CIRCULAR DATED 14 APRIL 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This circular is issued by Oceanus Group Limited (the "Company"). If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional independent adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "DEFINITIONS".

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular has been made available on SGXNET and the Company's website at https://oceanus.com.sg/our-investors/. **A printed copy of this Circular will NOT be despatched to Shareholders.**

If you have sold or transferred all your Shares, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee that this Circular may be accessed via SGXNET and the Company's website at https://oceanus.com.sg/our-investors/.

Please refer to Section 12 of this Circular and the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM. The Notice of AGM may also be accessed on SGXNET and the Company's website at https://oceanus.com.sg/our-investors/.

OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199805793D)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

(1) THE PROPOSED ISSUE OF 4% CONVERTIBLE DIGITAL BONDS DUE 22 MARCH 2026 FOR AN AGGREGATE PRINCIPAL AMOUNT OF US$6,000,000; AND

(2) THE PROPOSED PLACEMENT OF AN AGGREGATE OF 1,270,369,565 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.023 FOR EACH PLACEMENT SHARE

Independent Financial Adviser in respect of the proposed Bonds Issue

CEL IMPETUS CORPORATE FINANCE PTE. LTD.
(Company Registration Number: 201631484Z)
(Incorporated in the Republic of Singapore)

SUMMARY SHEET

Capitalised terms in this summary sheet shall have the same meaning as defined in the "Definitions" section unless otherwise defined.

The following is a summary of information in relation to the Bonds Issue:

1. Minimum Conversion Price and maximum potential number of new Shares arising from the Bonds Issue due 22 March 2026 for an aggregate principal amount of US$6,000,000

Based on the Minimum Conversion Price and on the assumption that all of the Bonds have been fully converted:

(i) the maximum potential number of Conversion Shares that could arise from the Proposed Bonds Issue is 407,700,000[1];

(ii) this represents approximately 1.68% of the Existing Share Capital of 24,296,921,463 Shares; and

(iii) this represents approximately 1.57% of the Company's Post-Conversion Share Capital of 25,974,991,028 Shares.

2. Material Risks and Mitigating Measures

The Bonds are not a conventional form of security due to the "floating" conversion price which has a dilutive impact on the Shares and has a potential adverse impact on the Share price upon conversion of the Bonds to Shares. Set out below are key risks associated with bond issuances with such "floating" conversion prices and corresponding features of the proposed Bonds which seek to mitigate such risks:

	Key Risks of Bonds with "Floating" Conversion Prices	Features of Bonds to Mitigate Such Risks
a.	The ability to convert bonds to shares at a "floating" price means that the lower the Share price of the Company at time of conversion, the more Shares will have to be issued by the Company to the Subscriber on conversion. With more Shares outstanding after conversion, EPS and NTA per Share will become lower and the Share price will correspondingly decrease. All other Shareholders will correspondingly have a lesser share of the Company in terms of dividends and other distribution (if any).	The Bonds allows the Subscriber to convert the Bonds to Shares at a 10% discount to the 30-day VWAP (as defined below) at the time of conversion. To mitigate the risks of the "floating" price, the Bonds have a minimum conversion price of S$0.020 per Share. This represents a maximum of 407,700,000[1] Shares that will be issued upon conversion (representing approximately 1.68% of the Existing Share Capital), regardless of whether the Share price falls below S$0.020.
b.	The Bonds Issue can cause a spiral that accelerates the fall in Share price. As Share price falls, the more Shares the Company will have to issue pursuant to the conversion of the Bonds, and thus the greater the dilution to the Shareholders. The increased number of Shares available for sale in the market, and the added selling pressure is likely to cause a downward spiral in a declining market. If the Subscriber, who	

[1] Calculated based on the exchange rate of 1.359 US$/S$ as of 9 March 2022

	gets a discount to the market price at time of conversion, was to sell the Shares soon after conversion in order to lock in profits, this will drive down the price of the Shares further, thereby leading to a downward spiral. This can potentially cause a huge or sharp decline of the price of the Shares over a short space of time.	
c.	As the Conversion Shares are always issued at a discount to market price at all times, the Subscriber will be able to dispose of its Conversion Shares even where the Share prices are trending downwards. There is a potential risk that this can cause the Share prices to fall further, leading to a downward spiral.	
d.	Where Share price is in a prolonged decline, the Subscriber may be inclined to continue selling the Shares received upon each exercise. Each round of conversion and Share sale may therefore cause a further accelerated decline or downward spiral in Share price.	Rather than having multiple points of conversion throughout the tenure of the Bonds, the Bonds Terms and Conditions (as defined below) provides that the Subscriber can only exercise the right of conversion once either on the Maturity Date or within the stipulated timeframe after it receives a Mandatory Notice.

The Company will also have to bear all costs and expenses reasonably incurred in relation to the issue and allotment of the Bonds and the Conversion Shares. The aggregate amount of such cost and expenses is estimated to be approximately S$50,000.

3. Key Features and Restrictions of the Proposed Bonds Issue

The key features and restrictions of the proposed Bonds Issue are as follows:

(i) Bonds denomination

Each Bond will have a principal value of US$100,000.00.

(ii) Interest

4.00% per annum starting from the date of issue, payable in cash on a quarterly basis.

(iii) Status of the Bonds

The Bonds constitute the unsecured, direct, irrevocable, unconditional and unsubordinated obligations of the Company, ranking *pari passu* amongst and rateably without any preference among themselves (save as otherwise provided under any applicable laws) and equally with all other unsecured obligations (other than subordinated obligations, if any or indebtedness preferred by mandatory provisions of law) of the Company from time to time outstanding.

(iv) Conversion Price

10% discount to the 30-day VWAP, provided always that the Conversion Price shall be no less than the Minimum Conversion Price.

The Conversion Price and Minimum Conversion Price were commercially agreed between the Company and the Subscriber on a willing-buyer, willing-seller basis after arm's length negotiations, and takes into account the historical trading performance of the Company and prevailing market conditions.

(v) *Transferability*

The Subscriber shall not transfer any Bonds to an Intended Transferee unless (i) the Company (with relevant Shareholders' approval and the approval of all relevant regulatory authorities (including SGX-ST), if required) has consented to such transfer; and (ii) such Intended Transferee agrees in writing upon such transfer to be bound by and to perform all the provisions of the Token Subscription Agreement and the relevant custody agreement.

(vi) *Redemption*

Any time after the completion of the Token Subscription Agreement, the Company shall be entitled to serve a written notice on the Subscriber ("**Mandatory Notice**") to seek an early redemption of all the outstanding Bonds. Such Mandatory Notice must be served on the Subscriber at least 14 days prior to the date on which the Company intends to redeem the Bonds.

The Subscriber shall have seven (7) days from the date of receipt of the Mandatory Notice to elect to convert all or part of the Bonds into Conversion Shares at the Conversion Price, failing which, the Subscriber shall be deemed to have accepted redemption of the Bonds in cash.

Unless previously redeemed and in each case cancelled as provided in the Token Subscription Agreement, the Company shall on the Maturity Date redeem the Bonds in cash.

The Subscriber also has the right and option to convert all or part of the then outstanding Bonds into Conversion Shares on the Maturity Date by serving a Conversion Notice on the Company at least seven (7) days prior to the Maturity Date.

The Company will, as soon as reasonably practicable, announce the receipt of any Conversion Notice on SGXNet.

(vii) *Maturity*

22 March 2026.

(viii) *Consequences of Event of Default*

Upon the occurrence of an Event of Default, the Subscriber will have the right at such Subscriber's option to require the Company to redeem in whole or in part such Subscriber's Bonds. Please refer to Section 6.2 of this Circular for the Events of Default.

(ix) *Modification of the Bonds*

Any modification by the Company to the terms of the Bonds after issue shall require the prior written approval of the Subscriber.

4. Reasons for the Bonds Issue and Use of Proceeds

Immediately following the Group's successful exit from the SGX-ST watchlist in September 2021 after being placed on it for nearly six (6) years, the Company embarked on plans to further grow its various business segments. These plans included, among other things, the digitalisation and tech-up of the business, establishment of new operating subsidiaries, expansion of product offerings and the hiring of staff to increase the talent pool of the Company.

The Subscriber, together with the Placees, were then identified as investors that would provide strategic long-term benefits to the Group's businesses given their investments in various industries and business networks that is well aligned to the key business pillars of the Group.

In that regard, the Company entered into various Bridging Loan Facilities with the Placees in November 2021 to fund these growth plans.

Following continued discussions with the Placees, it was thereafter proposed to the Placees that the Bridging Loan Facilities would be settled in the form of the Share Placement and the Bonds Issue.

The Company has sought alternative sources of financing prior to entering into the Bonds Issue documents. Such efforts include reaching out to a total of five (5) other potential institutional investors who were interested in providing financing to the Company through either a share placement or debt issuance. As these parties were either seeking to place shares at a significant discount to the then existing market traded price, or provide debt with security and guarantees that would impair further fund raising efforts, the Company had decided not to proceed further with these parties.

Accordingly, the Company intends to use the net proceeds of the Bonds Issue (in conjunction with the net proceeds of the Share Placement) to discharge and settle the existing Bridging Loan Facilities. Please refer to Section 4 of this Circular for more information.

The Proposed Transactions will also enable the Group to augment its capital base by converting the outstanding loans under the Bridging Loan Facilities into equity of the Company, effectively reducing the Company's level of borrowings and the associated borrowing costs. This will also strengthen the Group's balance sheet and improve its debt-equity position and also represents a vote of confidence by the strategic investors towards the Company's digitalisation and tech-up plans. Therefore, the Board is of the opinion that the issuance of the Bonds as a form of financing is in the interest of the Company and its Shareholders.

Additional details of the Bonds Issue are set out at Section 6 of this Circular.

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"**30-day VWAP**"	:	Has the meaning ascribed to it in Section 6.2 of this Circular
"**associate**"	:	(a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"**Aggregate Issue Price**"	:	The aggregate Issue Price of the Placement Shares of US$21,500,000 (approximately S$29,218,500[2])
"**AGM**"	:	The annual general meeting of the Company to be held on 29 April 2022 at 2.00 p.m.
"**Audit Committee**"	:	The audit committee of the Company, being as at the Latest Practicable Date, Mr Edward Loy Chee Kim, Mr Zahidi Bin Abd Rahman and Mr Cleveland Cuaca
"**Board**" or the "**Directors**"	:	The directors of the Company for the time being
"**Bonds**"	:	The convertible bonds in the form of digital tokens of a principal amount of up to US$6,000,000 (approximately S$8,154,000[3]) to be issued by the Company to, and to be subscribed by the Subscriber pursuant to the Token Subscription Agreement
"**Bonds Issue**"	:	The proposed issue of the Bonds to the Subscriber

[2] Based on the exchange rate of 1.359 US$/S$ as of 9 March 2022.

