

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.



NOTICE TO NOTEHOLDERS

PT Sri Rejeki Isman Tbk
(the “Company”)

US\$225,000,000 7.25% Senior Notes due 2025 issued by PT Sri Rejeki Isman Tbk

CUSIP Number: 69408L AB2 / Y714AG AB8

ISIN: US69408LAB27 / USY714AGAB82

Common Code: 206596945 / 206597208

(the “Sritex Notes”)

US\$150,000,000 6.875% Senior Notes due 2024 issued by Golden Legacy Pte Ltd and unconditionally and irrevocably guaranteed by PT Sri Rejeki Isman Tbk

CUSIP Number: 38109KAC9 / Y2749KAC4

ISIN: US38109KAC99 / USY2749KAC46

Common Code: 157922092 / 157922718

(the “Golden Legacy Notes”)

Dear Holders:

We write in relation to the Sritex Notes and the Golden Legacy Notes and to provide an update with respect to the restructuring efforts of the Company and its subsidiaries (the “Sritex Group”).

We wish to inform holders of the Sritex Notes and the Golden Legacy Notes that the Sritex Group has issued the enclosed notice to all its creditors with respect to its restructuring efforts.

Additional information

The Sritex Group will provide a further update when there are relevant developments and/or other matters contemplated by this announcement.

Holders of the Sritex Notes and the Golden Legacy Notes should direct any queries to the Sritex Group’s international restructuring advisor and international legal counsel at the contact details provided below:

PT AJCapital Advisory

International Restructuring Advisor

Geoffrey D. Simms, CEO and Partner (geoff.simms@ajcapital.co.id)

Fransiscus Alip, Partner (fransiscus.alip@ajcapital.co.id)

Gibson, Dunn & Crutcher LLP
International Legal Counsel

Troy Doyle, Partner, Co-Chair – Restructuring (sritex@gibsondunn.com)

Jakarta / Singapore

30 July 2021



PT Sri Rejeki Isman Tbk

Jl. KH. Samanhudi 88, Jetis, Sukoharjo, Solo
Central Java, Indonesia
<https://www.sritex.co.id/>

Dear Creditors:

We write to provide an update with respect to the restructuring efforts of PT Sri Rejeki Isman Tbk and its subsidiaries (the “**Sritex Group**”).

Update on the Preparation of Restructuring Proposal

As previously stated, the Sritex Group has appointed PT AJCapital Advisory (“**AJCapital**”) as its international restructuring advisor in order to carry out a review of the business and financial situation of the Sritex Group for the purposes of preparing and implementing a holistic restructuring plan for the Sritex Group.

Since AJCapital’s appointment as international restructuring advisor, AJCapital has commenced a holistic review of the business and financial situation of the Sritex Group. The objective of the restructuring proposal of the Sritex Group is to address its liabilities in a sustainable manner and most importantly save the jobs of more than 17,000 employees who rely on the Sritex Group for their livelihoods.

In this regard, AJCapital has made significant progress in the preparation of the restructuring proposal. In line with the tentative workplan and estimated schedule for the PKPU Proceeding, it was originally intended that AJCapital would present the Sritex Group’s business plan and financial forecast (the “**Business Plan and Financial Forecast**”) in or around mid-July 2021. The Business Plan and Financial Forecast Presentation is to be based on AJCapital’s holistic review of the business and financial situation and is supposed to form the basis on which the Sritex Group and its advisors could have a discussion with its creditors with respect to the potential way forward for its financial restructuring.

The worsening COVID-19 pandemic in Indonesia and the ensuing emergency lockdown (*Pemberlakuan Pembatasan Kegiatan Masyarakat Darurat*) (“**Emergency PPKM Lockdown**”) have, however, delayed the preparation and finalization of the Business Plan and Financial Forecast. In particular, as a result of the worsening COVID-19 pandemic in Indonesia and the Emergency PPKM Lockdown, key assumptions that have been used by AJCapital to formulate the Business Plan and Financial Forecast have to be revisited.

