



BLUE OCEAN RESOURCES

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 TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

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BLUE OCEAN RESOURCES PTE. LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 200610255E
(the "Issuer")

NOTICE TO NOTEHOLDERS
US\$325,000,000 STEP UP RATE GUARANTEED SENIOR SECURED NOTES DUE 2020 (the "Notes")
Reg S ISIN: USY09189AB06; Reg S CUSIP: Y09189AB0

We refer to the Notes, which were issued on 28 June 2007 and amended and restated on 17 June 2013. In this notice, each word, phrase or expression shall (unless the context otherwise requires) bear the meaning attributed to it in the Restructuring Support Agreement (as defined below).

Background

Based on the consolidated audited financial report of PT Central Proteina Prima Tbk (the "**Parent**") for the period ending 31 December 2016, the EBITDA was Rp467.9 billion. For the same period, the plasma receivables of the group increased by Rp285 billion from Rp2.075 trillion to Rp2.360 trillion (albeit, a significant amount of these receivables had previously been impaired). For the period ending 31 December 2015, the total amount of consolidated EBITDA was Rp402.6 billion, whereas the increase in plasma receivables was Rp256 billion. These increases in the plasma receivables caused a significant adverse effect on the cashflow of the group.

Such increases in plasma receivables were a result of the unfavourable Nucleus-Plasma Scheme Agreement and the continued declining performance of the plasma farmers.

Under the then-existing Nucleus-Plasma scheme, the group was not only required to fund any operational losses incurred by its plasma farmers, but was also required to continue the arrangement regardless of the plasma farmers' performance. In addition, the operating costs incurred by the group became disproportionately high due to the low harvest and productivity of the plasma farmers. It became clear to management that without a significant improvement in productivity, the continuation of the Nucleus-Plasma scheme would be disastrous going forward.

As a result, the Parent and its subsidiary PT Centralpertiwi Bahari have taken drastic steps to reduce the cashflow drain at two of its shrimp farms located in the Lampung ("**CPB**") and South Sumatra ("**WM**") provinces, respectively:

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16 Gemmill Lane Singapore 069254 Tel: (65) 62231149 Fax: (65) 62262304 / 62239014 Email: Enquiries@blue-ocean.com.sg ROC/B Ref No. 200610255E

- (i) on 1 November 2016, the Nucleus-Plasma scheme at CPB was terminated and replaced with a new operational model designed to reduce the operational risks of any underperforming farms on the group; and
- (ii) on 5 May 2017, management dramatically revised the culture operation at WM to one of low density parameters with a view to minimising the impact of operational losses. This was in response to the fact that 90% of the plasma farmers at WM had been incurring operational losses in the first quarter of 2017.

The group believes that the new operational procedures at CPB and WM will be more sustainable in the long term and will provide greater stability to the group's future financial and operational performance.

Further steps are needed to ensure that the group remains viable going forward and to ensure that there is long-term stability for the group.

In that regard, the following matters have arisen since the time that the group has implemented the measures above:

- (i) the streamlining of operational procedures has necessitated an approximately 60% reduction in the group's headcount and resulted in consequential severance payments of approximately Rp300 billion;
- (ii) the Parent has fully impaired approximately Rp1.2 trillion (including partial impairment from previous years) of plasma receivables at CPB. Further impairment of plasma receivables at WM is expected this year as a result of the revision of the plasma scheme with the WM plasma farmers;
- (iii) it is expected that the group will assume an estimated Rp400 billion of loans owed by plasma farmers to various banks in cases where the group had acted as corporate guarantors. However, these outstanding obligations are being negotiated with the banks with a view to repaying such obligations over an extended period of time, taking into account the realistic financial capability of the group going forward; and
- (iv) as of 31 March 2017, the equity value of the group was Rp67 billion (representing a significant decrease in the group's book value of equity), with further deterioration expected.

The group expects that the matters set out in the preceding sub-paragraphs (i) to (iv) will affect the group's immediate ability to obtain new facilities and/or restructure its existing working capital facilities. This will in turn, pose a significant risk to the group's operations. The considerable financial impact on the group will also affect its ability to fulfil its obligations under the Notes in the short term.

Going forward, to rehabilitate the group's cashflow issues, and in order to avoid further constraints on the group's operational needs, the Parent and the Issuer have initiated discussions with certain holders of the Notes with a view to restructuring the Notes. Approval for the proposed restructuring is needed urgently to ensure the continued viability of the group.

Restructuring

As a result of these discussions, on 10 July 2017, a restructuring support agreement (the "Restructuring Support Agreement") was entered into between the Issuer, the Parent and certain

holders of approximately 55.66% in aggregate Original Principal Amount of the Notes (the "**Initial Consenting Creditors**"). A copy of the Restructuring Support Agreement (other than certain portions which have been redacted to protect the identities and notice details of the Initial Consenting Creditors) was disseminated to all holders of the Notes through the relevant clearing systems on 10 July 2017. The proposed restructuring of the Notes (the "**Restructuring**") shall be implemented through a scheme of arrangement (the "**Scheme of Arrangement**") under Section 210 of the Companies Act (Chapter 50; 2006 Revised Edition) of the Republic of Singapore (the "**Act**"). Holders of Notes who have not already received a copy of the Restructuring Support Agreement and would like to receive a copy may contact the Issuer (enquiries@blue-ocean.com.sg) to request for a copy of the document. Redacted copies of the Restructuring Support Agreement will only be shared with holders who satisfactorily evidence that they are presently a holder of the Notes.

