

JASPER INVESTMENTS LIMITED
(Company Registration No. 198700983H)

**UPDATE ON BREACH OF PAYMENT OBLIGATION IN RESPECT OF JASPER
COSMOPOLITAN – PROPOSED SALE OF THE JASPER COSMOPOLITAN VESSEL**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Jasper Investments Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 22 August 2014, 25 August 2014, 1 September 2014 and 5 September 2014 (the “**Previous Announcements**”). Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings ascribed to them in the Previous Announcements.

The Board wishes to inform that further to the Previous Announcements, Jasper Cosmopolitan has entered into a memorandum of agreement (the “**MOA**”) with Alyar Offshore Pte Ltd (the “**Purchaser**”) and the Builder, for the sale of the Vessel (the “**Proposed Disposal**”) to the Purchaser for the purchase price of US\$75.60 million (the “**Consideration**”).

Following the marketing and sale process for the Vessel by Yiulian Shipyard and the Builder on behalf of Jasper Cosmopolitan pursuant to the Addendum to the Conversion Contract, the offer for the Vessel from the Purchaser at the Consideration has been selected based on arm’s length negotiations on a “willing buyer, willing seller” basis after taking into account, *inter alia*, (i) the net carrying value of the Vessel in the books of the Group of US\$54.74 million, (ii) the lack of alternative sale and/or charter opportunities for the Vessel despite previous substantial marketing efforts, and (iii) the overall deterioration of the offshore oil and gas exploration and production market.

The Company commissioned a desktop valuation on the Vessel by an independent valuer on 17 October 2014, and they have estimated the value of the Vessel at US\$160 million. The Board wishes to clarify that notwithstanding that the Consideration of US\$75.60 million is significantly lower than the aforementioned estimated value of US\$160 million, the Board has determined that the Proposed Disposal is in the best interests of the Company for the reasons set out under paragraph 7 of this announcement.

2. INFORMATION ON THE PURCHASER

The Purchaser is a Singapore-incorporated investment company with interests in the oil and gas industry in Mexico.

3. KEY TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The total Consideration of the Proposed Disposal is US\$75.60 million.

As security for the correct fulfilment of the MOA, the Purchaser shall lodge a deposit of US\$7.56 million (the “**Deposit**”), being 10% of the Consideration. The obligations of Jasper Cosmopolitan under the MOA are conditional upon the lodgment of the Deposit, as failure by the Purchaser to lodge the Deposit in accordance with the MOA will constitute an event of default by the Purchaser. Please refer to paragraph 3.5 of this announcement for further details.

On delivery of the Vessel, but not later than three (3) banking days after the date that Notice Of Readiness (as defined herein) has been given by Jasper Cosmopolitan under the terms of the MOA, (i) the Deposit shall be released, and (ii) the balance of the Consideration and all other sums payable on delivery by the Purchaser to Jasper Cosmopolitan under the MOA shall be paid in full free of bank charges.

3.2 Inspection and Notice of Acceptance

The Proposed Disposal is conditional on the receipt by Jasper Cosmopolitan and the Builder of a written notice of acceptance of the Vessel (the “**Notice of Acceptance**”) from the Purchaser by 7 November 2014, further to the Purchaser’s inspection of the Vessel. In the event that the Notice of Acceptance is not received by 7 November 2014, the Deposit shall be released to the Purchaser and the MOA shall be null and void.

3.3 Notice of Readiness and Date of Delivery

The expected date of delivery of the Vessel is 30 November 2014.

When the Vessel is at the place of delivery and physically ready for delivery in accordance with the MOA, Jasper Cosmopolitan shall give the Purchaser a written notice of readiness for delivery (the “**Notice of Readiness**”). The Notice of Readiness shall not be tendered before 1 November 2014.

3.4 Cancelling Date

The cancelling date is 15 December 2014 (the “**Cancelling Date**”). If Jasper Cosmopolitan anticipates that the Vessel will not be ready for delivery by the Cancelling Date, it may notify the Purchaser in writing stating, *inter alia*, a proposed new cancelling date (the “**New Cancelling Date**”). Upon receipt of such notification the Purchaser shall have the option to either (i) cancel the MOA under the terms of the MOA, or (ii) accept the New Cancelling Date. If the Purchaser (i) has not declared its option within three (3) banking days of such receipt or (ii) accepts the New Cancelling Date, the New Cancelling Date shall be substituted for the original Cancelling Date under the MOA.