The impacts of the worsening COVID-19 pandemic in Indonesia and the Emergency PPKM Lockdown to the Sritex Group include the following:

- First, the worsening COVID-19 pandemic in Indonesia continues to hit consumption and business activities in Indonesia. In July 2021, the International Monetary Fund (IMF) revised down this year's gross domestic product (GDP) growth forecast for Indonesia to 3.9 percent as the country grapples with the Delta COVID-19 variant outbreak amid low vaccination rates. The downward revision is in line with that of the government, which downgraded its GDP growth forecast to between 3.7 and 4.5 percent from between 4.5 and 5.3 percent for this year. This is likely to have an impact on the Sritex Group's business and its path to recovery.
- Second, the textile industry is characterized by high levels of competition and this has been worsened by the COVID-19 pandemic in Indonesia. As a result of the difficult business situation brought by the worsening COVID-19 pandemic and the Emergency PPKM Lockdown, there has been a decrease in demand in the domestic market and some competitors have competed by lowering prices. These factors have in turn put a downward pressure on the Sritex Group's revenue, especially in the garment segment.
- Third, the worsening COVID-19 pandemic in Indonesia has affected the Sritex Group's workforce, and the Sritex Group has had to prioritize the health and safety of its employees. The Sritex Group is currently assessing whether these measures will lead to lower productivity and lower sales.
- Fourth, the global COVID-19 pandemic has led to a shortage of containers in Indonesia. The Sritex Group is assessing how long this abnormal container shortage will continue and its impact on the Sritex Group's sales and profitability.
- Fifth, the Sritex Group is assessing the impact on the overall supply chain due to the worsening COVID-19 pandemic in Indonesia and the Emergency PPKM Lockdown imposed by the government.

That said, and for the avoidance of doubt, the Sritex Group has been and remains committed to implementing a restructuring in a timely fashion. The Sritex Group is working tirelessly with AJCapital to prepare and finalize the Business Plan and Financial Forecast while making sure that it is factually accurate and reflects a sustainable path forward for the Sritex Group. It is hoped that the Business Plan and Financial Forecast may be presented to the creditors in mid-August 2021.

Additional information

The Sritex Group will provide a further update when there are relevant developments and/or other matters contemplated by this announcement. Creditors should direct any queries to the Sritex Group's international restructuring advisor and international legal counsel at the contact details provided below:

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International Restructuring Advisor

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Indonesia

30 July 2021



PT Sri Rejeki Isman Tbk

Jl. KH. Samanhudi 88, Jetis, Sukoharjo, Solo
Central Java, Indonesia
<https://www.sritex.co.id/>

Kreditur yang terhormat,

Dengan ini, kami menginformasikan perkembangan berkaitan dengan upaya restrukturisasi PT Sri Rejeki Isman Tbk dan anak perusahaannya ("**Grup Sritex**").

Update Penyusunan Proposal Restrukturisasi

Sebagaimana dinyatakan sebelumnya, Grup Sritex telah menunjuk PT AJCapital Advisory ("**AJCapital**") sebagai penasihat restrukturisasi internasionalnya untuk melakukan peninjauan terhadap bisnis dan kondisi keuangan Grup Sritex untuk keperluan persiapan dan pelaksanaan rencana restrukturisasi Grup Sritex.

Sejak penunjukan AJCapital sebagai penasihat restrukturisasi internasional, AJCapital telah melakukan peninjauan menyeluruh terhadap bisnis dan kondisi keuangan Grup Sritex. Tujuan dari proposal restrukturisasi Grup Sritex adalah untuk mengatasi kewajiban secara berkelanjutan dan yang paling penting adalah menyelamatkan pekerjaan lebih dari 17.000 karyawan yang bergantung hidup pada Grup Sritex sebagai mata pencaharian mereka.

Dalam hal ini, AJCapital telah membuat penyusunan proposal restrukturisasi. Sesuai dengan rencana kerja dan perkiraan jadwal Proses PKPU, pada awalnya AJCapital bermaksud mempresentasikan rencana bisnis dan proyeksi keuangan Grup Sritex ("**Rencana Bisnis dan Proyeksi Keuangan**") pada sekitar pertengahan Juli 2021. Presentasi Rencana Bisnis dan Proyeksi Keuangan tersebut didasarkan pada peninjauan AJCapital terhadap situasi bisnis dan kondisi keuangan Grup Sritex, dan diharapkan dapat menjadi pedoman bagi Grup Sritex dan penasihatnya berdiskusi dengan para kreditur sehingga mencapai jalan terbaik dalam menyelesaikan restrukturisasi keuangan.

