers' costs of production with a profit margin that conforms with the profit margins that are customary for the type of products or services. When conducting a price and cost analysis, the Indofood Group:

(a) monitors the historical price trend in the market by gathering historical price data from the relevant market through distribution channels and publicly available information, the Indofood Group's historical purchase price to date, the budgeted price and the current market price and their causes of variances;

(b) gathers detailed information on production cost components and the suppliers' value-added chains, especially for major materials based on the information on Indofood's own production costs from Indofood's database and an estimate of the costs of materials;

(c) gathers information on the supply and demand conditions in the market; and

(d) compares the quotation from each sole manufacturer or sole distributor or sole service provider to its other customers and the Indofood Group's historical purchase price to date.

(4) In relation to the transactions involving leasing of real properties, the rents and terms are determined with reference to independent quotations from third party real property agency firms and the market terms of similar real properties in the same region for the same period. Alternatively, the price should be based on valuation reports on the relevant properties provided by independent valuers.

We understand that the relevant business units to which each Indofood party to a continuing connected transaction belongs conducts quarterly checks to review and assess whether the continuing connected transactions are conducted in accordance with the terms of the respective agreements, while the Sales and Marketing Department of the Indofood Group on a monthly basis updates the market price database referred to above for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the above pricing policies. In addition, as described in the sub-section headed "3.1 Monitoring of the utilisation of the Annual Caps" above, Indofood's continuing connected transactions team collates monthly reports from all business units and prepares a monthly certification report which is provided to and commented on by the Company. Further, the Company's external auditors and the Audit and Risk Management Committee conduct annual reviews on the pricing and the Annual Caps of the Group's continuing connected transactions pursuant to requirements under the Listing Rules.

Please refer to the letter from the Board in the Circular for further details of other pricing policies of the Group and the Indofood Group.

We consider that the procedures above, in particular, (i) as regards sales of products/services, the performance of a comparison with at least two comparable transactions, or if no comparable products/ services available, pricing with profit margin not lower than the average profit margins calculated by Indofood Group of the profit margins charged for similar types of products in the market; (ii) as regards purchases of products/services, the carrying out of the bidding process and the performance of a comparison with at least two quotations for products or services of the same type and quality from qualified suppliers; (iii) the price and cost analysis conducted by the Indofood Group to estimate the suppliers' costs of production with a profit margin that conforms with the profit margins that are customary for the type of products or services; and (iv) as regards leasing transactions, the reference to independent quotations from third party real property agency firms or valuation reports by independent valuers; and (v) the respective aforesaid regular review involved, have demonstrated Indofood Group's practices of getting access to pricing information in the market and regular assessment and review on pricing of products/services being sold/purchased so as to ensure that prices and other terms of the relevant transactions with connected persons are in any event no less favourable (as far as the Indofood Group is concerned) than those prevailing in the market for the relevant goods and/or services of the same type and quality or those offered to independent third parties.

Based on the discussion above, we concur with the view of the Directors that the internal control as regards the continuing connected transactions are efficient to safeguard the interest of the Company and its Shareholders as a whole.

4 Listing Rules requirements

For each of 2026, 2027 and 2028, when the Annual Caps in respect of each of the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions are aggregated for that year, one or more of the applicable percentage ratios exceeds 5%. Therefore, in each of 2026, 2027 and 2028, each of those transactions and their respective aggregated Annual Caps for the relevant year are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.36 of the Listing Rules, any shareholder of the Company with a material interest in the 2026-2028 Plantations Business Transactions and/or the 2026-2028 Distribution Business Transactions is required to abstain from voting at the SGM on the resolutions approving the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following:

- as disclosed in the Letter from the Board of the Circular, we note that over 80% of the expected annual caps for the Transactions are relevant to members of the Indofood Group selling or providing services to associates of Mr. Salim, which are revenue-generating in nature for the Group. We also note that each of the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions will be conducted on normal commercial terms, are in line with the Indofood Group's adopted business expansion strategies and are expected to facilitate the growth of the Indofood Group's businesses;

- that the respective pricing basis as provided under the Plantations Agreements and the Distribution Agreements is fair and reasonable;

- the control and review procedures and arrangements in place to safeguard the interests of the Company and the Shareholders in relation to the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions as discussed under the sections namely "3. Internal control procedures" and "4. Listing Rules requirements" above; and

- that the respective Annual Caps for each of the 2026-2028 Plantations Business Transactions and the 2026-2028 Distribution Business Transactions have been set by the Directors, after careful and due considerations, at a level which will be in the interests of both the Company and the Independent Shareholders, in view of the factors as discussed in detail above,

we consider that the Plantations Agreements and the Distribution Agreements will be entered into within the ordinary and usual course of business of the Group based on normal commercial terms and their respective terms and conditions together with the respective Annual Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2026-2028 Plantations Business Transactions, the 2026-2028 Distribution Business Transactions and the adoption of the respective Annual Caps.

Yours faithfully,
For and on behalf of
SOMERLEY CAPITAL LIMITED

Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry (including but not limited to advising on corporate exercises as regard compliance of the Listing Rules).