Key Terms of the Restructuring

Under the terms of the proposed Restructuring, it is anticipated that the Notes be exchanged for:

- (i) US\$145,750,000 in principal amount of new guaranteed, secured notes due 31 December 2021 issued by the Issuer and guaranteed by the Parent (the "**New Notes**"), which will accrue interest from 1 January 2017 (as if the New Notes had been issued on such date); and
- (ii) mandatory exchangeable bonds (the "**MEBs**") issued by a shareholder of the Parent (the "**MEB Issuer**") which will be exchangeable for ordinary shares held by the MEB Issuer in the capital of the Parent (representing, immediately upon issuance, 23% of all of the then outstanding shares of the Parent on a fully diluted basis and having given effect to the issuance of additional shares for the purpose of funding the Consent Fee).

The Issuer expects that the coupon payments in respect of the Notes due on 30 June 2017 and 31 December 2017 are to be addressed in the Scheme of Arrangement.

Key Terms of the Restructuring Support Agreement

The Restructuring Support Agreement provides that holders of the Notes that become party to the Restructuring Support Agreement as Consenting Creditors by 5:00 p.m. (Singapore time) on 10 September 2017 and vote in favour of the Scheme of Arrangement at the Scheme Meeting (each such holder being an Eligible Creditor) will be eligible to receive a Consent Fee. The Consent Fee will be an amount in cash equal to:

- (i) the aggregate Original Principal Amount of Eligible Notes held by the relevant Eligible Creditor; *divided by*
- (ii) the aggregate Original Principal Amount of Eligible Notes held by all Eligible Creditors collectively; *multiplied by*
- (iii) US\$20,000,000.

Holders of the Notes should refer to, and read carefully, the Restructuring Support Agreement for details on how the aggregate Original Principal Amount of Eligible Notes will be determined.

Detailed provisions on the procedure to be followed by beneficial holders of the Notes who wish to become party to the Restructuring Support Agreement are set out in the Restructuring Support Agreement. Any beneficial owner of the Notes who wishes to accede to the terms of the

Restructuring Support Agreement as a Consenting Creditor must deliver to the Issuer and Kirkland & Ellis (in its capacity as legal advisor to the Initial Consenting Creditors) all documents required to be delivered in accordance with the terms of the Restructuring Support Agreement by no later than **5:00 p.m. (Singapore time) on 10 September 2017.**

Bondholder Meetings

For the avoidance of doubt, a Scheme Meeting has not yet been convened. The Issuer will update holders of the Notes in due course as to when it expects to make the application to the High Court of the Republic of Singapore for permission to convene a Scheme Meeting. However, informal meetings of the holders of the Notes will be held on 3 and 4 August 2017, in Singapore and Hong Kong, respectively, for the purpose of providing holders of the Notes with an update on the group's financial and operational performance. The meetings are intended to provide the holders of the Notes with the opportunity to discuss their concerns and raise any questions they may have. The meetings will be on an informal basis; no resolutions will be proposed in relation to the Notes and no votes will be taken on any matters.

The meetings will be for information purposes only. Although care has been and will be taken to ensure that the information presented during the meetings is accurate, and the opinions expressed are fair and reasonable, such information presented is subject to change without notice, its accuracy is not guaranteed, it has not been independently verified and it may not contain all material information concerning the Parent, the Issuer or its subsidiaries. None of the Parent, the Issuer, its subsidiaries or any of their respective directors, officers, employees or affiliates nor any other person makes any representation or warranty (express or implied) regarding, and assumes or accepts any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions presented during the meetings. None of the Parent, the Issuer, its subsidiaries or any of their respective directors, officers, employees or affiliates nor any other person accepts any liability (in negligence, or otherwise) whatsoever for any loss howsoever arising from any use of the information presented during the meetings or otherwise arising in connection therewith. No reliance may be placed for any purposes whatsoever on the information presented during the meetings or on its completeness.

The Issuer will issue (in due course) a detailed Scheme Document containing, among other things: (i) an explanatory statement as required pursuant to section 211(1) of the Act; (ii) an information memorandum in relation to the Parent and its subsidiaries and the new securities that will be issued in connection with the proposed restructuring of the Notes; and (iii) instructions for voting on the Scheme of Arrangement.

Caution

Holders of the Notes and potential investors are advised to exercise caution in the trading of their Notes. There is no certainty and assurance as at the date of this announcement that the Scheme of Arrangement and the issue of the New Notes and the MEBs will be completed or that no changes will be made to the terms thereof.

The Issuer will make the necessary announcements when there are further developments in relation to the proposed Restructuring of the Notes and/or the Scheme of Arrangement and/or the other matters contemplated by this announcement. Holders of the Notes and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. If a holder of the Notes has sold or transferred its Notes, such holder of the Notes should immediately forward the Restructuring Support Agreement to the

purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

By order of the sole director of Blue Ocean Resources Pte. Ltd.
Company Registration No. 200610255E
Martial Jean Francois Nicolas
28 July 2017

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