

ADDITIONAL INFORMATION AND/OR AMENDMENT TO ABRIDGE OF MERGER PLAN OF PT CHANDRA ASRI PETROCHEMICAL TBK AND PT PETROKIMIA BUTADIENE INDONESIA

THIS ADDITIONAL INFORMATION AND/OR AMENDMENT TO ABRIDGE OF MERGER PLAN IS IMPORTANT TO BE CONSIDERED BY SHAREHOLDERS OF PT CHANDRA ASRI PETROCHEMICAL TBK ("CAP") AND PT PETROKIMIA BUTADIENE INDONESIA ("PBI") IN MAKING DECISIONS AT THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ("EGMS") OF THE RESPECTIVE COMPANIES WHICH WILL BE HELD ON NOVEMBER 15, 2019 IN CONNECTION WITH THE PLANNED MERGER OF CAP AND PBI.

IF YOU HAVE DIFFICULTY IN UNDERSTANDING THIS ADDITIONAL INFORMATION AND/OR AMENDMENT TO ABRIDGE OF MERGER PLAN, OR HAVE DOUBTS IN MAKING A DECISION, YOU ARE ADVISED TO CONSULT WITH A PROFESSIONAL ADVISOR.



PT Chandra Asri Petrochemical Tbk

Head Office

Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S. Parman Kav. 62-63
Jakarta 11410
Phone: +62 21 530 7950
Fax: +62 21 530 8930
Website: <http://www.chandra-asri.com>
E-mail: investor-relations@capcx.com

CAP Plant

Jl. Raya Anyer KM. 123
Kelurahan Gunung Sugih
Kecamatan Ciwandan
Kota Cilegon, 42447
Banten
Main Business Activities:
Petrochemicals

PT Petrokimia Butadiene Indonesia

Head Office

Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S. Parman Kav. 62-63
Jakarta 11410
Phone: +62 21 530 7950
Fax: +62 21 530 8930

PBI Plant

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Kota Cilegon, 42447
Banten
Business activities:
Petrochemicals

THIS BUSINESS MERGER IS CARRIED OUT BY TAKING INTO ACCOUNT THE INTERESTS OF EACH MERGER PARTICIPATING COMPANY, THE PUBLIC AND FAIR COMPETITION IN CONDUCTING BUSINESS, AND ALSO PAYING ATTENTION TO THE FULFILLMENT OF THE RIGHTS OF PUBLIC SHAREHOLDERS AND EMPLOYEES.

THIS ADDITIONAL INFORMATION AND/OR AMENDMENT TO ABRIDGE OF MERGER PLAN WAS PREPARED JOINTLY BY DIRECTORS OF EACH OF THE MERGER PARTICIPATING COMPANIES AFTER THE PROPOSED MERGER PLAN OF EACH MERGER PARTICIPATING COMPANY HAS BEEN APPROVED BY THE RESPECTIVE BOARD OF COMMISSIONERS OF THE MERGER PARTICIPATING COMPANIES.

THIS ADDITIONAL INFORMATION AND/OR AMENDMENT TO ABRIDGE OF THE MERGER PLAN IS APPROVED BY THE RESPECTIVE BOARD OF COMMISSIONERS OF CAP AND PBI ON SEPTEMBER 20, 2019, ALSO HAS RECEIVED AN EFFECTIVE STATEMENT FROM THE FINANCIAL SERVICES AUTHORITY (OTORITAS JASA KEUANGAN - "OJK") BUT HAS NOT BEEN APPROVED BY THE RESPECTIVE GENERAL MEETING OF SHAREHOLDERS OF CAP AND PBI.

IN THE EVENT THAT THE GENERAL MEETING OF SHAREHOLDERS DOES NOT APPROVE THIS MERGER PLAN, THEN IN ACCORDANCE WITH THE APPLICABLE LAW, THE MERGER PLAN MAY ONLY BE RESUBMITTED TO OJK WITHIN 12 (TWELVE) MONTHS AFTER THE HOLDING OF EGMS OF CAP AND PBI WHICH WILL BE HELD ON NOVEMBER 15, 2019.

THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF THE MERGER PARTICIPATING COMPANIES ARE FULLY RESPONSIBLE FOR THE AUTHENTICITY OF ALL MATERIAL INFORMATION OR FACTS CONTAINED IN THIS ADDITIONAL INFORMATION AND/OR AMENDMENT TO MERGER PLAN AND CONFIRM THAT AFTER HAVING SUFFICIENT INQUIRY, NO RELEVANT MATERIAL INFORMATION OR FACTS PRESENTED CAUSES ANY MATERIAL INFORMATION OR FACTS DISCLOSED IN THIS MERGER PLAN TO BE INCORRECT AND MISLEADING.

This Additional Information and/or Amendment to Abridge of Merger Plan is published on 13 November 2019 and is an inseparable part of the Abridge of Merger Plan published on September 24, 2019

ESTIMATED SCHEDULE

No.	Activity	Implementation
1.	The last date of shareholders' recording in CAP's Register of Shareholders who are entitled to attend the EGMS, and who have the right to sell their shares.	October 23, 2019
2.	The date of Effective Statement from OJK on the proposed Merger.	November 12, 2019
3.	a. EGMS of CAP and PBI. b. The Board of Directors of CAP and PBI signed a Deed of Merger based on a draft Deed of Merger approved by the EGMS.	November 15, 2019
4.	The date of a statement of intent to sell from CAP's shareholders who disagree and intend to sell their shares.	November 15, 2019 (if this period is extended, CAP will make an announcement of the amendment)
5.	Effective Date of Merger	January 1, 2020 or other date as agreed by CAP and PBI

DEFINITIONS AND ABBREVIATIONS

Deed of Merger	:	A deed drawn up before a notary in Indonesian and the draft deed must be approved by EGMS of respective Merger Participating Companies.
Surviving Company	:	CAP.
Merger Participating Companies	:	CAP and PBI.
Merging Company	:	PBI.
IDX or Stock Exchange	:	A party that organizes and provides a system and/or means to bring together sale and purchase offers of other parties for the purpose of trading securities between them, in this case PT Bursa Efek Indonesia, domiciled in South Jakarta, or any of its successors and assigns.
BNRI	:	State Gazette of the Republic of Indonesia.
CAP	:	PT Chandra Asri Petrochemical Tbk.
Director General of Taxes	:	Directorate General of Taxes, the Ministry of Finance of the Republic of Indonesia.
MoLHR	:	Ministry of Law and Human Rights of the Republic of Indonesia, as amended from time to time.
KSEI	:	PT Kustodian Sentral Efek Indonesia.
MoF	:	Minister of Finance of the Republic of Indonesia, as amended from time to time.
Minister of LHR	:	Minister of Law and Human Rights of the Republic of Indonesia, as amended from time to time.
Michelin	:	<i>Compagnie Financière Michelin SCmA</i> (formerly <i>Compagnie Financière du Groupe Michelin 'Senard et Cie'</i>).
Financial Services Authority/ <i>Otoritas Jasa Keuangan</i> or OJK	:	An independent institution as referred to in Law No. 21 of 2011 concerning Financial Services Authority/ <i>Otoritas Jasa Keuangan</i> (the "OJK Law"), whose duties and authorities include regulating and supervising financial service activities in the banking sector, capital market, insurance, pension funds, financial institutions and other financial institutions, and from December 31, 2012, OJK is an institution that replaces and receives rights and obligations to carry out the regulatory and supervisory functions of the Capital Market Supervisory Agency ("Bapepam") and/or Bapepam and Financial Institutions (" Bapepam-LK ") in accordance with Article 55 of the OJK Law.
PBI	:	PT Petrokimia Butadiene Indonesia.
Merger	:	Merger of business from PBI into CAP.
Regulation No. IX.E.1	:	Bapepam-LK Regulation No. IX.E.1, Appendix to Decree of the Bapepam-LK Chairman No. Kep-412/BL/2009 dated November 25, 2009 concerning Affiliated Transactions and Conflicts of Interest on Certain Transactions.
IDX Regulation No. I-G	:	Regulation No. I-G, Appendix to Decree of the Directors of PT Bursa Efek Jakarta No. Kep-001/BEJ/012000 dated January 4, 2000 concerning Business Merger or Business Consolidation.
PMK No. 52/PMK.010/2017	:	Minister of Finance Regulation No. 52/PMK.010/2017 concerning Use of Book Value for Transfer and Acquisition of Assets in the Context of Business Merger, Consolidation, Expansion or Acquisition as amended by Minister of Finance Regulation No. 205/PMK.010/2018.
POJK No. 32/2014	:	OJK Regulation No. 32/POJK.04/2014 concerning Plan and Holding of General Meeting of Shareholders of Public Companies dated December 8, 2014, as amended by OJK Regulation No. 10/POJK.04/2017 dated March 14, 2017.
POJK No. 33/2014	:	OJK Regulation No. 33/POJK.04/2014 concerning Board of

	Directors and Board of Commissioners of Issuers or Public Companies dated December 8, 2014.
POJK No. 31/2015	: OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies dated December 22, 2015.
POJK No. 74/2016	: OJK Regulation No. 74/POJK.04/2016 concerning Business Merger or Business Consolidation of Public Companies dated December 28, 2016.
POJK No. 30/2017	: OJK Regulation No. 30/POJK.04/2017 concerning Buyback of Shares Issued by Public Companies dated June 22, 2017.
PP No. 27/1998	: Government Regulation No. 27 of 1998 concerning Merger, Consolidation, and Acquisition of Limited Liability Companies.
PSAK	: Statement of Financial Accounting Standards.
Merger Plan	: A Merger Plan prepared jointly by CAP and PBI.
EGMS	: Extraordinary General Meeting of Shareholders.
AGMS	: Annual General Meeting of Shareholders.
Effective Date of Merger	: January 1, 2020 or other date as agreed by CAP and PBI.
Affiliated Transaction	: Transactions as defined in Regulation No. IX.E.1.
Manpower Law	: Law No. 13 of 2003 dated March 25, 2003 concerning Manpower, State Gazette of the Republic of Indonesia No. 39 of 2003, Supplement No. 4279.
Capital Market Law	: Law No. 8 of 1995 dated 10 November 1995 concerning Capital Market, State Gazette of the Republic of Indonesia No. 64 of 1995, Supplement No. 3608.
Income Tax Law	: Law No. 7 of 1983 concerning Income Tax as lastly amended by Law No. 36 of 2008.
VAT Law	: Law No. 8 of 1983 concerning Value Added Tax of Goods and Services and Sales Tax on Luxury Goods as lastly amended by Law No. 42 of 2009.
Company Law	: Law No. 40 of 2007 dated August 16, 2007 concerning Limited Liability Companies, State Gazette of the Republic of Indonesia No. 106 of 2007, Supplement No. 4756.

I. OVERVIEW OF EACH MERGER PARTICIPATING COMPANY

Board of Directors and Board of Commissioners of CAP and PBI consider that the Merger plan between CAP and PBI is in line with the common goal of creating a more integrated petrochemical company in Indonesia, whose business activities cover most aspects of the petrochemical production chain. This combination will create a company that is stronger and more capable of competing with major regional petrochemical players, which are largely integrated. This is especially necessary in the face of the petrochemical industry cycle.

