



OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 199805793D)

TERM SHEET IN RELATION TO THE PROPOSED DEBT RESTRUCTURING OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Oceanus Group Limited (the "**Company**") wishes to announce that the Company has on 8 September 2016 entered into a binding term sheet ("**Term Sheet**") with Ocean Wonder International Limited ("**OWIL**") and BW Investment Limited ("**BWIL**") in respect of the proposed debt restructuring of the Company ("**Proposed Restructuring**").
- 1.2 The Term Sheet sets out broadly the salient terms and conditions of the Proposed Restructuring, which will form the basis of the definitive agreements relating to the Proposed Restructuring (the "**Definitive Agreements**"). Further details will be announced in the event the Definitive Agreements are entered into by the Company.
- 1.3 The Board wishes to advise shareholders of the Company ("**Shareholders**") to read this Announcement in its entirety, in particular the trading caution set out in paragraph 4 of this Announcement.

2. BACKGROUND ON OWIL AND BWIL

- 2.1 OWIL and BWIL are existing creditors of the Company pursuant to an amended and restated loan agreement dated 2 September 2015 and entered into between OWIL and the Company ("**OWIL Loan Agreement**") and an amended and restated loan agreement dated 2 September 2015 and entered into between BWIL and the Company ("**BWIL Loan Agreement**"). The debt balances under the OWIL Loan Agreement and the BWIL Loan Agreement, along with the debt balance under an amended and restated loan agreement dated 30 July 2015, entered into between Ocean King Group Limited ("**OKGL**") and the Company ("**OKGL Loan Agreement**") are secured against the properties as set out in the intercreditor deed dated 2 September 2015 (as amended, restated, varied or supplemented from time to time) entered into between, *inter alia*, OWIL, BWIL, OKGL and the Company.
- 2.2 For the purposes of this Announcement, OWIL, BWIL and OKGL shall collectively be referred to as the "**ICD Creditors**", and the OWIL Loan Agreement, BWIL Loan Agreement and OKGL Loan Agreement shall collectively be referred to as the "**ICD Facilities**".
- 2.3 In connection with a prior debt restructuring exercise undertaken by the Company, the ICD Creditors have each entered into subscription agreements with the Company, pursuant to which the ICD Creditors have been issued warrants in the Company ("**ICD Warrants**").
- 2.4 As at 30 June 2016, the total outstanding debt balance (including accrued interest) under the OWIL Loan Agreement and the BWIL Loan Agreement is approximately SGD 71.85 million, representing approximately 82.8% of the total outstanding debts of the Company.

3. SALIENT TERMS OF THE TERM SHEET



3.1 The Proposed Restructuring will primarily be effected through the conversion of the existing debt of the Company into equity, by way of an issue of new ordinary shares in the capital of the Company ("**Shares**"). The key commercial terms of the Proposed Restructuring, as provided for in the Term Sheet, are set out in paragraphs 3.2 to 3.7 of this Announcement.

3.2 **Debt to equity conversion under the ICD Facilities**

- (a) **Conversion of outstanding debt under the OWIL Loan Agreement and BWIL Loan Agreement:** Of the SGD 71.85 million in outstanding debt under the OWIL and BWIL facilities, SGD 54.20 million of the outstanding debt balance will be converted into new Shares at a conversion price ranging between SGD 0.003 and SGD 0.02167 per Share, subject to the approval of the Company. It is intended that SGD 7.23 million of the outstanding debt balance under the OKGL Loan Agreement will be converted into new Shares at a conversion price ranging between SGD 0.003 and SGD 0.02167 per Share.
- (b) **Remaining Debt:** Following the debt to equity conversions, the remaining debt balance under the ICD Facilities would be approximately SGD 20 million ("**Remaining Debt**"). Each of the ICD Creditors and the holders of the ICD Warrants shall release the Company in respect of any redemption premium, make-whole amount, or adjustment rights under the ICD Facilities and the ICD Warrants. The termination date under the OWIL Loan Agreement and the BWIL Loan Agreement shall be extended from 31 December 2016 to 31 December 2018, and interest under each of the ICD Facilities shall cease to accrue on and from 1 July 2016.
- (c) **Revision of ICD Warrants strike price:** Following the debt to equity conversions, the outstanding ICD Warrants will be revised in conjunction with the Remaining Debt, on the basis that the strike price in respect of the outstanding ICD Warrants shall be adjusted to SGD 0.004 per ICD Warrant.

For the avoidance of doubt, there will be no change to the conversion price for the existing outstanding warrants held by the other existing warrant holders in the Company. The other existing warrant holders will waive any redemption premium, make-whole amount, or adjustment rights arising as a result of the transactions contemplated under the Proposed Restructuring, in respect of the existing outstanding warrants held by them in the Company.