3.5 Purchaser Event of Default

- (a) In the event that the Deposit is not lodged in accordance with the MOA, Jasper Cosmopolitan and/or the Builder have the right to cancel the MOA and shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.
- (b) In the event that the Consideration is not paid in accordance with the MOA, Jasper Cosmopolitan and/or the Builder have the right to cancel the MOA, in which case the Deposit (together with any interest earned) shall be forfeited as liquidated damages. If the Deposit does not cover their loss, Jasper Cosmopolitan and/or the Builder shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

3.6 Jasper Cosmopolitan Event of Default

In the event that Jasper Cosmopolitan (i) fails to give the Notice of Readiness in accordance with the MOA or (ii) fails to be ready to validly complete a legal transfer by the Cancelling Date, the Purchaser shall have the option to cancel the MOA.

If, after the Notice of Readiness has been given but before the Purchaser has taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date, and a new notice of readiness is given, the Purchaser shall retain its option to cancel the MOA.

In the event that the Purchaser elects to cancel the MOA, the Deposit shall be released to the Purchaser immediately.

4. INTENDED USE OF THE PROPOSED DISPOSAL PROCEEDS

Subject to the legal completion of the Proposed Disposal, it is the intention of the Board to deploy the proceeds from the Proposed Disposal of US\$75.60 million in accordance with the agreement with Yiulian Shipyard and the Builder under the Addendum to the Conversion Contract and as follows:

- (a) approximately US\$73.6 million¹ shall be paid to Yiulian Shipyard and the Builder based on their entitlement under the Addendum to the Conversion Contract, comprising (i) the Agreed Balance of US\$68,678,519, (ii) the reasonable and documented costs and expenses of sale incurred by Yiulian Shipyard and the Builder (the “**Shipyard Expenses**”), and (iii) 25% of the remainder of the proceeds after deducting the foregoing; and

¹ On the assumption that the Shipyard Expenses amount to approximately US\$4.3 million, being the estimated amount as at the date of this announcement.

- (b) the balance of the proceeds (which is expected to be approximately US\$2 million²) (the “**Retained Proceeds**”) shall be retained with the Group and deployed for the purpose of working capital and to meet other obligations and/or liabilities as the Board considers fit. Pending the deployment of the Retained Proceeds, the Retained Proceeds may be deposited with banks and/or financial institutions, invested in short term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

5. REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL (THE “LISTING MANUAL”) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

Under Rule 1006 of the Listing Manual, a transaction (as defined in the Listing Manual) may be categorised as (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions or (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out thereunder.

Rule 1014 of the Listing Manual states that where a disposal of assets (whether or not the disposal is deemed in the issuer’s ordinary course of business) is one where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a major transaction.

The relative figures in respect of the Proposed Disposal, calculated in accordance with the bases set out under Rule 1006 of the Listing Manual, are as follows:-

Rule	Basis	Relative Bases (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	20.66
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable, as no profits are attributable to the Vessel.
1006(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation ³ based on the total number	206.00

² On the assumption that the Shipyard Expenses amount to approximately US\$4.3 million, being the estimated amount as at the date of this announcement.

³ Based on 4,228,196,724 shares of the Company then in issue multiplied by S\$0.011, being the weighted average price of such shares transacted on the Market Day preceding the date of the MOA and at an exchange rate of US\$1.00: S\$1.27.

	of issued shares, excluding treasury shares	
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable, as no equity securities in the Company are proposed to be issued as consideration for the abovementioned transaction.

As the relative figures as computed on the bases set out in Rules 1006(a) and 1006(c) of the Listing Manual exceed 20%, the Proposed Disposal will be considered a major transaction under Chapter 10 of the Listing Manual.

6. THE WAIVER APPLICATION

As the relative figures under Rules 1006(a) and 1006(c) of the Listing Manual for the transaction exceed 20%, the Company is required to obtain shareholders' approval for the Proposed Disposal under Rule 1014 of the Listing Manual. In this regard, Morton Bay (Holdings) Pte Ltd, the Company's majority shareholder holding an interest of approximately 80.8% in the issued shares of the Company, has indicated that it is supportive of the Proposed Disposal and that in the event that an extraordinary general meeting is held to approve the Proposed Disposal, it shall vote in favour of the resolution(s) to approve the Proposed Disposal.