[3] Based on the exchange rate of 1.359 US$/S$ as of 9 March 2022.

"**Bonds Issue Completion Date**"	:	The date which the Company, the Subscriber and the Custodian may agree for the Completion of the Bonds Issue
"**Bonds Terms and Conditions**"	:	The terms and conditions of the Bonds
"**Bridging Loan Facility**" and "**Bridging Loan Facilities**"	:	Has the meaning ascribed to it in Section 4**Error! Reference source not found.** of this Circular
"**CDP**"	:	The Central Depository (Pte) Limited
"**Chairman**"	:	Has the meaning ascribed to it in Section 12.2**Error! Reference source not found.** of this Circular
"**Circular**"	:	This circular to Shareholders dated 14 April 2022
"**Companies Act**"	:	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"**Company**"	:	Oceanus Group Limited
"**Completion**"	:	Completion of the Share Placement and/or Bonds Issue in accordance with the terms of the Placement Agreements and/or the Token Subscription Agreement, as the case may be
"**Controlling Interest**"	:	As defined in the Listing Manual, the interest of the Controlling Shareholder(s)
"**Controlling Shareholder**"	:	As defined in the Listing Manual, a person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"**Conversion Price**"	:	The price at which each Share shall be issued upon conversion of the Bonds into shares in the Company shall be the price per Share that is at a 10% discount to the 30-day VWAP
"**Conversion Shares**"	:	The new Shares to be allotted and issued by the Company, credited as fully paid upon the conversion of the Bonds at the Conversion Price
"**COVID-19 Act**"	:	COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time, which, *inter alia*, enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means
"**COVID-19 Order**"	:	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and

		Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which sets out the alternative arrangements in respect of, *inter alia*, the general meetings of companies
"**Custodian**"	:	HydraX Digital Assets Pte. Ltd., a holder of a Capital Markets Services licence
"**Designated Blockchain Address**"	:	the unique private blockchain address notified by the Custodian to the Company to receive and hold the Subscriber's Bonds
"**Digital Register**"	:	The digital register of holder(s) of the Bonds required to be maintained by the Custodian pursuant to the Token Subscription Agreement
"**EPS**"	:	Earnings per Share
"**Enlarged Share Capital**"	:	Has the meaning ascribed to it in Section 5.1 of this Circular
"**Event of Default**"	:	Refers to any of the following:

(a) any breach or default by the Company under any provision of its Constitution, any term of the Token Subscription Agreement (including the Bonds Terms and Conditions), and such breach or default, if capable of remedy, has not been remedied within 30 calendar days of the occurrence of such breach or default (except that a breach or default of a payment obligation shall be deemed to be not capable of remedy);

(b) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Token Subscription Agreement, or any ancillary agreements;

(c) any representation, warranty or undertaking by the Company in the Token Subscription Agreement is not complied with or is or proves to have been incorrect in any material respect when made or, if it had been made on any later date by reference to the circumstances then existing, would have been incorrect in any material respect on that later date;

(d) except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors), (i) any other indebtedness in respect of borrowed moneys of the Company which is not paid when due or not paid within any applicable grace period in any agreement relating to that indebtedness, or which becomes due and payable before its normal maturity by reason of a default or event of default, however described, or (ii) as a result of an actual or potential event of default or the like (however described), any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled;

(e) any legal proceedings, suits or actions of any kind whatsoever (whether criminal or civil) shall be instituted against the Company which will materially and adversely affect the Company's ability to perform its payment or other material obligations under the Token Subscription Agreement or the Bonds Terms and Conditions;

(f) any event or series of events occurs which has or is reasonably likely to have a material adverse effect on the ability of the Company to perform its payment or other material obligations under the Token Subscription Agreement or the Bonds Terms and Conditions;

(g) the Company:

(i) becomes insolvent;

(ii) is unable to pay its debts as they fall due, except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors);

(iii) stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors);

(iv) proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or if a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Company, as the case may be, except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors);

(v) any step is taken by any person for the dissolution of the Company (except for the purpose of and followed by a reconstruction, amalgamation or reorganisation which has received the prior approval of the Subscriber in writing) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Company or over all or any part of the assets of the Company; or

(vi) any information submitted by the Company to the Subscriber is found to be materially misleading for any reason and the copies of all contracts and other documents supplied to the Subscriber by or on behalf of the Company are not true or incomplete thereby resulting in a material and adverse omission or inaccuracy of material information forming the basis of the Subscriber's decision in its investment in the Company.

"**Existing Share Capital**"	:	Has the meaning ascribed to it in Section 5.1 of this Circular
"**FY2021**"	:	Financial year ended 31 December 2021.
"**Group**"	:	The Company and its subsidiaries
"**GS International**"	:	Golden Summit International Ltd
"**IFA**"	:	CEL Impetus Corporate Finance Pte. Ltd.
"**IFA Letter**"	:	Has the meaning ascribed to it in Section 9.2 of this Circular
"**Intended Transferee**"	:	Has the meaning ascribed to it in Section 6.2 of this Circular
"**Issue Price**"	:	The issue price of S$0.023 per Placement Share, representing a premium of approximately 9.52% to the weighted average price of S$0.021 per Share on the full market day on which the Placement Agreements were signed
"**Latest Practicable Date**"	:	8 April 2022, being the latest practicable date prior to the date of this Circular
"**Listing Manual**"	:	The SGX-ST Listing Manual Section A: Mainboard Rules, as the same may be amended, varied or supplemented from time to time
"**Mainboard**"		The Mainboard of the SGX-ST
"**Maturity Date**"	:	Has the meaning ascribed to it in Section 6.2 of this Circular
"**Minimum Conversion Price**"	:	The minimum Conversion Price of S$0.020 per Share
"**Mr Cuaca**"	:	Mr Cleveland Cuaca

"**Notice of AGM**"		The notice of AGM sent by the Company to the Shareholders on 14 April 2022
"**NTA**"	:	Net tangible assets
"**Placees**"	:	Has the meaning ascribed to it at Section 2 of this Circular
"**Placement Agreements**"	:	The conditional placement agreements dated 22 March 2022 entered into between the Company and the Placees in relation to the Share Placement (as amended, modified or supplemented from time to time)
"**Placement Shares**"	:	The 1,270,369,565 new Shares to be allotted and issued by the Company to the Placees under the Share Placement
"**Post-Conversion Share Capital**"	:	Has the meaning ascribed to it in Section 6.4 of this Circular
"**Proposed Transactions**"	:	The Share Placement and the Bonds Issue
"**PY Opulence**"	:	PY Opulence Investment Pte. Ltd.
"**Record Date**"	:	Has the meaning ascribed to it at Section 5.1 of this Circular
"**SFA**"	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Placement**"	:	The proposed allotment and issue of the Placement Shares to the Placees at the Aggregate Issue Price, on the terms and subject to the conditions of the Placement Agreements
"**Share Placement Completion Date**"	:	The date on which the Company, giving at least five (5) business days' written notice to the Placees after fulfilment of all conditions set out in the Placement Agreements, stipulates as the date for the Completion of the Share Placement, or such other date as the Company and the Placees may agree in writing
"**Share Registrar**"	:	Boardroom Corporate & Advisory Services Pte Ltd
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Subscriber**" or "**Alacrity**"	:	Alacrity Investment Group Limited

"**Substantial Shareholder**"	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
"**Token Subscription Agreement**"	:	The token subscription agreement dated 22 March 2022 entered into between the Company and the Subscriber in relation to the Bonds
"**Transfer of Controlling Interest**"	:	The transfer of a Controlling Interest in the Company to Alacrity
Currencies, units and others		
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**US$**"	:	United States dollar, the lawful currency of the United States of America
"**%**"	:	Per centum or percentage

The expression "**subsidiaries**" shall have the meaning ascribed to it in the Companies Act.

The terms "**Depositor**", "**Depository**" and "**Depository Register**" shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the SFA or the Listing Manual, or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the SFA or the Listing Manual, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Any reference in this Circular to "**we**", "**our**", "**us**" or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199805793D)

Directors[4]:	**Registered Office:**
Mr Peter Koh Heng Kang (Executive Director and Chief Executive Officer)	31 Harrison Road
Mr Cleveland Cuaca (Non-Independent, Non-Executive Director)	#11-03/04
Mr Edward Loy Chee Kim (Independent Non-Executive Director)	Food Empire Building
Mr Zahidi Bin Abd Rahman (Independent Non-Executive Director)	Singapore 369649
Dr Yaacob Bin Ibrahim (Independent Non-Executive Director)	

14 April 2022

To: The Shareholders of Oceanus Group Limited

Dear Sir/Madam

PROPOSED ISSUE OF CONVERTIBLE BONDS FOR AN AGGREGATE PRINCIPAL AMOUNT OF US$6,000,000 AND PLACEMENT OF AN AGGREGATE OF 1,270,369,565 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S$0.023 FOR EACH PLACEMENT SHARE

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, including the rationale for the Proposed Transactions and the financial effects of the Proposed Transactions, and to seek the approval of Shareholders in relation thereto at the forthcoming AGM.

Drew & Napier LLC is the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

2. BACKGROUND OF THE PROPOSED TRANSACTIONS

On 22 March 2022, the Company announced that it had, on 22 March 2022, entered into the Placement Agreements with GS International, PY Opulence and Alacrity (collectively, the "**Placees**"), pursuant to which the Placees agreed to subscribe for, and the Company agreed to allot and issue to the Placees, an aggregate 1,270,369,565 Placement Shares at the Issue Price for each Placement Share for the Aggregate Issue Price, on the terms and subject to the conditions of the respective Placement Agreements.

On 22 March 2022, the Company also announced that it had, on 22 March 2022, entered into the Token Subscription Agreement with the Subscriber and the Custodian, pursuant to which the Company proposes to issue to the Subscriber the Bonds for an aggregate principal amount of US$6,000,000.

No placement agent has been appointed in respect of the Proposed Transactions. No introducer fee, commission, fee or other selling or promotional expense is payable or incurred by the Company in connection with the Proposed Transactions other than those incurred for administrative or professional service.

The Placement Shares and Bonds will be issued by way of a private placement under Section 272B of the SFA. As such, no prospectus, offer document, or offer information

[4] The position of Chairman of the Company is currently vacant.

statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Transactions.