In connection with the Merger plan, Board of Directors and Board of Commissioners of CAP consider the following matters:

- a. The existence of PBI as a separate legal entity causes various inter-company transactions such as: (i) intercompany charges and (ii) placement of employees. These transactions incur additional administrative expenses;
- b. The merging of CAP with PBI will integrate the overall production process, better product mapping and improve procurement and accounting synergies, which will therefore improve operational performance so as to create a more synergistic, stronger and more efficient company;
- c. The merger will improve the efficiency and effectiveness of CAP's daily business activities and will therefore benefit all stakeholders, including CAP's public shareholders.

a. PT Chandra Asri Petrochemical Tbk ("CAP")

i. Brief History

CAP is a public limited liability company domiciled in West Jakarta, established under the name PT Tri Polyta Indonesia, based on the Deed of Establishment No. 40 dated November 2, 1984, drawn up before Ridwan Suselo, S.H., Notary in Jakarta, as amended by the Deed No. 117 dated November 7, 1987, drawn up before J.L. Waworuntu S.H., Notary in Jakarta, and as duly approved by the Minister of Justice of the Republic of Indonesia based on the Decree No. C2.1786.HT.01.01-Th'88 dated February 29, 1988, and registered with the Registrar Office of the West Jakarta District Court No. 639/1988 and No. 640/1988 dated June 30, 1988, and announced in BNRI No. 63 August 5, 1988, Supplement No. 779 (the "**Deed of Establishment**").

With the adoption of the Deed of Establishment by the Minister of Justice of the Republic of Indonesia, CAP is legally established under the laws of the Republic of Indonesia.

CAP's articles of association, as stated in the Deed of Establishment, have been amended several times. CAP's articles of association have been adjusted to the provisions of POJK No. 32/2014 and POJK No. 33/2014 based on the Deed of Restated Resolution of Annual General Meeting of Shareholders No. 18 dated June 8, 2015, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, as duly notified to the Minister of LHR as evidenced in the Receipt of Amendment to Articles of Association No. AHU-AH.01.03-0947454 dated July 1, 2015 and registered in the Register of Companies with the MoLHR under No. AHU-3527509.AH.01.11.Tahun 2015 dated July 1, 2015.

The latest amendment to CAP's articles of association is based on the Deed of Restated Resolution of Meeting on Amendment to Articles of Association No. 127 dated May 13, 2019, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, as duly approved by the Minister of LHR based on the Approval Letter No. AHU-0025871.AH.01.02.Tahun 2019 dated May 14, 2019, as registered in the Register of Companies with the MoLHR No. AHU-0077259.AH.01.11.Tahun 2019 dated May 14, 2019 and notified to the Minister of LHR as evidenced in the Receipt of Amendment to Articles of Association No. AHU-AH.01.03-0247778 dated May 14, 2019, as registered in the Register of Companies with the MoLHR No. AHU-0077259.AH.01.11.Tahun 2019 dated May 14, 2019 ("**Deed No. 127/2019**").

CAP's registered office is located at Wisma Barito Pacific Tower A, 7th Floor, Jl. Letjen S. Parman Kav. 62-63, Jakarta 11410.

ii. CAP's Capital Structure and Shareholding

Based on the Deed of Restated Resolution of Extraordinary General Meeting of Shareholders No. 23 dated October 28, 2010, drawn up before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in South Jakarta, as duly approved by the Minister of LHR based on the Decree No. AHU.54545.AH.01.02.Tahun 2010 dated November 22, 2010 and registered in the Register of Companies under No. AHU-0084333.AH.01.09.Tahun 2010 dated November 22, 2010, as notified to the Minister of LHR as evidenced in the Receipt of Notice on Company Merger No. AHU-AH.01.10-30299 dated November 25, 2010 and registered in the Register of Companies No. AHU-0085705.AH.01.09.Tahun 2010 dated November 25, 2010 and registered with the Office of Cooperatives, Micro, Small and Medium Enterprises, and Trade of West Jakarta Municipality based on the Company Registration No. 09.02.1.20.24999 dated January 7, 2011 in conjunction with the Deed of Restated Resolution of Annual General Meeting of Shareholders No. 83 dated September 29, 2017, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, as notified to the Minister of LHR as evidenced in the Receipt of Amendment to Articles of Association No. AHU-AH.01.03-0176068 dated September 29, 2017 and registered in the Register of Companies with the MoLHR No. AHU-0121662.AH.01.11.Tahun 2017 dated September 29 2017 in conjunction with the Deed of Restated Resolution of Extraordinary General Meeting of Shareholders No. 7 dated November 6, 2017, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, duly notified to the Minister of LHR as evidenced in the Receipt of Amendment to Articles of Association No. AHU-AH.01.03-0188468 dated November 7, 2017 and registered in the Register of Companies with the MoLHR under No. AHU-0140633.AH.01.11.Tahun 2017 dated November 7, 2017 and CAP's Register of Shareholders as per August 31, 2019 issued by PT Raya Saham Registra as Securities Administration Bureau appointed by CAP, CAP's capital structure and composition of CAP's shareholding are as follows:

Description	Nominal Value of IDR 200 per share		
	No. of Shares	Nominal (IDR)	(%)
Authorized Capital	61,323,928,320	12,264,785,664,000	
Issued and Fully Paid-up Capital			
- PT Barito Pacific Tbk*	7,401,917,600	1,480,383,520,000	41.51
- SCG Chemicals Company Limited	5,451,715,305	1,090,343,061,000	30.57
- Prajogo Pangestu	2,634,793,495	526,958,699,000	14.77
- Marigold Resources Pte. Ltd.**	846,810,930	169,362,186,000	4.75
- Public (respectively below 5%)	1,498,282,930	299,656,586,000	8.40
Total Issued and Fully Paid-up Capital	17,833,520,260	3,566,704,052,000	100.00
Number of Shares in Portfolio	43,490,408,060	8,698,081,612,000	

* 1,400,000,000 shares of PT Barito Pacific Tbk in CAP are being pledged to creditor based on the Deed of Shares Pledge Agreement No. 66 dated November 23, 2018, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta

** Based on the provisions of the Accounting and Corporate Regulatory Authority dated May 10, 2019, PT Barito Pacific Tbk is the owner of 1 share representing 100% of shares in Marigold Resources Pte. Ltd. 40,000,000 shares of Marigold Resources Pte. Ltd. in CAP are being pledged to creditors in relation with Facility Agreement dated November 15, 2018 as amended by Amendment Agreement dated July 26, 2019

iii. Management and Supervision

Composition of Board of Directors and Board of Commissioners

Based on (i) Deed of Restated Resolution of Annual General Meeting of Shareholders No. 77 dated April 23, 2018, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, as duly notified to the Minister of LHR as evidenced in the Receipt of Company Data Change No. AHU-AH.01.03-0189352 dated May 11, 2018 and registered in the Register of Companies with the Ministry of Law and Human Rights No. AHU-0066398.AH.01.11.Tahun 2018 dated May 11, 2018, (ii) Deed of Restated Resolution of Extraordinary General Meeting of Shareholders No.

36 dated September 10, 2018, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, as notified to the Minister of LHR as evidenced in the Receipt of Company Data Change No. AHU-AH.01.03-0246597 dated September 26, 2018 and registered in the Register of Companies with the MoLHR No. AHU-0127185.AH.01.11.Tahun 2018 dated September 26, 2018, (iii) Deed of Restated Resolution of Extraordinary General Meeting of Shareholders No. 41 dated October 24, 2018, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, as notified to the Minister of LHR as evidenced in the Receipt of Company Data Change No. AHU-AH.01.03-0259213 dated October 31, 2018 and registered in the Register of Companies with the MoLHR under No. AHU-0145807.AH.01.11.Tahun 2018 dated October 31, 2018, (iv) Deed of Restated Resolution of Meeting No. 126 dated May 13, 2019, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, as notified to the Minister of LHR, as evidenced in the Receipt of Company Data Change No. AHU-AH.01.03-0246582 dated May 14, 2019 and registered in the Register of Companies with the MoLHR No. AHU-0076845.AH.01.11.Tahun 2019 dated May 14, 2019, the composition of CAP's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner (Independent)	: Djoko Suyanto
Vice President Commissioner (Independent)	: Tan Ek Kia
Commissioner (Independent)	: Ho Hon Cheong
Commissioner	: Agus Salim Pangestu
Commissioner	: Lim Chong Thian
Commissioner	: Thammasak Sethaudom
Commissioner	: Cholanat Yanaranop

Board of Directors

President Director	: Erwin Ciputra
Vice President Director	: Chatri Eamsobhana
Vice President Director	: Baritono Prajogo Pangestu
Director	: Andre Khor Kah Hin
Director	: Somkoun Sriwattagaphong
Director	: Fransiskus Ruly Aryawan
Director	: Suryandi

iv. Main Business Activities of CAP

In accordance with Article 3 of CAP's articles of association, the purposes and objectives of CAP are to engage in manufacturing, wholesale trade and management consulting activities.

v. Financial Data Highlights

Highlights of CAP's important financial data for six months period ended on June 30, 2019 compiled based on CAP's financial statements audited by Imelda & Rekan Public Accounting Firm (a member of Deloitte Touche Tohmatsu Limited) with the opinion reasonable in all material respects and for six months period ended on June 30, 2018 and the years ended on December 31, 2018 and December 31, 2017 prepared based on CAP financial statements audited by Satrio Bing Eny & Rekan Public Accounting Firm with a fair opinion in all material respects are as follows:

FINANCIAL POSITION REPORT

(in thousand US\$)

Description	30 June	31 December	
	2019	2018	2017
ASSET			
CURRENT ASSETS			
Cash and cash equivalents	648.953	726.714	842.536
Restricted cash in banks	5.991	18.144	20.845
Trade accounts receivable			
Related parties	24.499	19.768	13.812
Third parties	113.881	134.543	189.512
Other accounts receivables	8.043	6.079	3.525
Inventories	270.823	260.417	237.349
Prepaid taxes	127.331	154.039	79.407
Other current assets	124.675	76.013	42.000
Total Current Assets	1.324.196	1.395.717	1.428.986
Noncurrent Assets			
Investment in an associate	-	8.507	23.400
Advances for purchase of fixed property	60.523	21.982	10.806
Derivative financial assets	42	1.742	2.270
Claims for tax refund	6.661	6.505	62.710
Restricted cash in banks	4.566	9.098	9.072
Property, plant and equipment - net of accumulated depre	1.791.147	1.726.965	1.447.665
Other noncurrent assets	6.391	2.970	2.395
Total Noncurrent Assets	1.869.330	1.777.769	1.558.318
TOTAL ASSETS	3.193.526	3.173.486	2.987.304
LIABILITIES			
Current Liabilities			
Trade accounts payable			
Related parties	9.903	6.916	38.289
Third parties	398.006	561.962	441.501
Other accounts payable	22.137	21.803	18
Taxes payable	5.274	4.163	10.853
Accrued expenses	8.903	6.925	8.732
Customer advances	6.350	9.529	9.841
Current maturities of long-term liabilities:			
Bank loans	35.815	43.995	77.940
Bonds payable	25.557	24.957	-
Total Current Liabilities	511.945	680.250	587.174

Noncurrent Liabilities

Deferred tax liabilities - net	142.419	139.939	141.308
Long term liabilities - net of current maturities:			
Bank loans	257.043	136.165	190.005
Bonds payable	459.312	402.948	362.998
Derivative financial liabilities	7.701	10.126	1.346
Post-employment benefits obligation	35.908	31.679	33.361
Decommissioning cost	2.386	2.302	2.290
Total Noncurrent Liabilities	<u>904.769</u>	<u>723.159</u>	<u>731.308</u>
Total Liabilities	<u>1.416.714</u>	<u>1.403.409</u>	<u>1.318.482</u>

EQUITY

Equity attributable to owners of the Company

Capital stock

Authorized

Issued and fully paid

380.947 380.947 380.947

Additional paid-in capital

459.075 459.075 459.075

Other comprehensive income

(3.705) (3.543) (4.300)

Retained earnings

Appropriated

22.939 19.339 13.039

Unappropriated

912.194 908.573 814.146

Total equity attributable to owners of the Company

1.771.450 1.764.391 1.662.907

Non-controlling interests

5.362 5.686 5.915

TOTAL EQUITY1.776.812 1.770.077 1.668.822**TOTAL LIABILITIES AND EQUITY**3.193.526 3.173.486 2.987.304

COMPREHENSIVE PROFIT LOSS REPORT

(in thousand US\$)

