

**APP****ASIA PULP & PAPER COMPANY LTD**

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ASIA PULP & PAPER LTD ANOUNCE SIGNING OF ESCROW AGREEMENT

Jakarta, September 25, 2002 -- Asia Pulp & Paper Company Ltd (“APP”) today announced that four of its principal Indonesian operating subsidiaries have entered into escrow agreements with the Indonesian Bank Restructuring Agency (“IBRA”), and Bank Mandiri, a major Indonesian bank. Under the terms of the escrow agreement, the operating subsidiaries, Indah Kiat, Tjiwi Kimia, Lontar Papyrus, and Pindo Deli have today paid the sum of US\$60,000,000 into an escrow account established at Bank Mandiri. This will be followed by a further US\$40,000,000 to be paid before the end of the month and US\$20,000,000 in subsequent months.

Mr Teguh Wijaya, Chief Executive Officer of APP noted that implementation of escrow arrangements prior to entering into a final restructuring plan was an innovative measure to assure the creditors of APP, and its operating subsidiaries, of their good faith.

The money paid into the Escrow Account will be applied under the terms of the consensual debt restructuring plans to be agreed in respect of each of the Indonesian operating companies. Meetings in respect of the debt restructuring plans are scheduled to continue this week under the leadership of Mr Syafruddin Temenggung, the Chairman of IBRA.

Mr Wijaya commented, “We are very pleased that the escrow accounts have now been established as requested by IBRA. This will provide assurance for creditors during the discussions going forward and is a positive launching pad for future discussion.”

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APP is one of the world’s leading pulp and paper companies. With current pulp capacity of 2.3 million tonnes and paper and packaging capacity of 5.7 million tonnes, it ranks number one in non-Japan Asia. Headquartered in Singapore, APP currently has 16 manufacturing facilities in Indonesia and China and markets its products in more than 65 countries on six continents.