3. DETAILS OF THE PLACEES AND SUBSCRIBER

3.1. Details of the Placees

The aggregate number of Placement Shares to be subscribed for by each Placee with the aggregate consideration for such Placement Shares is set out below:

Name of Placee	Aggregate number of Placement Shares subscribed	Aggregate Considerati on (US$)	As a percentage of the Enlarged Share Capital following the Share Placement	As a percentage of the Post-Conversion Share Capital
GS International	59,086,957	1,000,000	0.23%	0.23%
PY Opulence	384,065,217	6,500,000	1.50%	1.48%
Alacrity	827,217,391	14,000,000	3.24%	3.18%
Total:	1,270,369,565	21,500,000	4.97%	4.89%

A brief background of each of the Placees is set out below:

(i) **GS International**

GS International is a financial advisory firm incorporated in the British Virgin Islands, which provides services such as mergers and acquisition advisory, fundraising, and financing to small and medium-sized companies. The sole shareholder and managing director of GS International is Thomas Chan Ho Lam. In his role, as the managing director of GS International, he manages and supervises the company's overall operations. Thomas Chan Ho Lam was a previous creditor of the Company and became a shareholder of the Company following the debt restructuring exercise carried out by the Company in December 2017. As at the Latest Practicable Date, Thomas Chan Ho Lam is no longer a shareholder of the Company. Thomas Chan Ho Lam and the Company's CEO were initially acquainted in a networking setting.

(ii) **PY Opulence**

PY Opulence is an investment holding company incorporated in Singapore. It invests in companies across Asia in various industries, including agriculture, aquaculture and real estate. The sole shareholder and director of PY Opulence is Xu Shen Cheng @ Perman Yadi, who manages and oversees the operations of PY Opulence. Xu Shen Cheng @ Perman Yadi was a previous creditor of the Company and became a shareholder of the Company following the debt restructuring exercise carried out by the Company in December 2017. As at the Latest Practicable Date, Xu Shen Cheng @ Perman Yadi holds 10,971,906 Shares in the Company, representing approximately 0.05% of the issued and paid-up share capital of the Company. Xu Shen Cheng @ Perman Yadi and the Company's CEO were initially acquainted in a networking setting.

(iii) **Alacrity**

Alacrity is an existing Substantial Shareholder of the Company and is an investment arm of an Indonesian conglomerate that has interests across various industries including retail and logistics. Cleveland Cuaca and Bryan Tan Jie are the majority and substantial shareholder of Alacrity respectively, and are deemed to be interested in the Shares held by Alacrity in the Company.

As at the Latest Practicable Date, Alacrity is a Substantial Shareholder, with an interest in 3,545,729,444 Shares, representing approximately 14.59% of the issued and paid-up share capital of the Company.

Mr Cuaca, a non-executive and non-independent director of the Company, was appointed on 15 December 2021 and is deemed interested in the Proposed Transactions which Alacrity has an interest in as he has a controlling interest in Alacrity. There are no material changes to the information on Mr Cuaca as announced by the Company in the announcement of his appointment on 15 December 2021. Save for the Share Placement and Bonds Issue to Alacrity, the Share Placement and Bonds Issue will not be placed to any person who is a director or a Substantial Shareholder of the Company or an interested person as defined in Chapter 9 of the Listing Manual as at the Latest Practicable Date.

Bryan Tan Jie is a businessman who is currently the executive director of Richard Mille Asia Pte. Ltd. He is also a director of various fashion labels and oversees the development of these brands and their respective operations.

The Placees were identified for the fund-raising by the Company's executive director and Group Chief Executive Officer during discussions with various potential strategic investors. In that regard, the Company confirms that there were no placement agents or fee arrangements in connection with both the Proposed Share Placement and Proposed Bond Issue.

The Placees have each confirmed to the Company, *inter alia*, that:

(a) subject to the disclosures in this Section 3.1 and the Placement Agreements, the directors and shareholders of the Placees are not related to any of the Directors or Substantial Shareholders of the Company (as defined in Section 81 of the Companies Act);

(b) subject to the disclosures in this Section 3.1 and the Placement Agreements, it is not acting in concert with and/or in accordance with the instructions of any Director(s) and/or Substantial Shareholders of the Company (as defined in Section 81 of the Companies Act);

(c) it is not subscribing for the Placement Shares as an agent for or otherwise on behalf of any other persons or entity and is subscribing for the Placement Shares solely for its own beneficial account and not with a view to another person acquiring an investment (as defined in Section 4(1) of the SFA) in the Placement Shares;

(d) the subscription of the Placement Shares or its part thereof by it will not trigger the requirement under Rule 14 of The Singapore Code on Mergers and Takeovers for it and/or any parties acting in concert with it to make a mandatory general offer to acquire all the issued Shares; and

(e) it is not subscribing for the Placement Shares with a view of such Placement Shares being subsequently offered for sale to another person.

In addition, the Subscriber has, in relation to the proposed Bonds Issue, confirmed to the Company, *inter alia*, that:

(a) the Subscriber is duly established and validly existing under the laws of its country of incorporation and has the full power, capacity and authority to own its assets and to conduct the business which it conducts and/or proposes to conduct, and the individual(s) acting on its behalf have been duly authorised in accordance with such corporate entity's constitutional documents to accept and execute the Token Subscription Agreement for and on behalf of the Subscriber;

(b) the Subscriber has full power to enter into, exercise its rights and perform and comply with its obligations under the Token Subscription Agreement;

(c) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order to:

  (i) enable the Subscriber lawfully to enter into, exercise its rights and perform and comply with its obligations under the Token Subscription Agreement;

  (ii) ensure that those obligations pursuant to the Token Subscription Agreement are legally binding and enforceable; and

  (iii) make the Token Subscription Agreement admissible in evidence in the courts of Singapore,

have been taken, fulfilled and done;

(d) the Subscriber's entry into, exercise of its rights and/or performance of or compliance with its obligations under the Token Subscription Agreement does not and will not violate:

  (i) any law to which it is subject;

  (ii) its constitutive documents; or

  (iii) any agreement to which it is a party or which is binding on its assets;

(e) the Subscriber's obligations under the Token Subscription Agreement are valid, binding and enforceable in accordance with the respective terms of the Token Subscription Agreement;

(f) the Subscriber has carefully reviewed and understood the Token Subscription Agreement, including the Bonds Terms and Conditions;

(g) the Subscriber has obtained sufficient information about the Company and the Bonds to make an informed decision to purchase the Bonds;

(h) the Subscriber has sufficient understanding of technical and business matters (including those that relate to the Company), cryptographic tokens, digital asset storage mechanisms (such as digital asset wallets), and blockchain technology to understand the Bonds Terms and Conditions and to appreciate the risks and implications of purchasing the Bonds and/or performing any actions in connection with the purchase of the Bonds;

(i) the Subscriber acknowledges and accepts, and is fully aware, that there are risks associated with the purchase, sale, creation, distribution and storage of the Bonds. By purchasing and/or holding the Bonds, the Subscriber expressly acknowledges and assumes these risks;

(j) the Subscriber's purchase, ownership, receipt and/or possession of the Bonds complies with (and is not in breach of) all applicable laws, including: (i) legal capacity and any other threshold requirements in the Subscriber's jurisdiction for such purchase, ownership, receipt and/or possession; (ii) any foreign exchange or regulatory restrictions applicable to such purchase, ownership, receipt and/or possession; and (iii) any governmental or other consents that may need to be obtained;

(k) the Subscriber is not a company or other legal entity incorporated in a geographic area, in which the purchase, ownership, receipt or possession of the Bonds in the form of digital tokens (including the receipt of any rights and benefits, and the undertaking of any obligations and liabilities, in connection with such Bonds) is prohibited by the applicable laws;

(l) the Subscriber will comply with any applicable tax obligations (including in the Subscriber's jurisdiction) arising from its purchase, ownership, receipt and/or possession of the Bonds;

(m) the Subscriber understands and accepts that should the Custodian lose control of applicable credentials, passwords and private keys associated with the digital wallet associated with the Designated Blockchain Address, this may result in any Bonds associated with the digital wallet associated with such Designated Blockchain Address becoming unrecoverable and will permanently and irreversibly deny the Subscriber's access to its Bonds. The Subscriber understands that the Company will not be able to help the Subscriber retrieve or reconstruct a lost private key or provide the Subscriber with access to any lost Bonds; and

(n) the Subscriber will promptly provide any information and documents as may be requested by the Company in its discretion from time to time, including to comply with any applicable laws, or any requests by any government authority, regulatory authority, parliamentary authority, judicial body or court or other competent authority, including (without limitation) SGX-ST. To the extent that the Subscriber becomes aware of any change to the information or documents previously provided to the Company, the Subscriber undertakes to promptly notify the Company accordingly.

The Company confirms that none of its Directors has, to the best of their knowledge, any relationships/connections (including business relationships) with the Placees, or any of the Placees' directors or substantial shareholders, save for Mr Cuaca, who is a substantial shareholder of Alacrity, and Alacrity's existing shareholding interests in the Company. The Company confirms that, to the best of its knowledge, none of its Substantial Shareholders has any relationships/connections (including business relationships) with the Placees, or any of the Placees' directors or substantial shareholders, save for Mr Cuaca, who is a substantial shareholder of Alacrity, and Alacrity's shareholding interest in the Company.

4. RATIONALE FOR THE PROPOSED TRANSACTIONS AND USE OF PROCEEDS

Immediately following the Group's successful exit from the SGX-ST watchlist in September 2021 after being placed on it for nearly six (6) years, the Company embarked on plans to further grow its various business segments. These plans included, among other things, the digitalisation and tech-up of the business, establishment of new operating subsidiaries, expansion of product offerings and the hiring of staff to increase the talent pool of the Company.

The Placees were then identified as investors that would provide strategic long-term benefits to the Group's businesses given their investments in various industries and business networks that is well aligned to the key business pillars of the Group.

In that regard, the Company entered into various bridging loan facilities with the Placees in November 2021 to fund these growth plans (each a "**Bridging Loan Facility**" and collectively, the "**Bridging Loan Facilities**"). As a significant part of the Company's business is denominated in US Dollars, the Bridging Loan Facilities were also denominated in US Dollars. Each Placee provided the following amounts under its respective Bridging Loan Facility:

Name of Placee	Bridging Loan Facility provided (US$)
GS International	1,000,000
PY Opulence	6,500,000
Alacrity	20,000,000
Total:	27,500,000

Interest was charged on the Bridging Loan Facilities at a rate of 5% per annum. Payment on all interests charged under the Bridging Loan Facilities have been repaid by the Company in cash pursuant to the terms of the Bridging Loan Facilities.

