



OCEANUS GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)
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PROPOSED ALLOTMENT AND ISSUE OF NEW SHARES FOR SETTLEMENT OF (I) FINANCING SHAREHOLDERS LOANS AND (II) ACCRUED AND DEFAULT INTEREST OWING TO OWIL AND BWIL

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Oceanus Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to (i) the announcements by the Company dated 27 June 2014, 31 October 2014, 27 March 2015, 6 May 2015 and 30 July 2015; and (ii) the circular dated 6 May 2015 (“**Circular**”), each in relation to the Proposed Restructuring.

The Board wishes to announce that the Company has on 31 July 2015 entered into the following letters of agreement (“**Letter Agreements**”) with (i) Ocean Wonder International Limited (“**OWIL**”); (ii) BW Investment Limited (“**BWIL**”); (iii) Mr. Thomas Chan and (iv) Mr. Perman Yadi (Mr. Thomas Chan and Mr. Perman Yadi shall be collectively referred to as the “**Financing Shareholders**”), in respect of the Proposed Settlement Arrangements (as described in Section 3 below).

2. DEFINITIONS

For the purposes of this Announcement, unless otherwise provided herein or the context requires otherwise, capitalised terms used but defined herein shall have the same meaning ascribed to it in the Circular. In addition, the following capitalised terms used in this Announcement shall have the following meanings:

- (a) “**Accrued Interest Shares**” means the new Shares to be issued to OWIL and BWIL at an issue price of S\$0.013 per Share, where (i) the allotment and issue of which had been approved by the shareholders of the Company on 22 May 2015; and (ii) the listing and quotation of which on the Mainboard of the SGX-ST had been approved by the SGX-ST on 27 March 2015;
- (b) “**BWIL Relevant Interest**” means all interest accrued and outstanding (in connection with the loan for a principal amount of S\$25,500,000 granted by BWIL to the Company under the relevant 2012 Agreements¹) up to (but excluding) 30 June 2014 (“**BWIL**

¹ Please refer to the Circular for further details on the 2012 Agreements.

Outstanding Unpaid Sum”), together with the default interest calculated on the BWIL Outstanding Unpaid Sum on (and from) 30 June 2014 (but excluding) 31 December 2014, being an amount of S\$2,779,459.70²;

- (c) **“Effective Date”** means the date on which the Proposed Restructuring shall become effective in accordance with the terms and conditions of the OWIL Restructuring Deed and the BWIL Restructuring Deed;
- (d) **“Financing Shareholders Loans”** means the principal amount of the loans provided by the Financing Shareholders to the Company amounting to S\$2,500,000 pursuant to the Financing Shareholders Loans and Warrants Agreements;
- (e) **“Financing Shareholders Loans and Warrants Agreements”** means (i) the amended and restated loan and subscription agreements dated 30 July 2015 entered into between the Company and Mr. Perman Yadi; and (ii) the amended and restated loan and subscription agreements dated 30 July 2015 entered into between the Company and Mr. Thomas Chan, as amended, modified or supplemented from time to time;
- (f) **“Financing Shareholders Warrants”** means the warrants to be issued by the Company to the Financing Shareholders under the terms and conditions of the Financing Shareholders Loans and Warrants Agreements;
- (g) **“Issue Date”** means the Effective Date or such other date as may be mutually agreed between the Company, OWIL and BWIL in writing;
- (h) **“Share Issue Mandate”** means the general share issue mandate approved by the shareholders of the Company at the annual general meeting of the Company held on 30 June 2014;
- (i) **“Settlement Shares”** means new Shares to be issued by the Company at the Settlement Issue Price (as defined in Section 3.1(a) below) per Share pursuant to the Share Issue Mandate in accordance with the terms of the Letter Agreements; and
- (j) **“OWIL Relevant Interest”** means all interest accrued and outstanding (in connection with the loan for a principal amount of S\$38,883,069.27 granted by OWIL to the Company under the relevant 2012 Agreements³) up to (but excluding) 30 June 2014 (**“OWIL Outstanding Unpaid Sum”**), together with the default interest calculated on the OWIL Outstanding Unpaid Sum on (and from) 30 June 2014 (but excluding) 31 December 2014, being an amount of S\$4,238,193.11.

