

Press Release:

Chandra Asri Petrochemical Obtains Tax Holiday for Investment in New Polyethylene Plant

Jakarta, 10 June 2019 – PT Chandra Asri Petrochemical Tbk ("CAP") has been granted a tax holiday for its USD380 million investment in a new Polyethylene Plant. The tax holiday facility for its plant consists of a 100% reduction of corporate income tax for the first 10 years after the start of commercial production, followed by a 50% reduction for the following 2 years. Additionally, the Company is also granted exemption from withholding tax by third parties for the period of 10 years.

"We extend our sincere appreciation to the Government of the Republic of Indonesia through the Ministry of Finance for the continuous support to our expansion. The tax holiday facility reflects the Government's confidence in the petrochemical sector and their intent to work hand-in-hand with the private sector to drive investment and growth" said Erwin Ciputra, President Director of CAP. The tax incentives will serve well to support CAP's expansion to add some 400 KTA capacity of Polyethylene, which will more than double its existing capacity of 336 KTA. The new plant will produce High Density Polyethylene (HDPE), Linear Low Density Polyethylene (LLDPE), and Metallocene LLDPE (mLLDPE). Supported by solid execution, the project is progressing as scheduled at 97% completion as of April 2019, on track to achieve commercial start up by Q4-2019. The new Polyethylene plant has obtained an unsecured export credit facility from the Japan Bank for International Cooperation (JBIC), a testament to the Company's sound environmental, social and governance practices.

The new Polyethylene plant completion will bring CAP's total Polyethylene production capacity to 736 KTA, in line with the Company's strategy to grow its leading market position in Indonesia. Being a domestic player, CAP offers benefits to customers by providing security of supply, shorter lead time, better working capital cycle and technical support. "Indonesia currently requires 1.4 million TPA of Polyethylene to meet domestic demand, 45% of which is still supplied by import. With continuous GDP growth, the market demand will keep on growing. Our new Polyethylene plant will provide additional domestic supply of Polyethylene products, support import substitution and eventually contribute to reduce foreign exchange outflows," Erwin Ciputra added.

About CAP

CAP, a subsidiary of PT Barito Pacific Tbk as the majority shareholder, is Indonesia's largest integrated petrochemical company producing olefins and polyolefins. CAP incorporates state-of-the-art technologies and supporting facilities located in Cilegon and Serang of Banten Province. CAP is the only producer who operates a naphtha cracker, and is the sole domestic producer of ethylene, styrene monomer and butadiene. In addition, CAP is also the largest polypropylene producer in Indonesia. CAP produces plastic raw materials and chemicals used for packaging products, pipes, automotive, electronics, etc. For more information, please visit www.chandra-asri.com.

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