



MEDIA RELEASE

MINISTER OF INDUSTRY VISITS CONSTRUCTION SITE OF INDONESIA'S LARGEST INTEGRATED RAYON FACTORY IN RIAU PROVINCE

DEVELOPMENT SUPPORTS TEXTILE INDUSTRY AND NATIONAL TEXTILE PRODUCTION

Pangkalan Kerinci, Riau, January 21, 2018 - Indonesia's Minister of Industry, Ir. Airlangga Hartarto, MBA, MTT, today visited Riau Province to view the progress of Asia Pacific Rayon's (APR) new factory that when completed will become Indonesia's largest integrated rayon facility. With a total investment of around 10.9 trillion rupiah and production capacity of 240,000 tonnes per year*, the new factory strategically supports the development of a national textile industry and will help to reduce Indonesia's dependency on imported cotton and rayon materials.

The Minister acknowledged APRIL Group's investment and its commitment to the government's strategic goal of establishing a textile industry to compete globally. As well as supporting downstream business development, APR's factory will generate increased job opportunities and fulfill domestic demand. An estimated 4,000 and 1,200 jobs will be created in the construction and operational phases respectively, while the construction will potentially contribute to an increase of more than 1% in Riau Province's GDP from the non-oil and gas sectors**. The new factory will similarly boost MSME business across the various sectors involved in the factory's operational activities and will have a positive impact on sustainable development, especially in Riau Province and Indonesia in general.

Director of APR, Thomas Handoko, said that he was hopeful that Indonesia's largest integrated rayon factory will have a widespread positive economic and social benefits, especially for surrounding communities. Importantly, all of the factory's production will be from 100% renewable existing plantation supply that has been legally certified nationally and internationally.

Rayon fiber is originated from natural plants and has a better water and air absorption than cotton material. APR's products can be applied to various industries, such as bedding, clothing, towels, wet wipes for babies, masks, and many other personal hygiene products.

Furthermore, Thomas Handoko, said that by increasing the production of rayon fiber in Indonesia, APR will support the domestic production of textile materials, decreasing raw material importation and helping to boost Indonesia's competitiveness globally.

In addition to visiting the construction site, the Minister also witnessed the signing of a Cooperation Agreement between PT Riau Andalan Pulp & Paper (RAPP), the operational unit of APRIL Group, the Tanoto Foundation, and Universitas Riau for the construction of a new building to house a Vocational Program (Diploma 3) on Pulp and Paper.

Worth 24.8 billion rupiah, the new building will include a laboratory and is expected to not only have a positive economic impact, but to also support the development of a globally competitive human resources capability, especially in the pulp and paper sector.

* An earlier version of this statement stated that the production capacity of the new Asia Pacific Rayon factory was 350,000 tonnes per year. The corrected figure has been revised to reflect the installed capacity of 240,000 tonnes per year.

** The employment figures have been revised based on best available information.

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