Namun, akibat memburuknya pandemi Covid-19 di Indonesia dan adanya pemberlakuan PPKM Darurat, telah menunda persiapan dan finalisasi Rencana Bisnis dan Proyeksi Keuangan. Secara khusus, sebagai akibat dari memburuknya pandemi Covid-19 di Indonesia dan pelaksanaan PPKM Darurat, maka hasil peninjauan awal yang digunakan AJCapital untuk merumuskan Rencana Bisnis dan Proyeksi Keuangan harus ditinjau kembali.

Dampak dari memburuknya pandemi Covid-19 di Indonesia dan pemberlakuan PPKM Darurat terhadap Grup Sritex antara lain sebagai berikut :

- Pertama, memburuknya pandemi Covid-19 di Indonesia, memukul aktivitas konsumsi dan bisnis di Indonesia. Pada bulan Juli 2021, International Monetary Fund (IMF) telah

melakukan revisi terhadap proyeksi pertumbuhan produk domestik bruto (PDB) Indonesia tahun ini dimana direvisi menurun menjadi 3,9%, dikarenakan Indonesia yang sedang menghadapi wabah COVID – 19 varian Delta akibat rendahnya tingkat vaksinasi. Revisi penurunan ini sejalan dengan revisi yang telah dilakukan oleh pemerintah Indonesia dimana pemerintah menurunkan proyeksi pertumbuhan PDB pada tahun ini menjadi pada kisaran 3,7% dan 4,5% dari yang sebelumnya berada pada kisaran 4,5% dan 5,3%. Hal seperti ini tentunya akan berdampak kepada bisnis Grup Sritex dan pemulihan atas bisnisnya.

- Kedua, industri tekstil ditandai dengan tingkat persaingan yang tinggi dan diperparah dengan adanya pandemi Covid-19 di Indonesia. Akibat situasi bisnis yang sulit karena memburuknya pandemi Covid-19 dan pemberlakuan PPKM Darurat, terjadi penurunan permintaan di pasar domestik dan beberapa pesaing bersaing dengan menurunkan harga. Faktor-faktor tersebut menyebabkan tekanan pada pendapatan Grup Sritex, terutama di segmen garmen.
- Ketiga, memburuknya pandemi Covid-19 di Indonesia telah mempengaruhi tenaga kerja Grup Sritex, dan Grup Sritex harus memprioritaskan kesehatan dan keselamatan karyawannya. Dimana pada saat ini, Grup Sritex sedang melakukan evaluasi apakah langkah – langkah yang telah diambil akan berdampak kepada rendahnya tingkat produktivitas dan penjualan.
- Keempat, pandemi global Covid-19 menyebabkan kelangkaan peti kemas di Indonesia. Oleh karena itu, pada saat ini Grup Sritex sedang melakukan evaluasi atas jangka waktu keberlangsungan atas kelangkaan peti kemas dan dampaknya atas penjualan dan tingkat profitabilitas Grup Sritex.
- Kelima, Grup Sritex juga sedang melakukan evaluasi mengenai dampak atas memburuknya pandemi Covid-19 di Indonesia dan pemberlakuan PPKM Darurat terhadap keseluruhan rantai pasokan Grup Sritex.

Oleh karena itu, Grup Sritex telah berkomitmen untuk menerapkan restrukturisasi dengan tepat waktu. Grup Sritex bekerja tanpa lelah dengan AJCapital untuk mempersiapkan dan menyelesaikan Rencana Bisnis dan Proyeksi Keuangan, dan memastikan bahwa itu adalah cara yang tepat sebagai usaha berkelanjutan untuk Grup Sritex. Diharapkan Rencana Bisnis dan Proyeksi Keuangan dapat disampaikan kepada para kreditur pada pertengahan Agustus tahun 2021.

Informasi tambahan

Grup Sritex akan menyampaikan pemberitahuan lebih lanjut jika ada perkembangan yang relevan dan/atau hal-hal lain yang dipertimbangkan oleh pengumuman ini.

Kreditur dapat mengajukan pertanyaan apapun kepada penasihat restrukturisasi internasional Grup Sritex dan penasihat hukum internasional pada kontak di bawah ini :

PT AJCapital Advisory

International Restructuring Advisor

Geoffrey D. Simms, CEO and Partner (geoff.simms@ajcapital.co.id)

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Indonesia

30 Juli 2020