3.3 **Equity injection by new investors and management**

To assist with the ongoing working capital requirements of the Company following the completion of the debt to equity conversion, the Company will procure that new investor(s) and management subscribe for new Shares at a subscription price to be agreed.

3.4 **Allotment of new Shares in satisfaction of outstanding fees**

Upon completion of the debt to equity conversion under the ICD Facilities, the Company will issue and allot new Shares to the directors of the Company, in satisfaction of the outstanding directors' fees as at the date of the Term Sheet and to Morgan Lewis Stamford LLC in satisfaction of outstanding professional fees. The new Shares will be issued to the relevant directors and Morgan Lewis Stamford LLC at a conversion price of SGD 0.004 per Share.

3.5 **Implementation of Term Sheet**



The Proposed Restructuring shall be implemented by way of a creditors' scheme of arrangement pursuant to section 210 of the Companies Act (Chapter 50) of Singapore, or in such other manner as may otherwise be agreed between OWIL, BWIL and the Company.

3.6 Conditions Precedent

The consummation of the Proposed Restructuring shall be conditional upon, *inter alia*, the following having been obtained, performed or satisfied on or prior to the date falling 12 months after the date of the Term Sheet:

- (a) the approval of the creditors' scheme of arrangement by the requisite majority of creditors of the Company at a duly convened court meeting and the approval of the scheme by the court;
- (b) the approval-in-principle of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the new Shares to be issued pursuant to the implementation of the Proposed Restructuring (the "**New Shares**") on the Official List of the Mainboard of the SGX-ST having been obtained and being not revoked or amended, and where such approval is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before the completion of the Proposed Restructuring, they are so fulfilled;
- (c) the issue of the New Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Term Sheet by any legislative, executive or regulatory body or authority of Singapore or elsewhere;
- (d) a waiver in writing being obtained from the Securities Industry Council ("**SIC**") waiving the requirement of any creditor of the Company to make a mandatory takeover offer under Rule 14 of the Code of Takeovers and Mergers of Singapore arising from the issuance of the New Shares ("**Whitewash Waiver**") and where such waiver is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before the completion of the Proposed Restructuring, they are so fulfilled;
- (e) the approval of the requisite majority of Shareholders at a general meeting of the Company for (among other things):
 - (i) the allotment and issuance of the New Shares pursuant to the terms of any definitive agreement executed in connection with the Proposed Restructuring;
 - (ii) the Whitewash Waiver; and
 - (iii) (as may be required under applicable laws and regulations, the SGX-ST and the SIC), the transactions contemplated by the Proposed Restructuring and any Definitive Agreement executed in connection with the Proposed Restructuring;
- (f) all other approvals and consents that are necessary or desirable for the implementation of the Proposed Restructuring having been obtained by the Company and/or each creditor of the Company under all applicable laws and regulations and under any agreement to which the Company or the relevant creditor is a party (as the case may be), and where such approvals and consents are subject to conditions, to the extent that any such conditions are required to be fulfilled on or before the completion of the Proposed Restructuring, they are so fulfilled; and



- (g) there being no injunction or other order being issued by any court or tribunal of competent jurisdiction or other legal or regulatory restraint, prohibition or condition preventing the consummation or the implementation of the Proposed Restructuring.

3.7 Other key terms of the Proposed Restructuring

Other key terms of the Proposed Restructuring are as follows:

- (a) **Interim Funding:** In the absence of available funding, a potential total of SGD 750,000 in interim funding will be committed by BWIL and Mr Peter Koh Heng Kang, to be applied as follows:
 - (i) BWIL shall contribute SGD 250,000 towards the payment of such professional advisors' fees as are approved by BWIL in connection with the Proposed Restructuring; and
 - (ii) Mr Peter Koh Heng Kang shall contribute SGD 500,000 towards the payment of reasonable operational costs of the Company.

Such amounts shall be repaid in priority to the other outstanding debt of the Company upon the advancement of subsequent funding from the new investor(s) and management pursuant to paragraph 3.3 above.

- (b) **Moratorium:** A 6-month moratorium shall be imposed on the New Shares issued pursuant to the Proposed Restructuring.

4. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The completion of the Proposed Restructuring is subject to numerous conditions. **THERE IS NO CERTAINTY OR ASSURANCE AS AT THE DATE OF THIS ANNOUNCEMENT THAT THE PROPOSED RESTRUCTURING WILL BE COMPLETED OR THAT NO CHANGES WILL BE MADE TO THE TERMS THEREOF. THERE IS NO CERTAINTY OR ASSURANCE THAT THE DEFINITIVE AGREEMENTS WILL BE ENTERED INTO OR THAT THE PROPOSED RESTRUCTURING WILL PROCEED.** The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Peter Koh Heng Kang
Executive Director and Chief Executive Officer
8 September 2016