3. PROPOSED SETTLEMENT ARRANGEMENTS

- 3.1 Pursuant to the Letter Agreements, the parties have agreed that notwithstanding the terms and conditions of (i) the restructuring deed dated 30 July 2015 entered into between the

² It was previously provided in the Circular (Page 22) Full Horizon Investment Limited (**“FHIL”**) shall be a sub-participant to the Hupomone Loan and Warrants (as defined in the Circular) duly assigned to BWIL, in respect of a principal loan amount of S\$3,000,000 retrospectively with effect from 5 April 2012. Notwithstanding the foregoing, the Company understands from BWIL that moving forward under the Proposed Restructuring, the loan with the principal amount of S\$3,000,000 would be subsumed under the principal loan amount owing by the Company to BWIL.

³ Please refer to the Circular for further details on the 2012 Agreements.

Company and OWIL (“**OWIL Restructuring Deed**”); (ii) the restructuring deed dated 30 July 2015 entered into between the Company and BWIL (“**BWIL Restructuring Deed**”); and (iii) the Financing Shareholders Loans and Warrants Agreements, the OWIL Relevant Interest, BWIL Relevant Interest and Financing Shareholders Loans shall be settled on the following bases:

(a) On the Issue Date, the Company shall allot and issue such number of Settlement Shares at an issue price of S\$0.00864 (“**Settlement Issue Price**”) to:

- (i) BWIL, as partial settlement of the BWIL Relevant Interest;
- (ii) OWIL, as partial settlement of the OWIL Relevant Interest; and
- (iii) the Financing Shareholders respectively, as partial settlement of the Financing Shareholders Loans,

(the “**Issue of Settlement Shares**”).

(b) The Issue of Settlement Shares shall be made on the following bases:

- (i) the total number of the Settlement Shares shall not exceed 727,588,309, representing 20% of the total issued share capital of the Company (excluding treasury shares) as of the annual general meeting held by the Company on 30 June 2014;
- (ii) the Settlement Shares shall be allotted and issued by the Company to (1) OWIL and BWIL; and (2) the Financing Shareholders, in the ratio of 70 : 30;
- (iii) the Settlement Shares allocated in accordance with paragraph (ii) above shall be further allocated (1) on a *pro-rata* basis among OWIL and BWIL; and (2) on a *pro-rata* basis among the Financing Shareholders; and
- (iv) such outstanding amount of the OWIL Relevant Interest, BWIL Relevant Interest and Financing Shareholders Loans (as the case may be) shall be deemed settled by extinguishing an amount equivalent to the aggregate of the Settlement Issue Price multiplied by the number of Settlement Shares issued to OWIL (in respect of OWIL Relevant Interest), BWIL (in respect of BWIL Relevant Interest) and Financing Shareholders (in respect of the Financing Shareholders Loans).

(c) Further:

- (i) the remaining amount of the OWIL Relevant Interest and BWIL Relevant Interest not settled by way of allotment and issue of Settlement Shares shall be fully settled by way of allotment and issue of Accrued Interest Shares on the Issue Date; and
- (ii) the remaining amount of the Financing Shareholders Loans not settled by way of allotment and issue of Settlement Shares may be fully settled by cash or conversion of the Financing Shareholders Warrants in accordance with the terms and conditions of the Financing Shareholders Loans and Subscription Agreements,

(collectively, the “**Issue of Accrued Interest Shares**”).

- (d) Based on the above, the allocation of the (a) Settlement Shares among OWIL, BWIL and the Financing Shareholders; and (b) the Accrued Interest Shares among OWIL and BWIL will be as set out in **Appendix 1** of this Announcement.
- (e) For the purposes of this Announcement, “**Proposed Settlement Arrangement**” means the Issue of Settlement Shares and the Issue of Accrued Interest Shares.

3.2 The Settlement Issue Price represents a 10% discount to the volume-weighted average price of the Shares traded on the SGX-ST for 31 July 2015, being the full market day on which the Letter Agreements were signed, of S\$0.0096.