Description	30 June		31 December	
	2019	2018	2018	2017
Net Revenues	1.053.661	1.286.099	2.543.219	2.418.509
Cost of Revenues	918.799	1.048.285	2.152.729	1.873.505
Gross Profit	134.862	237.814	390.490	545.004
Selling expenses	(22.107)	(20.566)	(38.753)	(42.377)
General and administrative expenses	(20.424)	(22.428)	(36.976)	(38.295)
Finance costs	(30.299)	(25.964)	(51.283)	(36.036)
Gain (loss)				
on derivative financial instruments	3.163	(2.876)	(4.788)	(1.207)
Share in net loss of an association	(8.507)	(5.409)	(14.893)	(8.756)
Loss on				
foreign exchange - net	(2.287)	(7.978)	(8.053)	(2.569)
Other gain and losses - net	1.043	6.622	18.353	8.838
Profit Before Tax	55.444	159.215	254.097	424.602
Income Tax Expenses - Net	(22.100)	(43.715)	(71.781)	(105.448)
Profit for the period	33.344	115.500	182.316	319.154
Other Comprehensive Income				
Items that will not be reclassified				
subsequently to profit or loss:remeasurement of				
defined benefits obligation, net of tax	(1.114)	2.345	920	(1.521)
Items that may be reclassified subsequently to profit or loss:				
Net fair value gain on available-for-				
sale financial assets	928	-	-	-
Foreign currency translation				
adjustment	144	(316)	(322)	(17)
Total other comprehensive income for				
the period, net of tax	(42)	2.029	598	(1.538)
Total comprehensive income for the period	33.302	117.529	182.914	317.616
Profit for the Period Attributable to:				
Owners of the Company	32.919	115.209	181.651	318.624
Non-controlling interests	425	291	665	530
Profit for the Period	33.344	115.500	182.316	319.154
Total Comprehensive Income for the Period				
attributable to:				
Owners of the Company	32.757	117.385	182.408	317.095
Non-controlling interests	545	144	506	521
Total Comprehensive Income for the Period	33.302	117.529	182.914	317.616
Basic Earnings per Share				
(in full U.S. Dollar amount)	0,0018	0,0065	0,0102	0,0186

b. PT Petrokimia Butadiene Indonesia (“PBI”)

i. Brief History

PBI is a limited liability company domiciled in West Jakarta, established based on the Deed No. 49 dated August 24, 2010, drawn up before Benny Kristianto S.H., Notary in Jakarta, and as duly approved by the Minister of LHR under the Decree No. AHU-43670.AH.01.01.Tahun 2010 dated September 6, 2010, and registered in the Register of Companies with the MoLHR No. AHU-0066715.AH.01.09.Tahun 2010 dated September 6, 2010, as registered in the Register of Companies with the West Jakarta Company Registration Office with Company Registration No. 09.02.1.20.40460 dated April 26, 2011, and announced in BNRI No. 15 dated February 21, 2012, Supplement No. 2478 (the “**Deed of Establishment**”).

PBI’s articles of association, as stated in the Deed of Establishment, have been amended several times. The latest amendment to PBI’s articles of association is based on the Deed of Restated Resolution of Shareholders on Amendment to Articles of Association No. 103 dated July 12, 2019, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, as duly approved by the Minister of LHR based on the Approval Letter No. AHU-0038962.AH.01.02.Tahun 2019 dated July 18, 2019, registered in the Register of Companies with the MoLHR No. AHU-0114073.AH.01.11.Tahun 2019 dated July 18, 2019 and notified to the Minister of Law and Human Rights as evidenced in the Receipt of Amendment to Articles of Association No. AHU-AH.01.03-0300058 dated July 18, 2019, and has been registered in the Register of Companies with the MoLHR under No. AHU-0114073.AH.01.11.Tahun 2019 dated July 18, 2019 (“**Deed No. 103/2019**”).

PBI’s registered office is located at Wisma Barito Pacific Tower A, 7th Floor, Jl. Letjen S. Parman Kav. 62-63, Jakarta 11410.

ii. Capital Structure and Shareholding

Based on (i) the Deed of Restated Resolution of Shareholders on Amendment to Articles of Association No. 46 dated October 10, 2018, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta Municipality, as duly approved by the Minister of LHR based on the Decree No. AHU-0021181.AH.01.02. 2018 dated October 10, 2018 and registered in the Register of Companies with the MoLHR No. AHU-0134371.AH.01.11. 2018 dated October 10, 2018 and notified to the Minister of LHR as evidenced in the Receipt of Notice No. AHU-AH.01.03-0251518 dated October 10, 2018 and registered in the Register of Companies with the MoLHR No. AHU-0134371.AH.01.11.Tahun 2018 dated October 10, 2018 and (ii) the Deed of Restated Resolution of Shareholders No. 31 dated September 5, 2019, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta Municipality, as has been notified to the Minister of LHR as stated in the Receipt of Notice No. AHU-AH.01.03-0327905 dated September 6, 2019 and registered in the Register of Companies with the MoLHR No. AHU-0162828.AH.01.11.TAHUN 2019 dated September 6, 2019, PBI’s capital structure and shareholding are as follows:

Description	Nominal Value of IDR 9,055 (USD 1) per share		
	Number of Shares	Nominal	(%)
Authorized Capital	200,000,000	IDR 1,811,000,000,000 (USD 200,000,000)	
Issued and Fully Paid-up Capital - CAP***	90,000,000	IDR 814,950,000,000 (USD 90,000,000)	100,00
Total Issued and Fully Paid-up Capital	90,000,000	IDR 814,950,000,000 (USD 90,000,000)	100.00
Number of Shares in Portfolio	110,000,000	IDR 996,050,000,000 (USD 110,000,000)	

*** all CAP shares in PBI are being pledged to creditors based on the Share Pledge Agreement dated May 27, 2011, as amended several times, the latest by the Deed of the Fifth Amendment and Restatement of the Share Pledge Agreement No. 83 dated 28 November 2016, made before Dedy Syamri, S.H., Notary in South Jakarta between CAP and PT Bank DBS Indonesia ("DBS") in connection with CAP shares in PBI. Furthermore, on August 26, 2019, CAP submitted a letter to DBS, in its position as Agent of the Facility Agreement for US \$ 199,800,000 Single Currency Term Facility dated November 28, 2016 as amended by the First Supplemental Agreement in Respect of the Facility Agreement for US\$ 199,800,000 Single Currency Term Facility dated 28 November 2016 dated 16 May 2017 ("US\$ 199,800,000 Facility Agreement"). Furthermore, on August 26, 2019, CAP has submitted a letter to DBS relating to the proposed Merger in the context of releasing all pledge of CAP shares in PBI mentioned above. CAP has obtained approval from all creditors of US\$ 199,800,000 Facility Agreement to release all pledge of CAP shares in PBI, as evidenced by a fax from PT Bank DBS Indonesia (in its position as a Facility Agent) regarding Consent & Waiver Request Letter Ref No. 2798/DBS-IBO_LO/X/2019 dated 31 October 2019, which states that all creditors have agreed to release the pledge CAP shares in PBI provided that the release of the pledge of shares will be effective when the Merger is effective.

iii. Management and Supervision

Composition of Board of Directors and Board of Commissioners

Based on the Deed of Restated Resolution of Shareholders No. 79 dated September 11, 2019, drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, as duly notified to the Minister of LHR as evidenced in the Receipt of Notice No. AHU-AH.01.03-0082176 dated September 22, 2016 and registered in the Register of Companies with the MoLHR under No. AH.01.03-0330402 dated September 12, 2019 and registered in the Register of Companies with the MoLHR No. AHU-0167169.AH.01.11.Tahun 2019 dated September 12, 2019, the composition of PBI's Board of Commissioners and Board of Directors is as follows:

Board of Commissioners

President Commissioner : Baritono Prajogo Pangestu
Commissioner : Suhat Miyarso

Board of Directors

President Director : Erwin Ciputra
Vice President Director : Chatri Eamsobhana
Director : Andre Khor Kah Hin
Director : Fransiskus Ruly Aryawan
Director : Somkoun Sriwattagaphong

iv. PBI's Main Business Activities

Based on the provision of Article 3 of PBI's Articles of Association, the purposes and objectives of PBI are to engage in manufacturing, wholesale trade and rental activities.

v. Financial Data Highlights

Highlights of PBI's important financial data for six months period ended on June 30, 2019 compiled based on PBI's financial statements audited by Imelda & Rekan Public Accounting Firm (a member of Deloitte Touche Tohmatsu Limited) with the opinion reasonable in all material respects and for six months period ended on June 30, 2018 and the years ended on December 31, 2018, December 31, 2017 and December 31, 2016 prepared based on PBI's financial statements that have been audited by Satrio Bing Eny & Rekan Public Accounting Firm with a fair opinion in all material things are as follows:

FINANCIAL POSITION REPORT

(in US\$)

Description	30 June	31-Dec		
	2019	2018	2017	2016
ASSETS				
Current Assets				
Cash and cas equivalents	21.776.126	40.750.202	41.566.674	18.359.419
Trade Account Receivable				
Related parties	6.898.247	8.968.977	-	-
Third parties	8.494.685	7.670.999	14.739.277	15.767.030
Other accounts receivable				
Related party	375.234	318.593	453.446	15.173.206
Third parties	393.934	18.536	4.002	2.830
Inventories	6.902.769	9.560.116	5.945.513	7.273.161
Prepaid taxes	17.952.021	29.390.954	22.472.173	10.543.547
Advances and prepaid expenses	744.842	394.822	457.714	161.789
Total Current Assets	63.537.858	97.073.199	85.638.799	67.280.982
Non-current Assets				
Deferred tax assets	-	-	-	3.503.503
Property, plant and equipment - net of accumulated depreciation	199.790.242	181.258.844	132.065.720	119.501.543
Other non-current assets	86	80	24.290	56.688
Total Non-current Assets	199.790.328	181.258.924	132.090.010	123.061.734
TOTAL ASSETS	263.328.186	278.332.123	217.728.809	190.342.716
LIABILITIES				
Current Liabilities				
Trade Accounts Payable				
Related party	23.348.903	32.225.819	18.768.697	15.237.500
Third parties	732.857	13.866.632	223.371	141.775
Other accounts payable				
Related party	4.240.108	2.424.695	155.499	60.577
Third parties	7.625.402	3.306.441	2.149	637
Taxes payable	200.284	221.802	120.713	96.144
Accrued payable				
Related party	591.302	585.353	488.226	888.215
Third parties	7.892	3.861	7.165	44.473
Current maturity of long-term loan to arelated party	30.990.965	19.979.857	12.489.928	3.122.482
Total Current Liabilities	67.737.713	72.614.460	32.255.748	19.591.803

Non-Current Liabilities

Deferred tax liability - net	11,548.765	5,235.134	3,398.241	-
Long-term loan to a related party - net of current maturity	92,972.896	103,984.004	111,473.933	120,841.379
Post-employment benefits obligation	282.248	71.762	151.172	107.743
Total Non-current Liabilities	<u>104,803.909</u>	<u>109,290.900</u>	<u>115,023.346</u>	<u>120,949.122</u>
TOTAL LIABILITIES	<u>172,541.622</u>	<u>181,905.360</u>	<u>147,279.094</u>	<u>140,540.925</u>

EQUITY

Equity attributable to the owner of the Company				
Capital stock				
Authorized				
Issued and fully paid	90,000.000	90,000.000	60,000.000	60,000.000
Other comprehensive income	29.330	48.680	(16.223)	(7.575)
Retained earnings (deficit)	757.234	6,378.083	10,465.938	(10,190.634)
TOTAL EQUITY	<u>90,786.564</u>	<u>96,426.763</u>	<u>70,449.715</u>	<u>49,801.791</u>
TOTAL LIABILITIES AND EQUITY	<u>263,328.186</u>	<u>278,332.123</u>	<u>217,728.809</u>	<u>190,342.716</u>