The Bridging Loan Facilities are apportioned to be used[5] in the manner set out below:

Use of Bridging Loan Facilities	Amount (S$)[6]	As a percentage of Bridging Loan Facilities
General working capital of the Group	24,372,500	65.2%
Capital expenditure	3,000,000	8.0%
New business opportunities[1]	10,000,000	26.8%
Total	37,372,500	100.0%

Note:

1. The new business opportunities include (i) acquisition of businesses to augment new capabilities across the Company's four (4) key pillars of food production, distribution, services and innovation; and (ii) development of an e-commerce and digital exchange platform for FMCG goods.

As at the Latest Practicable Date, the Company has only utilised a non-material portion of the Bridging Loan Facilities for working capital purposes of the Group. Accordingly, the Company will make periodic announcements on the utilisation of the proceeds of the Bridging Loan Facilities as and when the proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use and in accordance with the percentage allocated pursuant to Rule 704(30) of the Listing Manual. Pursuant to Rule 1207(20) of the Listing Manual, the Company will also provide a status report on the use of the proceeds of the Bridging Loan Facilities in the Company's interim and full year financial statements announcements and the annual reports of the Company. Where there is any material deviation from the stated use of the Bridging Loan Facilities, the Company will announce the reasons for such deviation when such funds are materially disbursed. The Company will also disclose a breakdown with specific details on the use of the proceeds of the Bridging Loan Facilities for working capital in its announcements and annual reports. Pending deployment of the remaining Bridging Loan Facilities, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Company may, in their absolute discretion, deem fit from time to time.

[5] As at the Latest Practicable Date, a non-material amount of the Bridging Loan Facilities have been utilised for the general working capital of the Group. The Company intends to utilise additional amounts disbursed under the Bridging Loan Facilities in the 2nd quarter of the current financial year.

[6] Based on the exchange rate of 1.359 US$/S$ as of 9 March 2022.

Following continued discussions with the Placees, it was thereafter proposed to the Placees that the Bridging Loan Facilities would be settled in the form of the Proposed Transactions.

The Proposed Transactions are in lieu of cash repayment by the Company to the Placees of the outstanding amounts under the Bridging Loan Facilities and accordingly, no cash proceeds will be received by the Company from the Placees for the Share Placement and Bonds Issue. Subject to and upon completion of the Proposed Transactions, the Bridging Loan Facilities shall be irrevocably and unconditionally terminated and settled, and the Company shall be fully released and discharged from its obligations under the Bridging Loan Facilities, and the Placees shall have no further or other claims of any nature whatsoever against the Company, arising out of or in connection with the Bridging Loan Facilities.

Accordingly, the purpose of the Proposed Transactions is to discharge and settle the existing Bridging Loan Facilities.

The Proposed Transactions will also enable the Group to augment its capital base by converting the outstanding loans under the Bridging Loan Facilities into equity of the Company, effectively reducing the Company's level of borrowings and the associated borrowing costs. This will also strengthen the Group's balance sheet and improve its debt-equity position and also represents a vote of confidence by the strategic investors towards the Company's digitalisation and tech-up plans. To protect shareholders' interests, a price floor has been imposed on the proposed Bonds Issue in respect of its potential conversion to Shares, representing a cap of 1.59% of the Enlarged Share Capital in the event of a conversion.

5. THE SHARE PLACEMENT

5.1. <u>The Placement Shares</u>

The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls on or before the date of Completion. The term "**Record Date**" means the date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares. There is no moratorium imposed on the Placement Shares.

Upon the allotment and issuance of the Placement Shares, the Company's existing issued and paid-up shares will increase from 24,296,921,463 Shares as at the Latest Practicable Date ("**Existing Share Capital**") to 25,567,291,028 Shares (comprising the Existing Share Capital and the Placement Shares) immediately after the Completion of the Share Placement (assuming that the Company does not allot and issue additional new Shares up to Completion) ("**Enlarged Share Capital**"). The Company has no treasury shares, subsidiary holdings or outstanding convertibles.

The Placement Shares represent approximately 5.23% of the Existing Share Capital. Following the successful allotment and issuance of the Placement Shares, the Placement Shares will represent approximately 4.97% of the Enlarged Share Capital.

As at the Latest Practicable Date, Alacrity is a Substantial Shareholder and holds 3,545,729,444 Shares, representing approximately 14.59% of the Existing Share Capital. Upon Completion of the Share Placement, Alacrity will hold approximately 17.10% of the Enlarged Share Capital.

The Share Placement will result in a Transfer of Controlling Interest in the Company to Alacrity and is subject to the approval of the Shareholders for the purposes of Rule 803 of the Listing Manual. Please refer to Section 8.2 of this Circular for further information on the Transfer of Controlling Interest.

The Company has not entered into any share borrowing arrangements to facilitate the Share Placement.

5.2. Issue Price

The Issue Price of S$0.023 represents a premium of approximately 9.52% to the weighted average price of S$0.021 per Share, based on the trades done on the SGX-ST on 22 March 2022, being the last full market day on which the Placement Agreements were signed.

The Issue Price was commercially agreed between the Company and the Placees on a willing-buyer, willing-seller basis after arm's length negotiations, and has taken into account the historical trading performance of the Company and prevailing market conditions.

The consideration to be paid by the Placees for the Placement Shares shall be set-off against the Bridging Loan Facilities.

5.3. Conditions Precedent to Completion of the Share Placement

The Completion of the Share Placement is conditional upon:

(a) the Company having obtained all corporate and Shareholders' approvals in respect of the allotment, issue and subscription of the Placement Shares, the transfer of controlling interest in the Company as a result thereto and all the transactions ancillary to or contemplated thereto and such approvals remaining in full force and effect on Completion of the Share Placement and, if such approvals are subject to any conditions which are required to be fulfilled on or prior to the Share Placement Completion Date, they are so fulfilled;

(b) the receipt of a listing and quotation notice from the SGX-ST for the admission to, quotation for and dealing of the Placement Shares on the Mainboard, and where such listing and quotation notice is subject to conditions, such conditions being acceptable to the Company and the Placees; and to the extent that any such conditions are required to be fulfilled on or before the Share Placement Completion Date, they are so fulfilled;

(c) the Company having obtained all consents, approvals and authorisations from third parties (including financial institutions) and governmental body or authority (including but not limited to the SGX-ST) required for or in connection with the execution of the Placement Agreements;

(d) the Share Placement and the allotment, issue and placement of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive or request (whether or not having the force of law) promulgated or issued after the date of the Placement Agreements by any legislative, executive or regulatory body or authority in Singapore, including the SGX-ST; and

(e) the Company complying with the provisions of the Companies Act, the SFA and the Listing Manual in respect of the Share Placement.

5.4. Completion of the Share Placement

Subject to the terms and conditions of the Placement Agreements and in particular, the fulfilment of the conditions stipulated in Section 5.3 above, Completion of the Share Placement shall take place on the Share Placement Completion Date.

If any of the conditions set forth in Section 5.3 above is not satisfied within five (5) months from the date of the Placement Agreements or such other date as the parties to the respective Placement Agreement may agree in writing, the respective Placement

Agreement shall *ipso facto* cease and determine thereafter and none of the parties to the relevant Placement Agreement shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

5.5. Additional Listing Application

On 13 April 2022, the SGX-ST granted its in-principle approval for the listing and quotation of, *inter alia*, the Placement Shares on the Mainboard, subject to compliance with the SGX-ST's listing requirements:

(a) independent Shareholders' approval for the Share Placement;

(b) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of proceeds from the Share Placement and where the proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report; and

(c) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual.

The SGX-ST's in-principle approval shall not be taken as an indication of the merits of the Placement Shares, the Placement Agreements or the Group.

6. THE BONDS ISSUE

In conjunction with the Share Placement, the Company will seek specific approval from the Shareholders at the AGM for the Bonds Issue.

The costs and expenses for the issuance of the Bonds in digital form is estimated to be between S$5,000 to S$25,000, which is less than the costs and expenses that the Company expect to incur if the Company decided to issue ordinary bonds in paper form[7]. The Company also decided to undertake the issuance of Bonds in the form of digital tokens for the following reasons:

(a) to adopt and use technology such as blockchain and smart contracts to eliminate manual processes in the Bond's custody and post-trade administration; and

(b) facilitate a future link up with the Company's digital exchange ecosystem which is currently in the development phase.

Additionally, the Company considers the issuance of the Bonds in digital form to be more efficient than an issuance in paper form. A summary of such key efficiencies is set out in the table below:

Key Efficiency	**Paper bonds**	**Digital Bond**
New issue settlement process	4-5 days	2 days
Noteholder details/ Subscriber listing	Manual generation of paper form which requires physical delivery	Auto capture and generation of details

[7] The costs and expenses for the issuance of the Bonds in paper form is estimated to be between S$30,000 to S$50,000.

Settlement instructions	Manual keying of instructions, subject to higher risk of errors	Auto-generation of settlement, zero time spent on reconciliation
Operational risks	Combination of discrete processes involving money transfers, confirmation of receipt, crediting of custodian account	All processes captured in single, seamless atomic transaction, reducing operational risks

Aside from the Bonds being held in digital form (with digital certificates) and recorded on the blockchain, there is no material difference between the Bonds and an ordinary bond issued in paper form.

6.1. Material Risks of the Bonds Issue

The Bonds are not a conventional form of security due to the "floating" conversion price which has a dilutive impact on the Shares and has a potential adverse impact on the Share price upon conversion of the Bonds to Shares. The key risks involved in the proposed Bonds Issue and the features of the Bonds that mitigate such risks are:

	Key Risks of Bonds with "Floating" Conversion Prices	**Features of Bonds to Mitigate Such Risks**
a.	The ability to convert bonds to shares at a "floating" price means that the lower the Share price of a company at time of conversion, the more Shares will have to be issued by the Company to the Subscriber on conversion. With more Shares outstanding after conversion, EPS and NTA per Share will become lower and the Share price will correspondingly decrease. All other Shareholders will correspondingly have a lesser share of the Company in terms of dividends and other distribution (if any).	The Bonds allows the Subscriber to convert the Bonds to Shares at a 10% discount to the 30-day VWAP (as defined below) at the time of conversion. To mitigate the risks of the "floating" price, the Bonds have a minimum conversion price of S$0.020 per Share. This represents a maximum of 407,700,000[1] Shares that will be issued upon conversion (representing approximately 1.68% of the Existing Share Capital), regardless of whether the Share price falls below S$0.020.
b.	The Bonds Issue can cause a spiral that accelerates the fall in Share price. As Share price falls, the more Shares the Company will have to issue pursuant to the conversion of the Bonds, and thus the greater the dilution to the Shareholders. The increased number of Shares available for sale in the market, and the added selling pressure is likely to cause a downward spiral in a declining market. If the Subscriber who gets a discount to the market price at time of conversion was to sell the Shares soon after conversion in order to lock in profits, this will drive down the price of the Shares further, thereby leading to a downward spiral. This can potentially cause a huge or sharp decline of the price of the Shares over a short space	

	of time.	
c.	As the Conversion Shares are always issued at a discount to market price at all times, the Subscriber will be able to dispose of its Conversion Shares even where the Share prices are trending downwards. There is a potential risk that this can cause the Share prices to fall further, leading to a downward spiral.	
d.	Where Share price is in a prolonged decline, the Subscriber may be inclined to continue selling the Shares received upon each exercise. Each round of conversion and Share sale may therefore cause a further accelerated decline or downward spiral in Share price.	Rather than having multiple points of conversion throughout the tenure of the Bonds, the Bonds Terms and Conditions (as defined below) provides that the Subscriber can only exercise the right of conversion once either on the Maturity Date or within the stipulated timeframe after it receives a Mandatory Notice.