4. RATIONALE FOR THE PROPOSED SETTLEMENT ARRANGEMENT

As set out in Section 3.8 (*Payment of Interest Owing under the Existing Loans as of 30 June 2014*) of the Circular, the Company was supposed to repay half of the OWIL Relevant Interest and BWIL Relevant Interest in cash. Given the present dire financial circumstances of the Company, the Company is desirous of utilising any cash raised pursuant to the Proposed Restructuring for purposes of operations of the Company.

Accordingly, further to negotiations between the Company, OWIL and BWIL, each of OWIL and BWIL agreed to accept in aggregate up to 70% of the Settlement Shares permitted to be issued utilising the Share Issue Mandate (instead of cash as originally contemplated), at the Settlement Issue Price. The balance of the OWIL Relevant Interest and BWIL Relevant Interest would be paid by way of allotment and issue of Accrued Interest Shares at an issue price of S\$0.013 as previously contemplated.

As the Financing Shareholders Loans (which are unsecured loans) were extended to the Company even prior to the Proposed Restructuring to address the Company’s cashflow requirements, the Company had in good faith, upon the request from the Financing Shareholders for their respective repayments, agreed to issue up to 30% of the Shares permitted to be issued under the Share Issue Mandate, at the Settlement Issue Price, to partially repay the Financing Shareholders Loans.

5. BACKGROUND OF THE END PLACEE(S)

The information provided below has been provided to the Company by each of the respective end placees.

(a) OWIL

OWIL, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of AIF Capital Asia III L.P. (“**AIF Capital**”), which is an Asian private equity fund with the size of US\$435 million focused on expansion capital, buyout and special situation investments in the middle market.

AIF Capital is one of the largest Asia-based independent private equity firms. Headquartered in Hong Kong, the firm oversees a broad-based portfolio of investments in sectors ranging from supply chain management, financial services, manufacturing, specialty steels and engineering services, to power generation,

telecom and transportation. AIF Capital focuses on companies who are leaders in their respective market segments (or have the potential to be so) with competitive operational strengths.

AIF Capital's investors in its funds include major corporate and government pension and investment funds, insurance companies and financial institutions from North America, Australia, Asia and the Middle East and Europe, as well as multilateral agencies.

OWIL has confirmed that it will not be holding the Settlement Shares in trust or as nominees for other persons.

(b) BWIL

BWIL is a special purpose vehicle incorporated by Borrelli Walsh, which is a specialist restructuring, insolvency and forensic accounting firm, specialising in the following fields (i) corporate recovery and insolvency; (ii) financial investigations, forensic accounting and expert evidence; (iii) financial and operational restructuring; (iv) matrimonial, trust and probate; and (v) corporate and strategic advice.

Its clients include local and international banks, investors, lawyers, listed and private companies, regulators, government authorities and family groups. BW Investment Limited, as General Partner, together with BW Asset Management Limited, as investment manager, provide an asset management solution for distressed or troubled assets and portfolios.

BWIL has confirmed that it will not be holding the Settlement Shares in trust or as nominees for other persons.

(c) Perman Yadi

Mr. Perman Yadi, who is an existing shareholder of the Company, is a businessman in Singapore. Mr. Perman Yadi is not a substantial shareholder of the Company, or a person specified under Rule 812(1) of the Listing Manual. He has also no connection (including business relationship) with any of the Directors or substantial shareholders of the Company.

Mr. Perman Yadi has confirmed that he will not be holding the Settlement Shares in trust or as nominees for other persons.

(d) Thomas Chan

Mr. Thomas Chan, who is an existing shareholder of the Company, is a businessman in Singapore. Mr. Thomas Chan is not a substantial shareholder of the Company, or a person specified under Rule 812(1) of the Listing Manual. He has also no connection (including business relationship) with any of the Directors or substantial shareholders of the Company.

Mr. Thomas Chan has confirmed that he will not be holding the Settlement Shares in trust or as nominees for other persons.