COMPREHENSIVE PROFIT LOSS REPORT

(in US\$)

Description	30 June		31 December		
	2019	2018	2018	2017	2016
Net Income	111.765.945	63.054.108	218.785.123	252.401.165	139.345.827
Cost of Income	104.525.939	56.785.306	211.522.554	216.748.238	123.939.598
Gross Profit	7.240.006	6.268.802	7.262.569	35.652.927	15.406.229
Selling expenses	(2.186.417)	(299.995)	(1.209.335)	(1.028.578)	(1.116.332)
General and administrative expense	(430.406)	(387.028)	(589.196)	(537.068)	(390.984)
Finance costs	(4.285.896)	(3.745.979)	(7.127.702)	(6.526.216)	(5.811.122)
Gain (loss) on foreign exchange - net	54.680	(1.269.752)	(792.376)	(438.052)	(75.812)
Other gains I (losses) - net	307.265	(1.019.143)	183.444	438.185	(239.037)
Profit (Loss) Before Tax	699.232	(453.095)	(2.272.596)	27.561.198	7.772.942
Income Tax Expense - net	(6.320.081)	(2.251.709)	(1.815.259)	(6.904.626)	(2.311.366)
Profit (Loss) For The Period	(5.620.849)	(2.704.804)	(4.087.855)	20.656.572	5.461.576
Other Comprehensive Income Item that will not be reclassified subsequently to profit or loss: Remeasurement of defined benefit obligation	(25.800)	90.475	86.537	(11.530)	(7.636)
Income tax benefit relating to item that will not be reclassified subsequently	6.450	(22.619)	(21.634)	2.882	1.909
Total other comprehensive income for current period, net of tax	(19.350)	67.856	64.903	(8.648)	(5.727)
Total Comprehensive Income (Loss) For The Period	(5.640.199)	(2.636.948)	(4.022.952)	20.647.924	5.455.849

vi. Miscellaneous

In connection with collateral in the form of fiduciary over the machineries owned by PBI which is given to PT Bank Tabungan Negara (Persero) Tbk ("**BTN**"), in its position as a trustee in the context of the Bonds Public Offering of Chandra Asri Petrochemical Bonds I Year 2016, Public Offering of Sustainable Bonds I Phase I Year 2017, and Public Offering of Sustainable Bonds I Phase II Year 2018, CAP has received confirmation based on BTN Letter BTN No. 537/IBD/CM/IX/2019 dated 25 September 2019 concerning Responses to Request Letters for Confirmation and Approval Regarding the Merger Plan ("**BTN Confirmation**").

Based on the BTN Confirmation, with the Merger plan all assets and properties in the name of PBI are fully transferred to the CAP, including fiduciary objects, to be under the name of CAP. Furthermore, BTN also provided confirmation that an amendment or addendum to the agreement would be further signed, including among other a security sharing agreement and a fiduciary deed to change the ownership of the fiduciary object from PBI to CAP.

II. OVERVIEW OF MERGER PLAN

a. General

i. General Information

In the Merger plan, PBI will merge with CAP. CAP will become a Surviving Company and after the merger becomes effective, CAP will remain a listed company listed on the IDX.

The following terms must be met before the merger can be effective:

- a. CAP and PBI must obtain all required approvals from their respective shareholders;
- b. All obligations based on the respective articles of association of CAP and PBI, Capital Market Law and Company Law with regard to the merger must be fulfilled;
- c. There are no creditors of CAP and PBI that do not approve the Merger plan or obligations to creditors of CAP and PBI that do not approve the Merger plan have been fulfilled;
- d. an effective statement of Merger is obtained from OJK.

The Merger plan is an affiliated transaction as referred to in Regulation No. IX.E.1 because at the time of the Merger, CAP has owned 100% of shares in PBI. Therefore, based on the provision number 2 letter b.5 of Regulation No. IX.E.1, the Merger plan is an affiliated transaction that must only be reported by CAP to the Financial Services Authority no later than 2 (two) working days after the Effective Date of the Merger. Furthermore, Erwin Ciputra, Somkoun Sriwattagaphong, Chatri Eamsobhana, Andre Khor Kah Hin, and Fransiskus Ruly Aryawan are members of the Board of Directors at CAP and PBI. Baritono Prajogo Pangestu, Vice President Director of CAP, also serves as President Commissioner at PBI.

ii. Regulations Related to the Merger Plan

The regulations as a legal basis for the Merger plan are as follows:

1. Limited Liability Company Provisions
 - Company Law; and
 - PP No. 27/1998.
2. Taxation Provisions
 - Income Tax Law;
 - VAT Law;
 - PMK No. 52/PMK.010/2017;
 - Regulation of the Director General of Taxes No. PER-28/PJ/2008 concerning Requirements and Procedures for Granting Permits to Use Book Value for Transfer of Assets in the Context of Business Merger, Consolidation or Expansion;
 - Circular of the Director General of Taxes No. SE-29/PJ/2015 concerning Implementation Guidelines for Minister of Finance Regulation No. 43/PMK.03/2008 concerning Use of Book Value for Transfer of Assets in the Context of Business Merger, Consolidation, or Expansion.
3. Capital Market Provisions
 - Capital Market Law;
 - POJK No. 74/2016;
 - POJK No. 32/2014;
 - POJK No. 31/2015;
 - POJK No. 30/2017;
 - Regulation No. IX.E.1;
 - IDX Regulation No. I-G.

4. Investment Provisions
 - Government Regulation No. 24 of 2018 concerning Electronically Integrated Business Licensing Services (“**PP No. 24/2018**”);
 - Regulation of the Indonesian Investment Coordinating Board No. 6 of 2018 concerning Guidelines and Procedures for Licensing and Investment Facilities as amended by Regulation of the Indonesian Investment Coordinating Board No. 5 of 2019 (“**BKPM Regulation No. 5/2019**”).
5. Labor Provisions
 - Labor Law.
6. Business Competition Provisions
 - Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition;
 - Government Regulation No. 57 of 2010 concerning Merger or Consolidation of Business Entities and Takeover of Company Shares That Can Result in Monopolistic Practices and Unfair Business Competition (“**PP No. 57/2010**”).
7. Articles of association of CAP and PBI.

iii. Legal Effect of Merger

Pursuant to Article 122 of the Company Law, as a result of the proposed Merger, the Merging Company will end by law on the Effective Date of the Merger, without prior liquidation, and consequently:

1. All assets and liabilities of the Merging Company, including any rights and obligations of the Merged Company under its contracts with any third parties, will legally be transferred to the Surviving Company;
2. Shareholders of the Merging Company will by law become shareholders of the Surviving Company; and
3. All employees of the Merging Company will have a change in employment status to be employees of the Surviving Company.

The Merger plan as referred to in the Abridge of Merger Plan is carried out without making any amendment to the articles of association.

iv. Review by the Board of Directors of the Merger Plan

In connection with the Merger plan, the Surviving Company has conducted a review on, including but not limited to:

1. Business activities and development of business results of the respective Merger Participating Companies by taking into account the financial statements of the respective Merger Participating Companies for the period ended June 30, 2019 and for the financial years of 2016, 2017 and 2018 ending on December 31;
2. How to settle any rights and obligations of the respective Merging Participating Companies to any third parties;
3. How to settle employee’s employment status of the respective Merged Participating Companies;
4. How to settle any rights of public shareholders who do not approve the Merger;
5. An analysis of the condition of the Merging Company; and
6. Synergies/benefits that can result from the Merger and future prospects of the Surviving Company.

b. Risks

Directors of each Merger Participating Company are aware of potential risks associated with the Merger. The risks include the following:

i. Potential Tax Implications as a Result of The Merger

Based on tax legislation in force in Indonesia, a Merging Company can use the book value for transfer of assets in the context of business merger upon approval by the Director General of Taxes. In the event that upon approval by the Director General of Taxes to use the book value it is known that the Merger Participating Companies:

- do not meet the business purpose test;
- transfer their assets without submitting an application for transfer of assets within a specified period of time;
- obtain a rejection of transfer of assets from the Director General of Taxes and said assets have been transferred;

then the transfer value of assets in the context of business merger based on book value is recalculated based on market value at the time when the assets are transferred on the effective date of the Merger. The Director General of Taxes will issue a revocation decision letter on the approval decision letter on the use of book value and recalculate the transfer value of assets based on market value to determine the income tax payable. Income tax payable is to be borne by the Surviving Company.

ii. Risks Related to Legislation

The Merger Participating Companies must and will at any time comply with various requirements and legislation in Indonesia, which may change from time to time.

In connection with the Merger process, the Surviving Company must obtain an effective statement from OJK. If an effective statement is not obtained, the Merger Participating Companies may discontinue or cancel the Merger with due regard to the applicable laws and regulations. In such case, the Merger Participating Companies will make an announcement of the discontinuation or cancellation of the Merger.

iii. Non-Achievement of The Expected Synergy

Synergy is one of the objectives of the Merger plan to create greater business strength in negotiating with various vendors and customers to achieve better operational synergy and efficiency. However, there is no certainty that the expected synergy will be realized within the expected time frame.

iv. Employees Choose Not to Join the Surviving Company

As a result of the Merger plan, it is possible that not all employees of CAP and/or PBI decide to join the Surviving Company. There is a risk that the core employees needed to continue the operations of the Surviving Company choose not to participate in the Surviving Company. If this happens it can be anticipated by choosing replacement employees who can continue the operations after the Merger. The Surviving Company will strive to reduce this impact by "handover" before the employees quit or resign.

In addition, to anticipate the risk of losing core employees of CAP and/or PBI, all CAP and/or PBI employees who decide to join the Surviving Company will continue the working relationship with the Surviving Company with the same terms and conditions of work, salary, benefits and rights as those previously obtained.

c. Merger Procedures

i. Merger Requirements

By reviewing the regulations in force in Indonesia, the Merger plan will proceed on the fulfillment of the followings:

1. obtaining approval, or the absence of objections from creditors of each Merger Participating Company and/or the taking of required actions, as required in the agreements to which each Merger Participating Company is a party;
2. obtaining an effective statement from OJK;
3. obtaining approval from respective EGMS of CAP and PBI or through circular decision making (as relevant); and
4. the signing of a Deed of Merger in Indonesian language by CAP and PBI before a notary.

ii. Analysis of the Merger's Legal Aspects

Assegaf Hamzah & Partners has been appointed to act as an independent legal consultant for and on behalf of CAP in connection with the Merger plan between CAP and PBI.

Below is an analysis of the legal aspects of PBI's and CAP's Merger:

1. The Board of Directors of CAP and PBI prepared the Merger Plan. The Merger Plan has been approved by the Board of Commissioners of CAP and PBI on September 20, 2019. The Merger Plan was prepared in accordance with the applicable laws and regulations, including but not limited to regulations in capital market.
2. To comply with Article 127 paragraph (2) of the Company Law, Article 12 PP No. 27/1998, and Article 8 POJK No. 74/2016, CAP and PBI have announced the Abridge of Merger Plan and Additional Information and/or Amendment to Abridge of Merger Plan in 2 (two) Indonesian national daily newspapers, i.e. Harian Terbit and Suara Pembaruan each on September 24, 2019 and November 13, 2019. CAP has also announced the Abridge of Merger Plan and Additional Information and/or Amendment to Abridge of Merger Plan on CAP's website on September 24, 2019 and November 13, 2019.
3. To comply with the provision of Article 10 POJK No. 74/2016, CAP and PBI announced in writing information regarding the proposed Merger to the employees of CAP and PBI on September 24, 2019
4. To comply with laws and regulations in capital market, CAP has submitted a Merger Statement along with additional information in connection with the Merger Statement to OJK on September 24, 2019, October 22, 2019, and November 5, 2019.
5. The merger is carried out with due regard to the applicable laws and regulations, particularly (i) Company Law; (ii) Capital Market Law; (iii) PP No. 27/1998; and (iv) POJK No. 74/2016.