6.2. Principal Terms of the Bonds

Pursuant to the Token Subscription Agreement, the Company has agreed to issue Bonds due 22 March 2026 of an aggregate principal amount of US$6,000,000 to the Subscriber and the Subscriber has agreed to subscribe for the Bonds, subject to the Bonds Terms and Conditions.

The Bonds shall be issued in the form of digital tokens in the denomination of US$100,000.00 each. The Bonds are convertible into Conversion Shares on Maturity which will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which falls on such date that the Subscriber is registered as the holder of record of such Conversion Shares. The issue price of the Bonds is 100% of the principal amount. The consideration to be paid by the Subscriber for the Bonds shall be set-off against the remainder of the Subscriber’s Bridging Loan Facility, being US$6,000,000, after the partial set-off of the Subscriber’s Bridging Loan Facility in relation to the Share Placement. Prior to the issue and allotment of the Conversion Shares, the Subscriber (as holder of the Bonds) shall not participate in any distributions and/or offers of further securities made by the Company.

The principal Bonds Terms and Conditions are summarised as follows:

Principal Amount	:	US$6,000,000 in principal amount of the Bonds.
Issue Price	:	100% of the aggregate principal amount of the Bonds.
Maturity	:	22 March 2026 (the “**Maturity Date**”).
Interest Rate	:	The Bonds will bear interest at a rate of 4.00% per annum, payable on a quarterly basis on 31 March, 30 June, 30 September and 31 December of each calendar year.
Status of the Bonds	:	The Bonds constitute the unsecured, direct, irrevocable, unconditional and unsubordinated obligations of the Company, ranking *pari passu* amongst and rateably without any preference among themselves (save as otherwise provided under any applicable laws) and

		equally with all other unsecured obligations (other than subordinated obligations, if any or indebtedness preferred by mandatory provisions of law) of the Company from time to time outstanding.
Obligations of the Custodian	:	The Custodian shall hold the Bonds and all its rights, benefits, title and interest on custody for the Subscriber. If and where applicable, the Custodian shall enforce, in accordance with the Token Subscription Agreement, the rights in favour of the Subscriber.
Modifications to Bonds Terms and Conditions	:	Any modification by the Company to the Bonds Terms and Conditions after issue shall require the prior written approval of the Subscriber.
Transfer	:	The Subscriber shall not transfer any Bonds to a third party ("**Intended Transferee**") unless (i) the Company (with relevant Shareholders' approval and the approval of all relevant regulatory authorities (including SGX-ST), if required) has consented to such transfer; and (ii) such Intended Transferee agrees in writing upon such transfer to be bound by and to perform all the provisions of the Token Subscription Agreement and the relevant custody agreement.
Redemption on Maturity	:	Unless previously redeemed and in each case cancelled as provided in the Token Subscription Agreement, the Company shall on the Maturity Date redeem the Bonds in cash. The Subscriber also has the right and option to convert all or part of the then outstanding Bonds into Conversion Shares on the Maturity Date by serving a written notice specifying such number of Bonds to be redeemed and requiring the Company to convert such number of Bonds into Conversion Shares on the Company at least seven (7) days prior to the Maturity Date ("**Conversion Notice**"). The Company will, as soon as reasonably practicable, announce the receipt of any Conversion Notice on SGXNet.
Mandatory Requirement to Redeem	:	Any time after the completion of the Token Subscription Agreement, the Company shall be entitled to serve a written notice on the Subscriber ("**Mandatory Notice**") to seek an early redemption of all the outstanding Bonds. Such Mandatory Notice must be served on the Subscriber at least 14 days prior to the date on which the Company intends to redeem the Bonds. The Subscriber shall have seven (7) days from the date of receipt of the Mandatory Notice to elect to convert all or part of the Bonds into Conversion Shares at the Conversion Price, failing which, the Subscriber shall be deemed to have accepted redemption of the Bonds in cash.

Conversion Price	:	The price at which each Share shall be issued upon conversion of the Bonds into Shares in the Company shall be the price per Share that is at a 10% discount to the 30-day volume-weighted average price of the Company's Shares as traded on the Mainboard ("**30-day VWAP**"), provided always that the Conversion Price shall be no less than the Minimum Conversion Price. The 30-day VWAP refers to the total value of transactions in the Company's shares traded on the Mainboard for the 30-day period before the Maturity Date divided by the total volume traded for the same 30-days period (adjusted for any corporate action), regardless of the number of trading days during the 30-day review period. The Conversion Price was commercially agreed between the Company and the Subscriber on a willing-buyer, willing-seller basis after arm's length negotiations, and takes into account the historical trading performance of the Company and prevailing market conditions.
Maximum Number of Conversion Shares	:	Based on the Minimum Conversion Price and on the assumption that all of the Bonds have been fully converted into Conversion Shares, the maximum potential number of Conversion Shares that can be issued from the Bonds Issue is 407,700,000[8].
Listing Status	:	The Bonds will not be listed and quoted.
No Up-front Fees / Break Fees	:	There are no upfront fees or break fees involved in relation to the Bonds Issue.
Events of Default	:	If any Event of Default (as defined in the Token Subscription Agreement) has occurred, including the following: (a) any breach or default by the Company under any provision of its constitution, any term of the Token Subscription Agreement, and such breach or default, if capable of remedy, has not been remedied within 30 calendar days of the occurrence of such breach or default (except that a breach or default of a payment obligation shall be deemed to be not capable of remedy); (b) any representation, warranty or undertaking by the Company in the Token Subscription Agreement is not complied with or is or proves to have been incorrect in any material respect when made or, if it had been made on any later date by reference to the circumstances then existing, would have been incorrect in any material respect on that later date;

[8] Calculated based on the exchange rate of 1.359 US$/S$ as of 9 March 2022

(c) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Token Subscription Agreement, or any ancillary agreements;

(d) except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors), (i) any other indebtedness in respect of borrowed moneys of the Company which is not paid when due or not paid within any applicable grace period in any agreement relating to that indebtedness, or which becomes due and payable before its normal maturity by reason of a default or event of default, however described, or (ii) as a result of an actual or potential event of default or the like (however described), any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled;

(e) any legal proceedings, suits or actions of any kind whatsoever (whether criminal or civil) shall be instituted against the Company which will materially and adversely affect the Company's ability to perform its payment or other material obligations under the Token Subscription Agreement; or

(f) any event or series of events occurs which has or is reasonably likely to have a material adverse effect on the ability of the Company to perform its payment or other material obligations under the Token Subscription Agreement,

the Subscriber will have the right at such Subscriber's option to require the Company to redeem in whole or in part such Subscriber's Bonds.

6.3. Conditions Precedent to Completion of the Bonds Issue

The Completion of the Bonds Issue is conditional on the following conditions:

(a) the Company shall have obtained all consents, approvals and authorisations of bankers, financial institutions, relevant third parties, government or regulatory authorities, including from SGX-ST, which are necessary in connection with the entry into and performance of the Token Subscription Agreement by the Company, the Subscriber and the Custodian and the issuance of the Bonds;

(b) the Company shall have procured the holding of a meeting of the Directors and the passing thereat of the following resolutions:

(i) authorising the issue by the Company of the Bonds and the issuance and allotment of Conversion Shares in accordance with the Token Subscription Agreement; and

(ii) authorising the registration of the Subscriber in the Digital Register in respect of the Bonds;

(c) the Company shall have procured the holding of a meeting of the Shareholders of the Company and the passing thereat of the resolution for the allotment and issuance of the Bonds and the Conversion Shares in accordance with the Token Subscription Agreement;

(d) the Company shall have issued the Bonds in accordance with the provisions of the Token Subscription Agreement and the rights and obligations of the Subscriber and the Company as contemplated under the Token Subscription Agreement shall not be prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;

(e) the representations, warranties and undertakings made by the Company shall be true, accurate, complete and not misleading with respect to the subject covered therein when made, and shall be true, accurate, complete and not misleading as at the Bonds Issue Completion Date with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by the Token Subscription Agreement;

(f) the Company shall have executed the Token Subscription Agreement and shall have performed and complied with all agreements, obligations and conditions contained in the Token Subscription Agreement that are required or contemplated to be performed or complied with by them on or before the Bonds Issue Completion Date; and

(g) the clearance of any know-your-client and/or analogous checks conducted by the Custodian on the Subscriber, save that such condition may be waived in writing at the sole and absolute discretion of the Custodian.

If any of the above conditions precedent to the Completion of the Bonds Issue are not satisfied on the date of the Token Subscription Agreement or such later date as the Subscriber may agree in writing, the Company and the Subscriber shall have the option to be released and discharged from their respective obligations under the Token Subscription Agreement, save for the liability of the Company for payment of costs and expenses under the Token Subscription Agreement.

6.4. Conversion Shares

In the event that the Bonds are converted in full, based on the Minimum Conversion Price, the number of Conversion Shares to be allotted and issued by the Company to the Subscriber (or its transferees) will be approximately 407,700,000[9]. The maximum number of Conversion Shares that can be converted represent approximately 1.68% of the Existing Share Capital. Upon conversion of the Bonds, the Conversion Shares will represent approximately 1.57% of the Company's enlarged share capital post-conversion of the Bonds (the "**Post-Conversion Share Capital**", comprising of the Enlarged Share Capital and the maximum number of Conversion Shares that can be converted).