In light of the foregoing, the Company will apply to the SGX-ST for a waiver from having to comply strictly with Rule 1014. The Company will announce the outcome of the application in due course.

7. RATIONALE FOR THE PROPOSED DISPOSAL

The Board has considered the following factors:

- (a) Under the Addendum to the Conversion Contract, in the event that the Vessel is sold, Jasper Cosmopolitan shall be entitled to 75% of the remainder of the Sale Price (if any) after deducting the Initial Entitlement. As such, pursuant to the Proposed Disposal, Jasper Cosmopolitan shall be entitled to retain the Retained Proceeds.
- (b) The Addendum to the Conversion Contract was entered into without prejudice to Yiulian Shipyard's right to dispose of the Vessel under the Conversion Contract. As such, in the event that a sale of the Vessel is not effected by a date acceptable to Yiulian Shipyard, Yiulian Shipyard will choose to exercise such right, which would in turn result in Jasper Cosmopolitan being unable to retain any of the sale proceeds in the event that the Vessel is sold after title in the Vessel has been transferred to Yiulian Shipyard. Under the Addendum, it is contemplated that title in the Vessel will be transferred to Yiulian Shipyard if

a sale has not been effected by 4 November 2014.

In light of the above, as well as the lack of alternative timely sale or contract opportunities, and the overall deterioration of the offshore oil and gas exploration and production market as set out under paragraph 1 of this announcement, the Board has determined that the Proposed Disposal is in the best interests of the Company and its shareholders to prevent further losses arising in respect of the Vessel.

8. FINANCIAL EFFECTS

The proforma financial effects of the Proposed Disposal on the Group are set out below. The proforma financial are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group's operations after the completion of the Proposed Disposal and are not indicative of the future financial position and earnings of the Group.

Effect of the Proposed Disposal on net tangible assets ("NTA")

For the purpose of illustration and assuming that the Proposed Disposal had been completed on 31 March 2014, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements as at 31 March 2014, the effect on the NTA per share of the Group as at 31 March 2014, would be as follows:

US\$'000	Before Disposal	Proposed	After Proposed Disposal
NTA	294,771		242,034
Number of shares	4,228,196,724		4,228,196,724
NTA per share (cents)	6.97		5.73

Based on the above table, there will be a 17.8% change in the NTA after the Proposed Disposal.

Effect of the Proposed Disposal on earnings per share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 April 2013, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 March 2014, the effect on the EPS of the Group for the financial year ended 31 March 2014 would be as follows:

US\$'000	Before Disposal	Proposed	After Proposed Disposal
Net profit/(loss) attributable to shareholders after tax	(33,523)		(86,260)

Number of shares	4,228,196,724	4,228,196,724
EPS (cents)	(0.79)	(2.04)

Based on the above table, there would be a change of 158% in the EPS after the Proposed Disposal.

Based on the latest announced unaudited financial statements of the Group for the financial period ended 30 June 2014, the net book value of the Vessel is US\$54.74 million. The approximate loss on disposal to the Group would be expected to be US\$52.7 million⁴.

9. MISCELLANEOUS

None of the directors or substantial shareholders of the Company has any interest, directly or indirectly, in the above mentioned transaction save through their respective shareholding interests (if any) in the Company.

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

A copy of the MOA will be available for inspection by shareholders of the Company during normal business hours at the registered address of the Company at 1 HarbourFront Place #03-01, HarbourFront Tower One, Singapore 098633, for a period of three months from the date of this announcement.

As at the date of this announcement, the Deposit has not been received. The inspection of the Vessel is expected to take place on or around 5 November 2014. Further announcements on this matter will be made in due course to provide shareholders with an update on the Proposed Disposal as and when appropriate.

BY ORDER OF THE BOARD

Paul Carsten Pedersen
Chief Executive Officer
3 November 2014

⁴ On the assumption that the Shipyard Expenses amount to approximately US\$4.3 million, being the estimated amount as at the date of this announcement.