The merger will be effective on the satisfaction of the following conditions:

- a. obtaining approval, or the absence of objections from creditors from each of CAP and PBI and/or the taking of required actions, as required in agreements to which each of CAP and PBI is a party;
- b. obtaining an effective statement from OJK;
- c. obtaining approval from EGMS of CAP for the proposed Merger of CAP and PBI, along with the required transaction documents, including the Merger Plan document and the draft Deed of Merger of CAP and PBI, which such approval based on POJK No. 32/2014 and CAP's Articles of Association for EGMS of CAP is only valid if attended by at least $\frac{3}{4}$ (three quarters) of the total number of shares with valid voting rights and approved by more than $\frac{3}{4}$ (three quarters) of all shares with voting rights of those attending such EGMS.

In the event that the quorum at the first EGMS is not present, the second EGMS may adopt a resolution if attended by CAP's shareholders representing at least 2/3 (two thirds) of the total number of shares with valid voting rights approved by more than ¾ (three quarters) of the total number of votes legally cast at the EGMS.

In the event that the quorum at the second EGMS is not present, upon request of CAP, the quorum of attendance and the resolution for the third EGMS shall be determined by OJK.

- d. obtaining approval from EGMS of PBI for the Merger Plan, which such approval based on the Company Law, PP No. 27/1998, and PBI's articles of association for EGMS of PBI is only valid if attended by at least ¾ (three quarters) of the total shares issued with voting rights and approved by more than ¾ (three quarters) of all shares cast. Furthermore, based on PBI's articles of association, PBI's shareholders can also make binding decisions outside EGMS provided that all shareholders with voting rights approve in writing by signing the motion in question; and
 - e. the signing of a Deed of Merger in Indonesian language by CAP and PBI before a notary.
6. On the Effective Date of the Merger, CAP will act as a Surviving Company, upon which PBI will end by law and without liquidation. Therefore, any assets and liabilities of PBI are to be transferred by law to CAP, including but not limited to, any movable or immovable assets, and PBI's bills, arising from the entry into force of any legal provision or on the basis of any contract or agreement, with any party, debtor, shareholder, and other parties and any obligations, whether legal or financial, of PBI to any party whatsoever are to be transferred by law to CAP, including but not limited to, any obligations to the Government of the Republic of Indonesia (both central and regional), any creditors or other financing institutions, shareholders, and other parties.
 7. This Merger is carried out when CAP becomes the owner of all shares issued by PBI, as such there is no conversion of shares for other shareholders of PBI in CAP as required in the applicable Merger regulations.
 8. The Merger between CAP and PBI is categorized as an Affiliated Transaction as referred to in Regulation No. IX.E.1 because at the time of the Merger, CAP has owned 100% of shares in PBI. Therefore, based on the provisions number 2 letter b.5 of Regulation No. IX.E.1, the proposed merger is an affiliated transaction that must only be reported by CAP to the Financial Services Authority no later than 2 (two) working days after the Effective Date of the Merger. Furthermore, Erwin Ciputra, Somkoun Sriwattagaphong, Chatri Eamsobhana, Andre Khor Kah Hin, and Fransiskus Ruly Aryawan are members of the Board of Directors at CAP and PBI. Baritono Prajogo Pangestu, Vice President Director of CAP, also serves as President Commissioner at PBI. Based on individual Statement Letter from each member of the Board of Directors and Board of Commissioners of CAP and PBI dated September 20, 2019, each member of the Board of Directors and Board of Commissioners of CAP and PBI stated that they do not have a conflict of interest with the proposed Merger.
 9. In accordance with the provisions of Article 163 of the Labor Law, employers and workers may terminate employment in the event of a Merger. In the event of termination of employment, workers are entitled to severance pay, long service pay, and compensation pay in accordance with the provisions of the Labor Law.

10. Based on PP No. 57/2010, a business merger that results in assets and/or disposals exceeding a certain amount must be notified to the Business Competition Supervisory Commission (*Komisi Pengawas Persaingan Usaha*) within 30 working days from the date the juridical merger is effective. PP No. 57/2010 contains an exception, under which the notification obligation does not apply if a merger is carried out between affiliated companies, in which “affiliated” means a relationship of a company directly and indirectly controlling or controlled by another company. The Merger transaction of PBI into CAP is excluded from the notification obligation based on PP No. 57/2010 because PBI is wholly owned by CAP.
11. The Merger of PBI into CAP is carried out without making any amendments to CAP’s articles of association. Thus, according to the provisions of PP No. 27/1998 and POJK No. 74/2016, the Merger will take effect on the effective date specified in the Deed of Merger.
12. Previously, based on Article 31 of the Regulation of the Indonesia Investment Coordinating Board No. 13 of 2017 concerning Guidelines and Procedures for Licensing and Investment Facilities (“**BKPM Regulation No. 13/2017**”), a merger of companies can be carried out by Foreign Investment Companies or Domestic Investment Companies having a business license, provided that for the merger of companies, a company resulting from the merger must submit a business license for the merger. However, BKPM Regulation No. 13/2017 has been revoked by BKPM Regulation No. 5/2019, and said BKPM Regulation No. 5/2019 does not contain provisions regarding the obligation to obtain a business license for a business merger.

As a background, the issuance of BKPM Regulation No. 5/2019 is a form of implementation of the Government of Indonesia’s program to develop the Online Single Submission (“**OSS**”) as a new method for licensing services in Indonesia. Any changes to a business license can be processed through the OSS system as stipulated in PP No. 24/2018. Upon a verbal confirmation from the Indonesian Investment Coordinating Board (“**BKPM**”), a merger business license is currently not required for a merged company.

iii. Ownership Structure Before and After the Merger

The ownership structure of the Surviving Company as of September 30, 2019 prior to the Merger is as follows:

Description	Nominal Value of Rp 200 per share		
	Number of shares	Nominal (Rp)	(%)
Authorized capital	61,323,928,320	12,264,785,664,000	
Issued and Fully Paid-up Capital			
- PT Barito Pacific Tbk*	7,401,917,600	1,480,383,520,000	41.51
- SCG Chemicals Company Limited	5,451,715,305	1,090,343,061,000	30.57
- Prajogo Pangestu	2,633,913,495	526,782,699,000	14.77
- Marigold Resources Pte. Ltd.**	846,810,930	169,362,186,000	4.75
- Public (respectively below 5%)	1,498,282,930	299,656,586,000	8.40
Total Issued and Fully Paid-up Capital	17,833,520,260	3,566,704,052,000	100.00
Number of Shares in Portfolio	43,490,408,060	8,698,081,612,000	

*1,400,000,000 shares of PT Barito Pacific Tbk in CAP are being pledged to creditor based on the Deed of Shares Pledge Agreement No. 66 dated November 23, 2018, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta

** Based on the provisions of the Accounting and Corporate Regulatory Authority dated May 10, 2019, PT Barito Pacific Tbk is the owner of 1 share representing 100% of shares in Marigold Resources Pte. Ltd. 40,000,000 shares of Marigold Resources Pte. Ltd. in CAP are being pledged to creditor in relation with Facility Agreement dated November 15, 2018 as amended by Amendment Agreement dated July 26, 2019

While the ownership structure of the Surviving Company after the Merger is in accordance with the Register of Shareholders of CAP as of September 30, 2019 as follows (assuming no CAP shareholders who disagree will sell their shares):

Description	Nominal Value of Rp.200 per share		
	Number of Shares	Nominal (Rp)	(%)
Authorized capital	61,323,928,320	12,264,785,664,000	
Issued and Fully Paid-up Capital			
- PT Barito Pacific Tbk*	7,401,917,600	1,480,383,520,000	41.51
- SCG Chemicals Company Limited	5,451,715,305	1,090,343,061,000	30.57
- Prajogo Pangestu	2,633,913,495	526,782,699,000	14.77
- Marigold Resources Pte. Ltd.**	846,810,930	169,362,186,000	4.75
- Public (respectively below 5%)	1,498,282,930	299,656,586,000	8.40
Total Issued and Fully Paid-up Capital	17,833,520,260	3,566,704,052,000	100.00
Number of Shares in Portfolio	43,490,408,060	8,698,081,612,000	

*1,400,000,000 shares of PT Barito Pacific Tbk in CAP are being pledged to creditor based on the Deed of Shares Pledge Agreement No. 66 dated November 23, 2018, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta

** Based on the provisions of the Accounting and Corporate Regulatory Authority dated May 10, 2019, PT Barito Pacific Tbk is the owner of 1 share representing 100% of shares in Marigold Resources Pte. Ltd. 40,000,000 shares of Marigold Resources Pte. Ltd. in CAP are being pledged to creditor in relation with Facility Agreement dated November 15, 2018 as amended by Amendment Agreement dated July 26, 2019

Considering that at the time of the Merger, CAP already has 100% shares in PBI, no PBI shareholders will become shareholders in CAP after the Effective Date of the Merger.

d. Information/Description of the Merger Plan and Accounting Method for the Merger Plan

i. Affiliated Party Transactions

The Merger plan is an Affiliated Transaction as referred to in Regulation No. IX.E.1 because CAP owns 100% of shares in PBI. Therefore, based on the provisions of number 2 letter b.5 Regulation No. IX.E.1, the Merger plan is an affiliated transaction that must only be reported by CAP to the Financial Services Authority no later than 2 (two) working days after the Effective Date of the Merger. In addition, Erwin Ciputra, Somkoun Sriwattagaphong, Chatri Eamsobhana, Andre Khor Kah Hin, and Fransiskus Ruly Aryawan are members of the Board of Directors at CAP and PBI. Baritono Prajogo Pangestu, Vice President Director of CAP, also serves as President Commissioner at PBI.

ii. Transaction Effective Date of the Merger Plan

The Merger plan will become effective upon the execution of a Deed of Merger and on the date specified in the Deed of Merger, which is January 1, 2020 or another date as agreed by CAP and PBI. The estimated schedule for important dates of the Merger plan process is set forth in Chapter VII regarding Merger-Related Estimated Dates.

iii. Accounting Treatment for the Merger Plan

As the Merger Participating Companies, CAP and PBI are majority owned by the same group of shareholders, PT Barito Pacific Tbk, the Merger Participating Companies are effectively categorized as Entities under Common Control. Therefore, this business merger is carried out using the pooling of interest method.

In applying the pooling of interest method, assets and liabilities of the Merging Company on the date of the merger are recorded in the financial statements of the Surviving Company using book value. The difference in the amount recorded as share capital issued and the amount of share capital obtained must be adjusted to equity. Goodwill or negative goodwill is not recognized. Inter-company transactions are eliminated.