6.5. Completion

Completion of the issue by the Company of, and subscription by the Subscriber for, the Bonds, shall take place one (1) business day from the fulfilment of the last condition

[9] Calculated based on the exchange rate of 1.359 US$/S$ as of 9 March 2022

precedent provided in the Token Subscription Agreement or such other date as the Company and Subscriber may agree in writing.

6.6. Additional Listing Application

On 13 April 2022, the SGX-ST granted its in-principle approval for the listing and quotation of, *inter alia*, the Conversion Shares on the Mainboard, subject to the following conditions:

(a) independent Shareholders' approval for the Bonds Issue;

(b) announcement of the conditions under which the price of the Conversion Shares may be adjusted and the conditions under which the Bonds may be redeemed;

(c) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of proceeds from the Bonds Issue and where the proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;

(d) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;

(e) a written confirmation from the Company that the terms of the convertible Bonds comply with Rule 829(1) of the Listing Manual;

(f) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and

(g) a written undertaking from the Company to announce the conversion price and the maximum number of Conversion Shares to be issued on Maturity Date or when a Mandatory Notice has been issued to Alacrity.

The SGX-ST's in-principle approval shall not be taken as an indication of the merits of the Bonds, Conversion Shares, the Token Subscription Agreement or the Group.

6.7. Undertaking to announce any adjustment to the terms of the Bonds Issue

The Company undertakes to announce on SGXNet (i) the expiry of the Bonds; (ii) any adjustment or amendment made to the terms of the Bonds Issue pursuant to the Token Subscription Agreement and/or the Bonds Terms and Conditions; and (iii) any adjustment or amendment made to the Conversion Price and, where appropriate, the number of Conversion Shares to be issued, in the event of rights, bonus or other capitalisation issues carried out by the Company.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

7.1. Illustrative Nature of Financial Effects

The pro forma financial effects of the Proposed Transactions on the Company's share capital, NTA per Share and EPS of the Group have been prepared based on the Group's audited consolidated financial statements for FY2021.

The financial effects of the Proposed Transactions are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the Completion of the Proposed Transactions. The financial effects are prepared without the assumption of the potential expenses to be incurred in connection with the Proposed Transactions, which are not expected to be material.

7.2. Share Capital

The effect of the Proposed Transactions on the issued and paid-up share capital of the Company as at 31 December 2021 is as follows:

	Before the Share Placement and conversion of Bonds	After the Share Placement and prior to conversion of Bonds	After the Share Placement and conversion of Bonds into Conversion Shares[1]
Number of Shares (excluding treasury shares)	24,296,921,463	25,567,291,028	25,974,991,028
Share capital (S$'000)	653,757	682,976	691,130

Note:

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price.

7.3. NTA per Share

Assuming that the Proposed Transactions had been effected on 31 December 2021 (being the end of the most recently completed FY2021), the effects of the Share Placement and Bonds Issue on the NTA per Share of the Group would be as follows:

	Before the Share Placement and conversion of Bonds	After the Share Placement and prior to conversion of Bonds	After the Share Placement and conversion of Bonds into Conversion Shares[1]
NTA (S$'000)	33,276	62,495	70,649
Number of Shares	24,296,921,463	25,567,291,028	25,974,991,028
NTA per Share (S$)	0.0014	0.0024	0.0027

Note:

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price.

7.4. EPS

Assuming that the Proposed Transactions had been effected on 1 January 2021 (being the beginning of the most recently completed FY2021), the effects of the Share Placement and Bonds Issue on the EPS of the Group would be as follows:

	Before the Share Placement and conversion of Bonds	After the Share Placement and prior to conversion of Bonds	After the Share Placement and conversion of Bonds into Conversion Shares

Earnings attributable to Shareholders (S$'000)	8,754	8,754	8,754
Weighted average number of Shares	24,296,921,463	25,567,291,028	25,974,991,028
EPS (S$)	0.000360	0.000340	0.000340

Note:

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price.

8. CHAPTER 8 OF THE LISTING MANUAL

8.1. Placement to Substantial Shareholder

The allotment and issue of the Placement Shares and the Bonds to the Placees requires the approval of Shareholders under Section 161 of the Companies Act and Rule 805(1) of the Listing Manual as the Placement Shares and Conversion Shares will not be issued under the Company's general share issue mandate pursuant to Rule 806 of the Listing Manual. The issue of the Bonds to the Subscriber further requires the approval of Shareholders under Rules 805(1) and 824 of the Listing Manual as the Bonds will not be issued under the Company's general issue mandate pursuant to Rule 806 of the Listing Manual.

As at the Latest Practicable Date, Alacrity is a Substantial Shareholder and, pursuant to Rule 812(1) of the Listing Manual, an issue must not be placed to, *inter alia*, substantial shareholders of the issuer. Rule 812(2) of the Listing Manual provides that Rule 812(1) of the Listing Manual does not apply if specific shareholder approval is obtained, and the substantial shareholder and its associates must abstain from voting on the resolution in respect of such placement. As Alacrity falls within the restrictions of Rule 812(1) of the Listing Manual, specific Shareholders' approval will be required to be obtained for the allotment and issue of the Placement Shares and the Bonds to Alacrity. In addition, Alacrity and its associates will abstain from voting in their capacity as Shareholder(s) in relation to the Share Placement and the Bonds Issue.

8.2. Transfer of Controlling Interest

The allotment and issue of the Placement Shares to Alacrity requires the approval of the Shareholders under Rule 803 of the Listing Manual as the Share Placement will result in a Transfer of Controlling Interest to Alacrity. Under the Listing Manual, a Controlling Shareholder is a person who holds directly or indirectly 15% or more of the total voting rights in the Company, or a person who in fact exercises control over the Company.

As at the Latest Practicable Date, the Share Placement would increase Alacrity's interest in the Company to approximately 17.10% on the Completion of the Share Placement. Accordingly, the Share Placement would constitute a Transfer of Controlling Interest in the Company and is subject to the approval of the Shareholders for the purposes of Rule 803 of the Listing Manual.

The Directors (who are considered independent in respect of the Proposed Transactions) have conducted due diligence on Alacrity by way of (i) conducting meetings and interviews with Alacrity's key management personnel; and (ii) reviewing the various business interests of the Indonesian conglomerate of which Alacrity is the investment arm of, and are of the view that no conflicts of interest arise as a result of the Proposed Transactions and the Transfer of Controlling Interest.

The Directors also confirm that the Company is in compliance with Listing Rules 720(1) and 210(5)(b).

8.3. Specific Approval from Shareholders under Chapter 8 of the Listing Manual

In light of the above, the Company will seek specific approval from Shareholders at the AGM for the following:

(a) the allotment and issue of the Placement Shares and the Bonds pursuant to Section 161 of the Companies Act and Rules 805(1) and 824 of the Listing Manual;

(b) the allotment and issue of the Placement Shares and the Bonds to Alacrity pursuant to Rule 812 of the Listing Manual; and

(c) the Transfer of Controlling Interest to Alacrity arising from the Share Placement pursuant to Rule 803 of the Listing Manual.

9. THE PROPOSED TRANSACTIONS AS INTERESTED PERSON TRANSACTIONS

9.1. Interested Person Transaction

As at the Latest Practicable Date, Alacrity is an associate of Mr Cuaca and is considered an “interested person” within the meaning of Chapter 9 of the Listing Manual as Mr Cuaca, a non-executive and non-independent director of the Company, has more than a 30% interest in it. Accordingly, Alacrity would be considered an “interested person” within the meaning of Rule 904(4) of the Listing Manual vis-à-vis the Company, which is regarded as an “entity at risk” pursuant to Rule 904(2) of the Listing Manual and the Proposed Transactions constitute “interested person transactions” under Rule 904(5) of the Listing Manual.

The Company has not entered into any interested person transactions with Mr Cuaca and/or his associates (excluding transactions which are not subject to announcement) for the period from 1 January 2022 up to the Latest Practicable Date. The total aggregate value of all interested person transactions entered into between the Company and all interested persons for the period from 1 January 2022 up to the Latest Practicable Date is S$0.

The consideration for the Share Placement and Bonds Issue to Alacrity represents approximately 81.7% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Share Placement and the Bonds Issue represents more than 5% of the Group’s latest audited NTA, approval of Shareholders will be required for the Share Placement and Bonds Issue, in accordance with Chapter 9 of the Listing Manual.

9.2. Opinion of the Independent Financial Adviser

In relation to the proposed Bonds Issue, pursuant to Rule 921(4)(a) of the Listing Manual, the Circular must include an opinion from an independent financial adviser (“**IFA**”) as to whether the proposed Bonds Issue is on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, CEL Impetus Corporate Finance Pte. Ltd. has been appointed as the IFA to advise the Audit Committee and non-interested Directors as to whether the proposed Bonds Issue is on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders. A copy of the letter from the IFA to the Audit Committee and non-interested Directors (“**IFA Letter**”) is set out in Appendix A of this Circular. **Shareholders are advised to read the letter from the IFA carefully.**

Having regard to the IFA’s term of reference, in arriving at the IFA’s opinion, the IFA has taken into account a range of factors which the IFA considers to be pertinent and have a significant bearing on the IFA's assessment of the proposed Bonds Issue. Accordingly, it is important that the IFA Letter, in particular, all considerations and information the IFA has taken into account, be read in its entirety.

A summary of the key factors the IFA has taken into consideration are as set out below:

(a) rationale for and benefits of the proposed Bonds Issue;

(b) historical financial performance and position of the Group;

(c) interest rate under the proposed Bonds Issue;

(d) comparison with recently issued convertible financial instruments;

(e) conversion price (as defined in the IFA Letter) under the proposed Bonds Issue;

(f) financial effects of the proposed Bonds Issue on the Group; and

(g) other relevant considerations.

Accordingly, after taking into account the above factors which the IFA deemed relevant to its analysis (including the principal terms of the Bonds Issue), the IFA is of the opinion as of the date hereof, that on balance, the overall terms of the proposed Bonds Issue are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Shareholders should note that trading in the Shares is subject to market fluctuations and, accordingly, the IFA's opinion on the Bonds Issue does not and cannot take into account the trading activities or patterns of the Shares or the price levels beyond the Latest Practicable Date.

9.3. Statement of the Audit Committee in relation to the Share Placement

An opinion of the IFA is not required for the proposed Share Placement pursuant to Rule 921(4)(b)(i) of the Listing Manual.

Pursuant to Rule 921(4)(b), the Audit Committee, having reviewed and considered, *inter alia*, the terms and conditions and the financial effects of the proposed Share Placement, is of the view that the proposed Share Placement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

9.4. Abstention from voting

Pursuant to Rule 919 and Rule 921(7) of the Listing Manual and further to the restrictions of Rule 812(2) of the Listing Manual set out at paragraph 8.3, Alacrity, as an associate of Mr Cuaca, will abstain from voting in its capacity as a Shareholder in relation to the Share Placement and Bonds Issue and has undertaken to ensure that its associates will abstain from voting on the resolution approving the Proposed Transactions.