6. USE OF PROCEEDS

As provided under Section 4 of this Announcement, the purpose of the allotment and issue of Settlement Shares is to repay partially the OWIL Relevant Interest, BWIL Relevant Interest and the Financing Shareholders Loans. There will be no fresh cash injected or paid to the Company in respect of the allotment and issue of such Settlement Shares.

7. FINANCIAL EFFECTS OF THE PROPOSED SETTLEMENT ARRANGEMENTS

For illustrative purposes only, based on the unaudited full year results of the Company as at 31 December 2014, the proforma financial effects of the Proposed Settlement Arrangements are calculated based on the following assumptions:

- (a) for the purpose of computing the EPS of the Group after the completion of the Proposed Settlement Arrangements, it is assumed that the Proposed Settlement Arrangements were completed concurrently on 1 January 2014;
- (b) for the purpose of computing the NTA/NTL and gearing of the Group, it is assumed that the Proposed Settlement Arrangements were completed concurrently on 31 December 2014;
- (c) the transactions contemplated under the Proposed Restructuring are not taken into account; and
- (d) a total of 727,588,306 Settlement Shares and 201,322,979 Accrued Interest Shares to be issued pursuant to the Proposed Settlement Arrangements.

<u>Share Capital</u>	<u>Number of Shares</u>	<u>Issued share capital (S\$'000)</u>
Before the Proposed Settlement Arrangements	3,637,941,547	466,936
After the Proposed Settlement Arrangements	4,566,852,832	475,840

<u>Earnings Per Share</u>	<u>Loss after Tax (S\$'000)</u>	<u>Weighted average number of fully- paid ordinary shares</u>	<u>S\$ cents</u>
Before the Proposed Settlement Arrangements	40,261	3,637,941,547	1.11
After the Proposed Settlement Arrangements	33,243	4,566,852,832	0.73

<u>Net Tangible Assets</u>	<u>NTA</u> <u>(S\$'000)</u>	<u>Weighted average</u> <u>number of fully-</u> <u>paid ordinary</u> <u>shares</u>	<u>S\$ cents</u>
Before the Proposed Settlement Arrangements	(22,701)	3,637,941,547	(0.62)
After the Proposed Settlement Arrangements	(13,797)	4,566,852,832	(0.30)

<u>Gearing</u>	<u>Total borrowings</u> <u>(S\$'000)</u>	<u>Shareholders' funds</u> <u>(S\$'000)</u>	<u>Gearing</u>
Before the Proposed Settlement Arrangements	72,238	(22,701)	(3.18)
After the Proposed Settlement Arrangements	70,352	(13,797)	(5.10)

The transactions contemplated under the various agreements described in this Announcement, including the Proposed Restructuring, are subject to, *inter alia*, satisfaction (or waiver) of certain conditions precedent and entry into by the Company of further definitive agreements with OWIL and BWIL.

The Company will make announcement(s) to update the shareholders on the further developments of this matter, including execution of further definitive agreements as required under the terms and conditions of the various agreements.

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. The Company will make the necessary announcements when there are further developments on the Proposed Restructuring. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

OCEANUS GROUP LIMITED

Dr. Ng Cher Yew
Executive Chairman

3 August 2015

APPENDIX 1

Parties		BWIL Relevant Interest / OWIL Relevant Interest / Financing Shareholders Loans (as the case may be) owing by the Company	Number of Settlement Shares to be issued	Allocation	Amount to be settled by issue of Settlement Shares	Amount to be settled by Accrued Interest Shares	Number of Accrued Interest Shares
Financing Shareholders	Perman Yadi	S\$1,750,000.00	152,793,544	30%	S\$1,320,136.22	Nil	Nil
	Thomas Chan	S\$750,000.00	65,482,947		S\$565,772.66	Nil	Nil
Existing Warrantholders	OWIL	S\$4,238,193.11	307,590,285	70%	S\$2,657,580.06	S\$1,580,613.05	121,585,619
	BWIL	S\$2,779,459.70	201,721,530		S\$1,742,874.02	S\$1,036,585.68	79,737,360
Total		S\$9,517,652.81	727,588,306	100%	S\$6,286,362.96	S\$2,433,846.47	201,322,979