The proposed merger of CAP and PBI is based on PSAK 38 paragraphs 10-17, where the business combination of entities under common control is recorded using the interests pooling method in which assets and liabilities obtained from the business combination are

recorded by the acquirer at their carrying amount. The difference between the amount of the consideration transferred and recorded amount is presented as additional paid-in capital and is not reclassified to profit or loss when lost the control. The interests pooling method is applied as if the entity has been joining since the period in which the joined entity is under control.

iv. **Tax treatment for the Merger Plan**

a. Corporate Income Tax

- Article 10 paragraph 3 of the Income Tax Law stipulates that an acquisition or transfer value of assets transferred in the context of liquidation, merger, consolidation, expansion, separation, or takeover of a business is the amount that should be issued or received at a market price, unless otherwise stipulated by the MoF.
- The MoF issues PMK No. 52/PMK.010/2017. Based on the regulation, a taxpayer can use book value of transfer of assets in the context of merger, consolidation, expansion or takeover of a business, upon approval by the Director General of Taxes.
- A business merger that can use book value, including a merger of two or more domestic corporate taxpayers whose capital is divided into shares by transferring all assets and liabilities to one corporate taxpayer having no remaining fiscal loss or having a smaller remaining fiscal loss and dissolving the corporate taxpayer(s) that transferred the assets and liabilities.
- A taxpayer that transfers or receives a transfer of assets in the context of a business merger using book value is required to meet the following requirements:
 - (a) Submitting an application to the Director General of Taxes no later than 6 (six) months after the effective date of the business merger, by enclosing the reasons and objectives for such business merger;
 - (b) Meeting the business purpose test;
 - (c) Obtaining a fiscal statement from the Director General of Taxes for each relevant domestic corporate taxpayer.
- The business purpose test is met when:
 - (a) The main objective of a business merger is to create a strong business synergy and strengthen the capital structure and not for tax avoidance;
 - (b) Business activities of the taxpayer that transfers its assets are still going on until the effective date of the business merger;
 - (c) Business activities of the taxpayer that transfers its assets before the merger occurs must be continued by the taxpayer that receives the transfer of assets no later than 5 (five) years after the effective date of the business merger;
 - (d) Business activities of the taxpayer that receives the assets in the context of a merger continues for a period of at least 5 (five) years after the effective date of the business merger; and
 - (e) Assets in the form of fixed assets owned by the taxpayer that receives the assets from the business merger are not transferred by the taxpayer that receives the assets no later than 2 (two) years after the effective date of the business merger unless the transfer is made for the purpose of increasing company efficiency.
- Assets that can be submitted for application to use book value are assets that have been transferred on the effective date of the business merger. The book value is a book value on the effective date of the business merger.
- An application for the use of book value is to be submitted by the taxpayer that receives assets in the context of a business merger.

- The Director General of Taxes issues an approval or a rejection of the taxpayer's application no later than 1 (one) month from the date of receipt of the complete application. If within such period the Director General of Taxes has not issued a decision, the taxpayer's application is deemed approved.
- The taxpayer that receives assets using book value may not compensate for losses/residual losses from the corporate taxpayer that transfers assets in the context of a business merger.
- The taxpayer that receives a transfer of assets in the context of a business merger records the acquisition value of such assets in accordance with the book value as stated in the books of the transferor. The book value is:
 - (a) The acquisition value less accumulated depreciation or accumulated amortization, for depreciated or amortized assets; or
 - (b) the acquisition value of non-depreciated or non-amortized assets.
- Depreciation or amortization of assets received is based on the remaining useful life as stated in the books of the transferor.
- In the event of a debt between the taxpayer that transfers its assets and the taxpayer that receives the transfer of assets in the context of a business merger, the records are subject to offset and no income is recognized from debt offset and fees for offset.
- In the case of a business merger being carried out in the current tax year, the amount of installment for Income Tax Article 25 of the taxpayer that receives assets after the business merger is not less than the amount of installment for Income Tax Article 25 of all related taxpayers before the business merger.
- With respect to taxation rights and obligations of the taxpayer transferring its assets in the context of a business merger for the tax period, part of the tax year and/or tax year prior to the business merger, they should be transferred to the taxpayer receiving the transfer of assets for the purpose of the business merger.

Based on the taxation regulations above, it can be concluded that the Surviving Company can use book value for transfer of assets in the context of a merger upon approval by the Director General of Taxes and to the extent the provisions stipulated in the Minister of Finance Regulation No. 52/PMK.010/2017 are satisfied.

b. Value Added Tax ("VAT")

Article 1A paragraph 2 of the VAT Law stipulates that transfer of taxable goods in the context of a merger, consolidation, expansion, separation, and takeover of a business is not included in the definition of delivery of taxable goods, provided that the transferor and the transferee are taxable entrepreneurs.

e. Employee Rights

As part of the purpose of the Merger, it is expected that all employees of the Merger Participating Companies will be willing to become employees of the Surviving Company. The Surviving Company will comply with all regulations, provisions and policies concerning employees in accordance with the applicable Labor Law.

The work requirements and human resource policies of the Merging Company will not change until the Effective Date of the Merger. Placement of employees of the Merging Company in the Surviving Company will be adjusted to the organizational structure and business strategy of the Surviving Company.

Employees who choose not to join the Surviving Company will be asked to sign a resignation letter with the same effective date as the Effective Date of the Merger, and the severance package for each

employee will be paid on the Effective Date of the Merger. The severance package for employees is pursuant to Article 163 item 1 of the Labor Law.

f. CAP's Shareholder Rights

Buyback Offer to CAP's Shareholders

In accordance with Article 62 paragraph (1) of the Company Law, each shareholder has the right to ask CAP to buy back their shares in fair price if the concerned shareholder does not agree with the action of CAP which is harmful to the shareholders or CAP in the form of, among other, a merger, which results in losses to CAP or related shareholders. The share repurchase must be made according to the provisions in Article 37 paragraph (1) of the Company Law, which states that the share repurchase should not cause CAP's net worth to be smaller than the amount of issued capital plus statutory reserves. In addition, the total face value of all shares repurchased by CAP may not exceed 10% of CAP's issued capital. CAP's shareholders will authorize CAP's Directors to determine procedures and implementation of the process. CAP's public shareholders who are given the opportunity to request their shares be purchased by CAP are those who: (i) have their names recorded in CAP's Register of Shareholders as of October 23, 2019, which is 1 working day before the date of EGMS invitation; (ii) has given a non-approving vote at the EGMS; and (iii) has submitted a statement of intention to sell shares to CAP on the day of the EGM no later than 16.00 WIB. If there are shareholders of CAP requesting that their shares be purchased by CAP, but (i) their names are not recorded in Shareholders Register of CAP on October 23, 2019; or (ii) is not a shareholder who disapproves as recorded in the vote at the EGMS; or (iii) does not submit a statement of intention to sell shares to CAP on the day of the EGMS no later than 16.00 WIB, then the shareholders are not entitled to request that their shares be purchased by CAP. A shareholder that proposes to purchase any shares is required to show a proof of legal ownership and sufficient evidence that the Merger is detrimental to the relevant shareholder and harmful to CAP.

Every shareholder of CAP that disagrees will be given the opportunity to sell his/her/its shares to CAP and CAP will buy his/her/its shares at the highest share buyback price determined in accordance with Article 11 paragraph (1) letter (a) POJK No. 30/2017, which is at an average price of the daily closing price on the IDX for the last 90 (ninety) days before the date of share buyback by CAP.

Shares repurchased can only be controlled by CAP for a period of no longer than 3 years from the completion of the repurchase and must be transferred to a third party. If there are still a number of shares repurchased that have not been transferred within such period, CAP is required to complete the transfer of shares within a period of 2 years. If the shares have not been transferred after the 2 year period set, CAP must complete the transfer of shares within 1 year.

If as a result of the sale of shares by CAP's public shareholders to CAP, the shareholding of public shareholders who are not major shareholders or controlling shareholders becomes less than 50,000,000 shares and 7.5% of the total shares in paid-up capital, then CAP will take any actions required/ necessary so that the public shareholders of CAP reach the minimum limit (within the timeframe as stipulated in IDX Regulation No. IA concerning Listing of Shares and Equity-Type Securities Other Than Shares Issued by Listed Companies)) and will maintain CAP's position as a public company whose shares are listed on the stock exchange in Indonesia.

In the event that an effective statement of the Merger is not obtained from OJK, the Board of Directors of the Merger Participating Companies has the right to cancel or declare the Merger agreement canceled in accordance with the applicable laws and regulations. If the Merger agreement is canceled or declared canceled in the manner specified further, the Merger Participating Companies will make an announcement of discontinuation or cancellation of the Merger and CAP's Directors and PBI's Directors are required to take the following actions:

1. sending a written notice to the competent authorities, including but not limited to, OJK, no later than 2 (two) working days from the date of the Merger agreement is canceled or declared canceled;
2. sending a written notice to respective creditors of CAP and PBI, no later than 2 (two) working days from the date of the Merger agreement is canceled or declared canceled;
3. announcing the cancellation or declaration of cancellation of the Merger agreement to the public through 2 (two) daily newspapers.

g. Rights and Obligations of Third Parties

i. Third Party in the Agreement

All agreements or contracts with any third parties signed by the Merging Company will be transferred by law to the Surviving Company on the Effective Date of the Merger or the Surviving Company may terminate the contractual relationship with the third parties.

Accordingly, the Surviving Company will be a successor of the Merging Company as a party and will receive and assume all rights and obligations pursuant to the terms of the agreements or contracts, unless the agreements or contracts specify otherwise.

In carrying out their business activities, CAP and PBI have entered into material agreements with other parties. These material agreements do not contain restrictions for CAP and PBI to enter into a Merger.

iii. Creditors

Based on Article 127 paragraph (4) of the Company Law, creditors from each Merger Participating Company may submit an objection to the Merger plan no later than 14 (fourteen) days after the abridge of Merger Plan is announced ("**Deadline Of Statement Of Objectives**").

On September 24, 2019, each Merger Participating Company announced the Abridge of Merger Plan in two Indonesian language daily newspapers in the domicile of each Merger Participating Company.

Any objections from any creditors will be resolved until the time of EGMS. Failing to resolve the objections from creditors by the deadline of EGMS, the Merger cannot proceed.

Based on several credit agreements with creditors, CAP and PBI are required to provide notice in respect of the Merger plan.

On August 26, 2019, CAP has submitted a letter to PT DBS Indonesia, in its position as Agent of the Facility Agreement for US\$ 199,800,000 Single Currency Term Facility in connection with the Merger plan.

CAP has submitted a written notice in connection with the proposed Merger to PT Bank BNP Paribas Indonesia, as required under Banking Facility Agreement No. LC/IR-266/LA/2017 dated October 16, 2017 as amended by Amendment to Facility Letter No. Ref. LC/IR-291/LA/2017 dated November 28, 2017 and Notification of Extension of Credit Period No. LC/IR-468/LA/2019 dated August 22, 2019 between CAP and PT Bank BNP Paribas Indonesia, through a CAP Letter dated September 24, 2019.

CAP has submitted a written notice in connection with the proposed Merger to Deutsche Bank AG, Jakarta, as required under the Facility Agreement dated June 25, 2014 as last amended with the Amended Facility Agreement dated February 22, 2019 between CAP, PT

Styrindo Mono Indonesia ("**SMI**"), PBI, and Deutsche Bank AG, Jakarta ("**DBAG Credit Agreement**"), through a CAP Letter dated September 25, 2019.

CAP has submitted a written notice in connection with the proposed Merger to PT Bank Danamon Indonesia Tbk, as required under the Deed of Amendment to Credit Agreement No. 43 dated September 28, 2011, made before Dewi Kusumawati, S.H., Notary in Jakarta as amended several times the latest with the Extension and Amendment Agreement to Credit Agreement No. 229/PP&PWK/CBD/VII/2018 and lastly extended with the Extension Agreement Against Credit Agreement No. 423/PPWK/EB/0819 dated August 30, 2019 No. 423/PPWK/EB/0819 between CAP and PT Bank Danamon Indonesia Tbk, through a CAP Letter dated September 24, 2019.

CAP has submitted a notice regarding the Merger plan to BNP Paribas, Tokyo as Agent of Loan Agreement dated December 17, 2018 between CAP, Japan Bank for International Cooperation and BNP Paribas Tokyo pursuant to a CAP letter dated September 19, 2019.

CAP has submitted a written notice in connection with the proposed Merger to The Siam Commercial Bank Public Company Limited, as required under the USD 30,000,000 Single Currency Revolving Credit Facility Agreement dated November 12, 2014 as amended and restated with (i) Amendment and Restatement Deed relating to a USD 30,000,000 single currency revolving credit facility dated November 12, 2014 dated November 11, 2016 and (ii) Second Amendment and Restatement Deed dated November 14, 2018 by and between CAP and The Siam Commercial Bank Public Company Limited, through a CAP Letter dated September 24, 2019.