Further, Alacrity has undertaken to decline, and shall ensure that its associates decline, to accept appointment as proxies to vote and attend at the forthcoming AGM in respect of the ordinary resolutions relating to the Proposed Transactions for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his vote is to be cast at the AGM.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Details of the interests in the Company of Directors, Substantial Shareholders and other Shareholders (i) before the Proposed Transactions as at the Latest Practicable Date (based on information recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively); (ii) after the Share Placement and prior to the conversion of the Bonds into Conversion Shares; and (iii) after the Share Placement and the conversion of Bonds into Conversion Shares, are set out as follows:

Before Share Placement	**Direct Interest**		**Deemed Interest**	
Directors of the Company				
Peter Koh Heng Kang	2,498,688,837	10.28%	-	-
Cleveland Cuaca	-	-	3,545,729,444	14.59%
Edward Loy Chee Kim	10,526,315	0.04%	-	-
Zahidi Bin Abd Rahman	10,526,315	0.04%	-	-
Yaacob Bin Ibrahim	10,526,315	0.04%	-	-
Substantial Shareholders				
Alacrity Investment Group Limited	3,545,729,444	14.59%	-	-
Bryan Tan Jie	-	-	3,545,729,444	14.59%

After Share Placement and prior to conversion of Bonds	**Direct Interest**		**Deemed Interest**	
Directors of the Company				
Peter Koh Heng Kang	2,498,688,837	9.77%	-	-
Cleveland Cuaca	-	-	4,372,946,835	17.10%
Edward Loy Chee Kim	10,526,315	0.04%	-	-
Zahidi Bin Abd Rahman	10,526,315	0.04%	-	-
Yaacob Bin Ibrahim	10,526,315	0.04%	-	-

Substantial Shareholders				
Alacrity Investment Group Limited	4,372,946,835	17.10%	-	-
Bryan Tan Jie	-	-	4,372,946,835	17.10%

After the Share Placement and conversion of Bonds into Conversion Shares[10]	**Direct Interest**		**Deemed Interest**	
Directors of the Company				
Peter Koh Heng Kang	2,498,688,837	9.62%	-	-
Cleveland Cuaca	-	-	4,780,646,835	18.40%
Edward Loy Chee Kim	10,526,315	0.04%	-	-
Zahidi Bin Abd Rahman	10,526,315	0.04%	-	-
Yaacob Bin Ibrahim	10,526,315	0.04%	-	-
Substantial Shareholders				
Alacrity Investment Group Limited	4,780,646,835	18.40%	-	-
Bryan Tan Jie	-	-	4,780,646,835	18.40%

Save for their respective interests (if any) arising by way of their directorships and/or shareholdings in the Company and as disclosed in this Circular, none of the Directors or, as far as the Directors are aware, Substantial Shareholders or their respective associates, has any interest, direct or indirect, in the Proposed Transactions.

11. DIRECTORS' OPINION AND RECOMMENDATION

Save for Mr Cuaca, none of the Directors are deemed to be interested for the purpose of making a recommendation to Shareholders in respect of the Proposed Transactions.

The Directors (who are considered independent in respect of the Proposed Transactions) and the Audit Committee, having considered the terms of and rationale for the Proposed Transactions and the opinion of the IFA contained in the IFA Letter in relation to the

[10] Based on the assumption that all Bonds are converted at the Minimum Conversion Price.

proposed Bonds Issue, are of the opinion that the Proposed Transactions are in the interests of the Company, and are not prejudicial to the minority Shareholders. Accordingly, they recommend that the independent Shareholders vote in favour of the resolutions 7 and 8 relating to the Proposed Transactions at the AGM.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

12.1. Date and Time of AGM

The AGM will be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on 29 April 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions relating to the Share Placement and the Bonds Issue as set out in the Notice of AGM.

12.2. No Physical Attendance at AGM

Due to the current COVID-19 restriction orders in Singapore (including under the COVID-19 Act), Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by:

(a) watching the AGM proceedings via "live" audio-visual webcast or listening to the AGM proceedings via "live" audio-only stream;

(b) submitting questions in advance of or live at the AGM;

(c) addressing of substantial and relevant questions in advance of or live at the AGM;

(d) voting by electronic means live at the AGM; and/or

(e) voting by appointing the chairman of the AGM ("**Chairman**") as proxy at the AGM.

Please refer to the alternative arrangements relating to, among others, attendance, submission of questions and/or voting at the AGM as set out in the Company's announcement dated 14 April 2022, which has been uploaded together with the Notice of AGM on SGXNet and the Company's website at https://oceanus.com.sg/our-investors/ on the same day.

A Depositor shall not be regarded as a member of the Company and his/her/its proxy form may be rejected by the Company unless his/her/its name appears on the Depository Register at least 72 hours before the time fixed for the holding of the AGM, as certified by the CDP.

In addition, Shareholders should note that the Company may make further changes to its AGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNet.

13. NO DESPATCH OF PRINTED COPIES OF CIRCULAR

In line with the provisions of the COVID-19 Order, no printed copies of this Circular will be despatched to Shareholders.

A copy of this Circular has been uploaded on SGXNet and the Company's website at https://oceanus.com.sg/our-investors/.

Shareholders are advised to read the Circular carefully in order to decide whether they should vote in favour of or against the ordinary resolutions in relation to the Proposed Transactions to be tabled at the AGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents is available for inspection during normal business hours at the registered office of the Company at 31 Harrison Road, #11-03/04, Food Empire Building, Singapore 369649, for a period of three (3) months commencing from the date of this Circular.

(a) the Placement Agreements;

(b) the Token Subscription Agreement; and

(c) the Constitution.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 pandemic, please contact the Company at (65) 6285 0500 prior to making any visits to arrange for a suitable time slot for the inspection.

Yours faithfully

For and on behalf of
the Board of Directors of
Oceanus Group Limited

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
14 April 2022

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

14 April 2022

The Independent Directors
Oceanus Group Limited
31 Harrison Road
#11-03/04 Food Empire Building
Singapore 369649

Dear Sirs,

THE PROPOSED ISSUE OF 4% CONVERTIBLE DIGITAL BONDS DUE 22 MARCH 2026 FOR AN AGGREGATE PRINCIPAL AMOUNT OF US$6,000,000

*Unless otherwise defined or the context requires otherwise, all terms used herein have the same meanings as defined the Company's circular dated 14 April 2022 (the "**Circular**").*

1. INTRODUCTION

On 22 March 2022 (**"Announcement Date"**), the Oceanus Group Limited ("**Company**") announced that it has, entered into a token subscription agreement (the **"Token Subscription Agreement"**) with HydraX Digital Assets Pte. Ltd. (the **"Custodian"**) and Alacrity Investment Group Limited (the **"Subscriber"** or **"Alacrity"**), pursuant to which the Company proposes to issue to the Subscriber 4% convertible bonds in the form of digital tokens for an aggregate principal amount of up to S$8,154,000 (the **"Bonds"**) (the **"Proposed Bonds Issue"**). The Proposed Bonds Issue and the proposed placement of 1,270,369,565 ordinary shares (the "**Proposed Share Placement**") in the capital of the Company are collectively referred to as the **"Proposed Transactions**"**.**

Alacrity is an existing substantial shareholder of the Company and is more than 30% owned by Mr Cleveland Cuaca ("**Mr Cuaca**"), who is a non-executive and non-independent director of the Company. Accordingly, Alacrity is an associate of Mr Cuaca and the Proposed Bonds Issue is a transaction between the Company and an associate of a director of the Company, which is deemed as an interested person transaction as defined under Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**).

In connection with the above, CEL Impetus Corporate Finance Pte. Ltd. ("**CICF**") has been appointed by the Company as the independent financial adviser ("**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual to advise on whether the Proposed Bonds Issue is on normal commercial terms, and is prejudicial to the interests of the Company and its minority shareholders. For the avoidance of doubt, CICF is not required to evaluate or comment on the terms of the Proposed Share Placement and we express no views, whether expressed or implied, on terms of the Proposed Share Placement.

This letter ("**IFA Letter**") sets out, *inter alia,* our evaluation of the terms of the Proposed Bonds Issue and our advice to the Independent Directors in relation to their recommendations to the minority Shareholders on the Proposed Bonds Issue. This Letter forms part of the Circular providing, *inter alia,* details of the Proposed Bonds Issue and the recommendations of the Independent Directors in respect thereof.

Certain figures and computations as enumerated or set out in this letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

CICF has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual to advise on whether the Proposed Bonds Issue is on normal commercial terms, and is prejudicial to the interests of the Company and its minority Shareholders. For the avoidance of doubt, CICF is not required to evaluate or comment on the terms of the Proposed Share Placement and we express no views, whether expressed or implied, on terms of the Proposed Share Placement.

CICF is neither a party to the negotiations or discussions in relation to the Proposed Bonds Issue, nor were we involved in the deliberations leading up to the decision on the part of the Company to enter into the Proposed Bonds Issue, and we do not, by this IFA Letter, in any way advise or comment on the merits of the Proposed Bonds Issue other than to form an opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the Proposed Bonds Issue is on normal commercial terms, and is prejudicial to the interests of the Company and its minority Shareholders.

For the purpose of arriving at our opinion in respect of the Proposed Bonds Issue, we have taken into account the salient terms of the Proposed Bonds Issue but have not evaluated and have not been requested to advise or comment on the strategic, commercial or financial merits or risks of entering into the Proposed Bonds Issue, or the prospects or earnings potential of the Group with or without the Proposed Bonds Issue, and such evaluation and comments shall remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. In addition, we have not and have not been requested to compare the relative merits of the Proposed Bonds Issue with alternative funding options previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we do not express any opinion on any of the aforesaid.

In the course of our evaluation of the Proposed Bonds Issue, we have held discussions with the management of the Company and have examined and relied on publicly available information collated by us, information set out in the Circular, and information (including representations, opinions, facts and statements) provided to us by the Directors, management and the advisers of the Company, where applicable. We have relied on the assurances of the Directors and management of the Company that they jointly and severally accept full responsibility for the accuracy, truth, completeness and adequacy of such information and they have upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, disclosed to us all material information in connection with the Proposed Bonds Issue, the Company and the Group, and that such information is true, complete, accurate and fair in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to or relied upon by us or the facts of or in relation to the Proposed Bonds Issue, the Company and/or the Group to be inaccurate, untrue, incomplete, unfair or misleading in any material respect.