CAP has submitted a written notice in connection with the proposed Merger to PT Bank HSBC Indonesia, as required under Deed of Loan Lending Agreement No. 8 dated September 5, 2018, made before Jose Dima Satria, S.H., M.Kn., Notary in Jakarta by and between CAP and PT Bank HSBC Indonesia, through a CAP Letter dated September 24, 2019.

That based on the Banking Facility Provision Agreement (Special Provisions) No. KK/18/0583/N/CG1 dated June 21, 2018 and General Terms and Conditions for Providing Banking Facilities No. SKU/18/0582/N/CG1 dated June 21, 2018 between CAP and PT Bank Permata Tbk, CAP has the obligation to immediately notify the changes in licensing or other important changes that do not require prior written approval from PT Bank Permata Tbk. Therefore, the CAP will submit a written notice to PT Bank Permata Tbk, after the effective date of the Merger as stated in the Merger Deed.

That based on the Deed of Amendment and Restatement of Credit Agreement No. 55 dated November 12, 2014 was made before Sri Buena Brahmana, S.H., M.Kn., Notary in Jakarta, between CAP, SMI, and PT Bank Central Asia Tbk, as last amended by the Sixteenth Amendment Deed of Credit Agreement No. 24 dated April 15, 2019, made before Sri Buena Brahmana, S.H., M.Kn., Notary in Jakarta as extended based on a Letter of PT Bank Central Asia Tbk No. 10780/GBK/2019 concerning Notification of Extension of Deadline for Withdrawal and/or Use of Credit Facilities dated October 25, 2019, CAP has the obligation to notify PT Bank Central Asia Tbk in writing in the event CAP conduct a merger, no later than 30 working days from the date corporate approval to merge has been obtained. Therefore, considering that based on the provisions of the CAP's articles of association to conduct a Merger, it is necessary to approve the General Meeting of Shareholders of the CAP as a whole rather than the required corporate approval, CAP will submit a written notice to PT Bank Central Asia Tbk, after obtaining an approval of General Meeting of Shareholders of CAP which approves the Merger.

That based on Credit Agreement No. 204/XI/2014 dated November 12, 2014 between CAP, SMI, PBI, and Bangkok Bank Public Company Limited as lastly amended by the Fourth Amendment to Credit Agreement No. 188/XII/2018 dated December 17, 2018 ("**Bangkok**

Bank Credit Agreement"), CAP has the obligation to submit a notification to Bangkok Bank Public Company Limited in the event CAP will conduct a merger, no later than 5 working days from the date the corporate approval to merge has been obtained. Therefore, considering that based on the provisions of the CAP's articles of association to conduct a Merger, it is necessary to approve the General Meeting of Shareholders of the CAP as a whole rather than the required corporate approval, CAP will submit a written notice to Bangkok Bank Public Company Limited, after obtaining an approval of General Meeting of Shareholders of CAP which approves the Merger.

CAP has obtained approval from all creditors of the USD 199,800,000 Credit Agreement to release all pledge of CAP shares in PBI, as evidenced by a facsimile from PT Bank DBS Indonesia (in its position as a Facility Agent) regarding Consent & Waiver Request Letter Ref No. 2798/DBS-IBO_LO/X/2019 dated October 31, 2019, which states that all creditors have agreed to release the pledge of CAP shares in PBI provided that the release of the shares pledge will be effective when the Merger is effective.

PBI has provided a written notice in connection with the proposed Merger to Bangkok Bank Public Company Limited, as required under the Bangkok Bank Credit Agreement, through PBI Letter dated September 24, 2019.

PBI has submitted a written notice in connection with the proposed Merger to Deutsche Bank AG, Jakarta Branch as required under the DBAG Credit Agreement, through a PBI Letter dated September 24, 2019.

III. OVERVIEW OF THE SURVIVING COMPANY

a. SURVIVING COMPANY

The name of the Surviving Company is PT Chandra Asri Petrochemical Tbk (“CAP”). CAP has its head office at Wisma Barito Pacific Tower A, 7th Floor, Jl. Letjen S. Parman Kav. 62-63, Jakarta 11410, telephone number (+62 21) 5307950, fax number (+62 21) 5308930, website: www.chandra-asri.com, and e-mail: investor-relations@capcx.com. The Surviving Company's Logo is:



b. VISION AND MISSION

The basic foundation of integration of the Surviving Company is to encourage its position as an integrated petrochemical company to further strengthen its position to bring the Surviving Company closer to its vision of becoming the best and preferred petrochemical company in Indonesia.

The mission of the Surviving Company is to continue to develop and strengthen its leadership position through integration, human resources development and selected partnerships in a sustainable manner, which will contribute to Indonesia's growth.

c. BUSINESS STRATEGY

CAP will continue to grow with the following business strategies:

1. increasing CAP's capacity and build CAP's position as a market leader to take advantage of Indonesia's strong petrochemical growth opportunities;
2. expanding CAP's product offerings and optimizing further integration along the petrochemical chain especially for C2 and its derivative products;
3. developing the advantages of raw materials to increase cost competitiveness;
4. developing and guiding CAP's human resources;
5. continuously strengthening and utilizing the strengths of CAP to maintain good relations with stakeholders;
6. maintaining and further enhancing the best operational, efficiency, cost, and safety, health and environmental standards;
7. varied product portfolios;
8. vertically integrated business operations from upstream to downstream for more efficient and low-cost operations;
9. strategic location, close to each other and connected with customer facilities;
10. stable and more flexible supply of raw materials;
11. high operational level;
12. continuously maintaining a high level of utilization in order to meet strong demand from the Indonesian domestic market, which is a petrochemical importer country with a focus on developing yields and energy efficiency;
13. a broad and loyal customer base;
14. solid and experienced management supported by strong commitments from shareholders.

d. OFFICE STATUS OF THE SURVIVING COMPANY

The Surviving Company's head office will remain domiciled at the current CAP domicile, at Wisma Barito Pacific Tower A, 7th Floor, Jl. Letjen S. Parman Kav. 62-63, Jakarta 11410.

CAP has a factory located at Jl. Raya Anyer KM. 123, Kelurahan Gunung Sugih, Kecamatan Ciwandan, Cilegon, 42447 Banten.

e. CAPITAL STRUCTURE AND SHAREHOLDING AFTER THE MERGER

After the Merger is effective, assuming no CAP shareholders who disagree will sell their shares, the capital structure and shareholder composition of the Surviving Company are as set forth in the Register of Shareholders as of 31 August 2019 as follows:

Description	Nominal Value of Rp 200 per Share		
	Number of Shares	Nominal (Rp)	(%)
Authorized capital	61,323,928,320	12,264,785,664,000	
Issued and Fully Paid-up Capital			
- PT Barito Pacific Tbk*	7,401,917,600	1,480,383,520,000	41.51
-SCG Chemicals Company Limited	5,451,715,305	1,090,343,061,000	30.57
- Prajogo Pangestu	2,633,913,495	526,782,699,000	14.77
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**Based on the provisions of the Accounting and Corporate Regulatory Authority dated May 10, 2019, PT Barito Pacific Tbk is the owner of 1 share representing 100% of shares in Marigold Resources Pte. Ltd. 40,000,000 shares of Marigold Resources Pte. Ltd. in CAP are being pledged to creditor in relation with Facility Agreement dated November 15, 2018 as amended by Amendment Agreement dated July 26, 2019

f. MANAGEMENT AND SUPERVISION

After the Merger is effective, the Board of Commissioners and the Board of Directors of the Surviving Company are as follows:

Board of Commissioners

President Commissioner (also acting as an Independent Commissioner)	:	Djoko Suyanto
Vice President Commissioner (also acting as an Independent Commissioner)	:	Tan Ek Kia
Commissioner (also acting as an Independent Commissioner)	:	Ho Hon Cheong
Commissioner	:	Agus Salim Pangestu
Commissioner	:	Lim Chong Thian
Commissioner	:	Thammasak Sethaudom
Commissioner	:	Cholanat Yanaranop

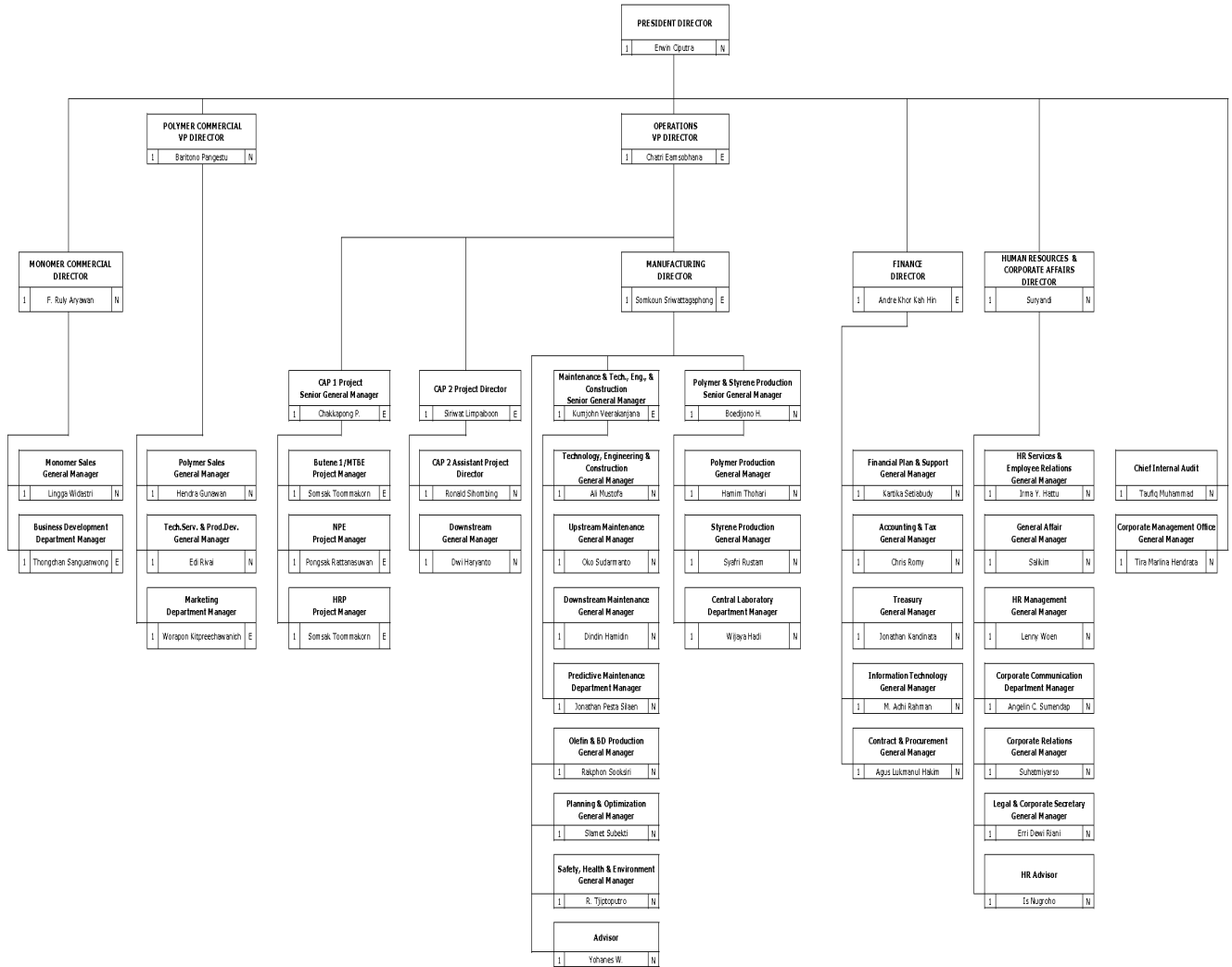
Board of Directors

President Director	:	Erwin Ciputra
Vice President Director	:	Chatri Eamsobhana
Vice President Director	:	Baritono Prajogo Pangestu
Director	:	Andre Khor Kah Hin
Director	:	Somkoun Sriwattagaphong
Director	:	Fransiskus Ruly Aryawan
Director	:	Suryandi

The total remuneration and benefits to be received by members of the Board of Commissioners and the Board of Directors of the Surviving Company will be determined by a General Meeting of Shareholders.

g. ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES AFTER THE MERGER

After the Merger is effective, the organizational structure of the Surviving Company is as follows:



h. MANAGEMENT ANALYSIS

Management Analysis related to Advantages, Challenges and Prospects of the Merger

Here are the advantages, challenges, and prospects of the merger:

Advantages:

- The merger of CAP with PBI will integrate the overall production processes, improve procurement synergies, integrate financial aspects including accounting processes, taxation and capital structure, which will ultimately improve operational and financial performance so as to create a more synergistic, stronger and more efficient company;
- The merger will create a more integrated petrochemical company with a more diverse product portfolio. This merger will create a company with stronger production capacity and assets that can compete with more stable profitability;
- The existence of PBI as a separate legal entity leads to various inter-company transactions such as: (i) intercompany charges and (ii) placement of employees. The merger will eliminate duplication of activities and additional administrative expenses and increase efficiency;

The merger between CAP and PBI will eliminate all additional costs that are not needed to maintain compliance and eliminate all transactions between companies and integrate the overall production process, which will therefore result in a simpler production process thereby creating a stronger and more efficient company. The Merger Plan will improve the efficiency and effectiveness of daily business activities of CAP and will therefore benefit all stakeholders including public shareholders of CAP and that the Merger will not result in losses to the shareholders of CAP or to CAP.

In addition, the merger of CAP and PBI is expected to create better efficiency in administrative activities related to inter-company transactions and reporting costs including auditing, actuarial and transfer pricing. The merger will also create more optimal utilization of resources related to management/ management, employees and capital, especially for PBI. Regarding capital, the merger with CAP will provide better access to funding for PBI in the form of capital and loans.

- d. Increasing the efficiency and effectiveness of the Surviving Company's operations will benefit all stakeholders including the public shareholders of CAP.

Challenges:

- a. There is potential for increased investment and operational costs as a result of adjusting system policies and infrastructure for the business merger;
- b. The process of integrating systems such as information technology and management information systems takes longer than expected;
- c. Certainty to retain key employees cannot be determined and loss of key employees can interfere with company operations.

Prospects:

- a. An integrated petrochemical company that can increase the competitiveness of the Surviving Company in the domestic and international markets;
- b. A strong financial position by expanding funding sources to enable rapid business growth and reduce the impact of the petrochemical industry cycle;
- d. A strong reputation as a "preferred partner" through more complete products offered and customer services and broader services;
- e. A reliable and experienced management team in the petrochemical industry; and
- f. The company's overall profitability will increase in the long run with more resources that enable the Surviving Company to take advantage of new opportunities that may arise in the petrochemical industry.

i. BUSINESS PLAN

Below is the business plan of CAP after the merger:

- a. conducting a butadiene production process integration of PBI with the production of CAP in order to increase operational activities synergy between both company;
- b. accomplishing the development process of MTBE/Butene-1 plant, either from the project execution and the capital side with the accomplishment target on Q3-2020. PBI is currently developing MTBE/Butene-1 plant with the purpose to strengthen product portfolio and increase added value. With the existence of MTBE/Butene-1 plant, CAP can use Raffinate-1 production that already exists to be further processed and generate better added value. Furthermore, CAP will integrate Butene-1 production into polyethylene production process as co-monomer;
- c. preparing and marketing MTBE to supply the needs of Indonesian market;
- d. in general, CAP will continue the strategy to optimize production at all plants with a focus on production security while maintaining a strong financial position. In addition, CAP will continue capacity building efforts with a focus on studies of the second naphtha cracker expansion project.

j. AFFIRMATION OF ACCEPTANCE OF TRANSFER OF ALL RIGHTS AND OBLIGATIONS

In accordance with Article 11 of PP No. 27/1998, CAP as the Surviving Company hereby confirms that it is willing to accept and take over all PBI's business activities, operations, assets and liabilities, as well as equity as a result of the Merger plan.

IV. RECOMMENDATIONS FROM THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

Based on material considerations as explained in this Merger Plan, the Board of Directors and Board of Commissioners of CAP and PBI recommend to merge PBI into CAP.

The merger is carried out with due regard to the interests of the Merger Participating Companies, customers, the public, industry consolidation to be in line with the government's vision and fair competition in doing business, and guarantees the fulfillment of rights of public shareholders and employees.

As a consequence of the Merger plan, on the Effective Date of the Merger PBI will end by law without liquidation. All PBI's remaining assets and liabilities will, by law, be transferred to CAP.

This Merger is planned to be effective on January 1, 2020 or another date as agreed by CAP and PBI.

The Board of Directors and Board of Commissioners of CAP and PBI argue that the Merger plan will increase the value of the Surviving Company and therefore benefit all stakeholders, including CAP's public shareholders.

With regard to the Merger Plan, the respective Board of Directors and Board of Commissioners of CAP and PBI hereby recommend to each of their shareholders to approve the Merger plan as proposed at EGMS.

V. EGMS REQUIREMENTS AND VOTING PROVISIONS

CAP's EGMS

CAP's shareholders who are entitled to attend the CAP's EGMS are those registered in CAP's register of shareholders as of October 23, 2019.

A shareholder who is unable to attend the CAP's EGMS may grant a power of attorney to another party by filling out a power of attorney form and submit it to CAP no later before the CAP's EGMS is held. Submitting a power of attorney form will not restrict a shareholder from attending the meeting and cast his/her/its own voting rights if he/she/it intends to do so.

At CAP's EGMS, CAP will seek approval from CAP's shareholders on the agenda, among others, the merger plan of CAP with PBI along with the required transaction documents, including the Merger Plan document and the draft Deed of Merger between CAP and PBI.

CAP's EGMS will be held on November 15, 2019. CAP's EGMS to approve the Merger must be attended by at least $\frac{3}{4}$ (three quarters) of the total number of shares with valid voting rights and approved by more than $\frac{3}{4}$ (three quarters) of all shares with voting rights present at the EGMS.

If CAP's EGMS quorum is not present, the second meeting may adopt a resolution, provided that it is attended by shareholders representing at least $\frac{2}{3}$ (two thirds) of the total number of shares with valid voting rights and approved by more than $\frac{3}{4}$ (three quarters) of all shares with voting rights present at the EGMS.

In the event that the quorum at the second EGMS is not present, upon request of CAP, the quorum of attendance and the resolution for the third EGMS shall be determined by OJK.

PBI's EGMS

At PBI's EGMS, PBI will ask for approval from PBI's shareholders on the Merger Plan and the draft Deed of Merger between CAP and PBI.

PBI's EGMS will be held on November 15, 2019. PBI's EGMS to approve the Merger must be attended by at least $\frac{3}{4}$ (three quarters) of the total number of shares with valid voting rights and approved by more than $\frac{3}{4}$ (three quarters) of all shares with voting rights present at the EGMS.

Based on the provisions of PBI's articles of association, PBI's shareholders may adopt binding resolutions outside an EGMS, provided that all PBI's shareholders with voting rights approve in writing by signing the motion in question.

VI. STEPS TAKEN BY SHAREHOLDERS OF THE MERGER PARTICIPATING COMPANIES

The following are steps to be taken by shareholders of the Merger Participating Companies:

1. Each shareholder of CAP and PBI has read this Merger Plan carefully;
2. On the date of the EGMS, shareholders who meet the requirements as referred to in Chapter V regarding EGMS Requirements and Voting Provisions are expected to attend and vote at the EGMS;
3. For CAP's and PBI's shareholders who cannot attend the EGMS, they can be represented by other parties pursuant to the provisions of the power of attorney.

VII. ESTIMATED DATES IN CONNECTION WITH THE MERGER

No.	Activity	Implementation
1.	Submitting EGMS plan and agenda to OJK.	September 17, 2019
2.	Approval of the Board of Commissioners and the Board of Directors of CAP and PBI of the Merger Plan	September 20, 2019
3.	<ul style="list-style-type: none"> a. The Board of Directors of CAP and PBI announced the Abridge of Merger Plan in daily newspapers. b. The Board of Directors of CAP and PBI give the employee a written notice of the Merger plan. c. Announcement to the creditors of CAP and PBI of the deadline for submission of objections. d. Submission of Merger Statement to OJK which contains the Merger Plan that has been approved by the Board of Commissioners CAP and PBI along with its supporting documents. 	September 24, 2019
4.	Submitting a proof of announcement on the Abridge of Merger Plan to OJK and IDX.	September 25, 2019
5.	The time limit for CAP and PBI's employees to continue or terminate the employment relationship with each CAP and PBI.	October 1, 2019
6.	The time limit for the creditors of CAP and PBI to file an objection.	October 8, 2019
7.	Announcement of EGMS.	October 9, 2019
8.	Submitting evidence of an announcement of EGMS to OJK.	October 11, 2019
9.	The last date for shareholders' recording in CAP's Register Shareholders who are entitled to attend the EGMS and who have the rights to sell their shares.	October 23, 2019
10.	CAP's Directors summon the EGMS in at least one newspaper, CAP's website, and IDX's website.	October 24, 2019
11.	The date of Effective Statement from OJK on the Merger plan.	November 12, 2019
12.	Submission of a written report to IDX after the Merger Statement submitted to OJK is effective.	November 13, 2019
13.	Announcement of any changes to the Abridge of Merger Plan in a daily newspaper or IDX's website and CAP's website.	November 13, 2019
14.	<ul style="list-style-type: none"> a. EGMS of CAP and PBI. b. CAP's and PBI's Directors sign the Deed of Merger based on the draft Deed of Merger approved by the EGMS. 	November 15, 2019
15.	The date of a statement of intent to sell from CAP's shareholders who disagree and intend to sell their shares.	November 15, 2019 (if this period is extended, CAP will make an announcement of the amendment)
16.	Submission of a copy of the Deed of Merger to OJK and IDX.	November 18, 2019
17.	<ul style="list-style-type: none"> a. Announcement of the results of CAP's EGMS to the public in at least one Indonesian language newspaper, nationally circulated, CAP's website and IDX's website. b. Information disclosure on share buyback from CAP's shareholders who disagree with the Merger plan. 	November 19, 2019
18.	Submitting a proof of announcement of EGMS Minutes to OJK and IDX.	November 20, 2019
19.	Effective Date of the Merger	January 1 2020 or other date as agreed by CAP and PBI
20.	Date of announcement of information disclosure and reporting to	January 3, 2020

No.	Activity	Implementation
	OJK in connection with Regulation No. IX.E.1 and POJK No. 31/2015.	
21.	Announcement of the Merger results by Directors of the Surviving Company in 2 (two) Indonesian language daily newspapers.	January 31, 2020

VIII. INDEPENDENT PARTIES

The independent supporting professions and institutions involved in the Merger plan are as follows:

Public Accountant for CAP, PBI, and the Merger Process	: Imelda & Rekan Public Accounting Firm (a member of Deloitte Touche Tohmatsu Limited)
Legal Consultant for CAP	: Assegaf Hamzah & Partners
Notary	: Jose Dima Satria, S.H., M.Kn.
CAP's Securities Administration Bureau	: PT Raya Saham Registra

XI. ADDITIONAL INFORMATION

Shareholders who need further information regarding the Merger plan are welcome to contact:

PT Chandra Asri Petrochemical Tbk
Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S. Parman Kav. 62-63
Jakarta 11410
Phone: +62 21 530 7950
Fax: +62 21 530 8930
Website: <http://www.chandra-asri.com>
E-mail: investor-relations@capcx.com

PT Petrokimia Butadiene Indonesia
Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S. Parman Kav. 62-63
Jakarta 11410
Phone: +62 21 530 7950
Fax: +62 21 530 8930

This Additional Information and/or Amendment to Abridge of Merger Plan is prepared to fulfill the applicable laws and regulations.