We have not independently verified any of the aforesaid information whether written or verbal, and have assumed its accuracy, truth, completeness and adequacy. Accordingly, we cannot and do not represent or warrant (expressed or implied), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors, and the management and employees of the Company to us or in the Circular have been reasonably made after due and careful inquiry.

Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonableness of such information as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

The scope of our appointment does not require us to conduct a comprehensive review of the business, operations or financial conditions of the Company and/or the Group or to express any view on the future growth prospects, value and earnings potential of the Company and/or the Group regardless of whether the Proposed Bonds Issue are entered into. Such review or comment, if any, remains the responsibility of the Directors and management of the Company, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. For clarity, the scope of our appointment as required by Chapter 9 of the Listing Manual does not require us to form any view on growth prospects and earnings potential but to form an opinion on whether the Proposed Bond Issue is on normal commercial terms and is not prejudicial to the interest of the Company and its minority Shareholders.

We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and management of the Company on, and did not have access to, any business plan and financial projections of the Company and/or the Group. We also do not express any opinion herein as to the prices at which the Shares of the Company may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after entering into the Proposed Bonds Issue.

Our opinion herein is based on information provided to us and our independent research on market, economic, industry, monetary and other conditions prevailing as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this IFA Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein.

The Company has been separately advised by its advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this IFA Letter).

We have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment portfolios and objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Bonds Issue at any time and in any manner without the prior written consent of CICF in each specific case.

This IFA Letter is issued pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use and benefit of Directors who are deemed independent in respect of the Proposed Bonds Issue (the "**Independent Directors**") in connection with their consideration of the Proposed Bonds Issue. The recommendations to be made by them to the minority Shareholders in respect of the Proposed Bonds Issue are the responsibility of the Independent Directors. Shareholders should also take note of any announcements relevant to the Proposed Bonds Issue which may be released by the Company after the Latest Practicable Date.

Our opinion in respect of the Proposed Bonds Issue should be considered in the context of the entirety of this IFA Letter and the Circular.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED BONDS ISSUE

It is not within our terms of reference to comment or express any opinion on the merits of entering into the Proposed Bonds Issue or the future prospects of the Group in view of the Proposed Bonds Issue. Nevertheless, we have reviewed the rationale for and benefits of the Proposed Bonds Issue as set out in Section 4 of the Circular, and we have extracted and reproduced in italics below the relevant paragraphs as follows:

"Immediately following the Group's successful exit from the SGX-ST watchlist in September 2021 after being placed on it for nearly six (6) years, the Company embarked on plans to grow its various business segments. These plans included, among other things, the digitalisation and tech-up of the business, establishment of new operating subsidiaries, expansion of product offerings and the hiring of staff to increase the talent pool of the Company.

The Placees were then identified as investors that would provide strategic long-term benefits to the Group's businesses given their investments in various industries and business networks that is well aligned to the key business pillars of the Group.

*In that regard, the Company entered into various bridging loan facilities with the Placees in November 2021 to fund these growth plans (each a **"Bridging Loan Facility"** and collectively, the **"Bridging Loan Facilities"**). As a significant part of the Company's business is denominated in US Dollars, the Bridging Loan Facilities were also denominated in US Dollars. Each Placee provided the following amounts under its respective Bridging Loan Facility:*

Name of Placee	***Bridging Loan Facility provided (US$)***
GS International	*1,000,000*
PY Opulence	*6,500,000*
Alacrity	*20,000,000*
Total:	*27,500,000*

Interest was charged on the Bridging Loan Facilities at a rate of 5% per annum. Payment on all interests charged under the Bridging Loan Facilities have been repaid by the Company in cash pursuant to the terms of the Bridging Loan Facilities.

The Bridging Loan Facilities are apportioned to be used in the manner set out below:

Use of Bridging Loan Facilities	***Amount (S$)***	***As a percentage of Bridging Loan Facilities***
General working capital of the Group	*24,372,500*	*65.2%*
Capital expenditure	*3,000,000*	*8.0%*
New business opportunities[1]	*10,000,000*	*26.8%*
Total	*37,372,500*	*100.0%*

***Note**:*

1. The new business opportunities include (i) acquisition of businesses to augment new capabilities across the Company's four (4) key pillars of food production, distribution, services and innovation; and (ii) development of an e-commerce and digital exchange platform for FMCG goods.

As at the Latest Practicable Date, the Company has only utilised a non-material portion of the Bridging Loan Facilities for working capital purposes of the Group. Accordingly, the Company will make periodic announcements on the utilisation of the proceeds of the Bridging Loan Facilities as and when the proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use and in accordance with the percentage allocated pursuant to Rule 704(30) of the Listing Manual. Pursuant to Rule 1207(20) of the Listing Manual, the Company will also provide a status report on the use of the proceeds of the Bridging Loan Facilities in the Company's interim and full year financial statements announcements and the annual reports of the Company. Where there is any material deviation from the stated use of the Bridging Loan Facilities, the Company will announce the reasons for such deviation when such funds are materially disbursed. The Company will also disclose a breakdown with specific details on the use of the proceeds of the Bridging Loan Facilities for working capital in its announcements and annual reports. Pending deployment of the remaining Bridging Loan Facilities, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Company may, in their absolute discretion, deem fit from time to time.

Following continued discussions with the Placees, it was thereafter proposed to the Placees that the Bridging Loan Facilities would be settled in the form of the Proposed Transactions.

The Proposed Transactions are in lieu of cash repayment by the Company to the Placees of the outstanding amounts under the Bridging Loan Facilities and accordingly, no cash proceeds will be received by the Company from the Placees for the Share Placement and Bonds Issue. Subject to and upon completion of the Proposed Transactions, the Bridging Loan Facilities shall be irrevocably and unconditionally terminated and settled, and the Company shall be fully released and discharged from its obligations under the Bridging Loan Facilities, and the Placees shall have no further or other claims of any nature whatsoever against the Company, arising out of or in connection with the Bridging Loan Facilities.

Accordingly, the purpose of the Proposed Transactions is to discharge and settle the existing Bridging Loan Facilities.

The Proposed Transactions will also enable the Group to augment its capital base by converting the outstanding loans under the Bridging Loan Facilities into equity of the Company, effectively reducing the Company's level of borrowings and the associated borrowing costs. This will also strengthen the Group's balance sheet and improve its debt-equity position and also represents a vote of confidence by the strategic investors towards the Company's digitalisation and tech-up plans. To protect shareholders' interests, a price floor has been imposed on the proposed Bonds Issue in respect of its potential conversion to Shares, representing a cap of 1.59% of the Enlarged Share Capital in the event of a conversion."

4. PRINCIPAL TERMS OF THE PROPOSED BONDS ISSUE

The principal terms of the Proposed Bonds Issue are set out in Section 6.2 of the Circular, and as below:

"

Principal Amount	:	*US$6,000,000 in principal amount of the Bonds*
Issue Price	:	*100% of the aggregate principal amount of the Bonds*
Maturity	:	*22 March 2026 (the "**Maturity Date**")*
Interest Rate	:	*The Bonds will bear interest at a rate of 4.00% per annum, payable on a quarterly basis on 31 March, 30 June, 30 September and 31 December of each calendar year*
Status of the Bonds	:	*The Bonds constitute the unsecured, direct, irrevocable, unconditional and unsubordinated obligations of the Company, ranking pari passu amongst and rateably without any preference among themselves (save as otherwise provided under any applicable laws) and equally with all other unsecured obligations (other than subordinated obligations, if any or indebtedness preferred by mandatory provisions of law) of the Company from time to time outstanding.*
Obligations of the Custodian	:	*The Custodian shall hold the Bonds and all its rights, benefits, title and interest on custody for the Subscriber.* *If and where applicable, the Custodian shall enforce, in accordance with the Token Subscription Agreement, the rights in favour of the Subscriber.*
Modifications to Bonds Terms and Conditions	:	*Any modification by the Company to the Bonds Terms and Conditions after issue shall require the prior written approval of the Subscriber.*
Transfer	:	*The Subscriber shall not transfer any Bonds to a third party ("**Intended Transferee**") unless (i) the Company (with relevant Shareholders' approval and the approval of all relevant regulatory authorities (including SGX-ST), if required) has consented to such transfer; and (ii) such Intended Transferee agrees in writing upon such transfer to be bound by and to perform all the provisions of the Token Subscription Agreement and the relevant custody agreement.*
Redemption on Maturity	:	*Unless previously redeemed and in each case cancelled as provided in the Token Subscription Agreement, the Company shall on the Maturity Date redeem the Bonds in cash.* *The Subscriber also has the right and option to convert all or part of the then outstanding Bonds into Conversion Shares on the Maturity Date by serving a written notice specifying such number of Bonds to be redeemed and requiring the Company*

		*to convert such number of Bonds into Conversion Shares on the Company at least seven (7) days prior to the Maturity Date ("**Conversion Notice**").* *The Company will, as soon as reasonably practicable, announce the receipt of any Conversion Notice on SGXNet.*
Mandatory Requirement to Redeem	:	*Any time after the completion of the Token Subscription Agreement, the Company shall be entitled to serve a written notice on the Subscriber ("**Mandatory Notice**") to seek an early redemption of all the outstanding Bonds. Such Mandatory Notice must be served on the Subscriber at least 14 days prior to the date on which the Company intends to redeem the Bonds.* *The Subscriber shall have seven (7) days from the date of receipt of the Mandatory Notice to elect to convert all or part of the Bonds into Conversion Shares at the Conversion Price, failing which, the Subscriber shall be deemed to have accepted redemption of the Bonds in cash.*
Conversion Price	:	*The price at which each Share shall be issued upon conversion of the Bonds into Shares in the Company shall be the price per Share that is at a 10% discount to the 30-day volume-weighted average price of the Company's Shares as traded on the Mainboard ("**30-day VWAP**"), provided always that the Conversion Price shall be no less than the Minimum Conversion Price.* *The 30-day VWAP refers to the total value of transactions in the Company's shares traded on the Mainboard for the 30-day period before the Maturity Date divided by the total volume traded for the same 30-days period (adjusted for any corporate action), regardless of the number of trading days during the 30-day review period.* *The Conversion Price was commercially agreed between the Company and the Subscriber on a willing-buyer, willing-seller basis after arm's length negotiations, and takes into account the historical trading performance of the Company and prevailing market conditions.*
Maximum Number of Conversion Shares	:	*Based on the Minimum Conversion Price and on the assumption that all of the Bonds have been fully converted into Conversion Shares, the maximum potential number of Conversion Shares that can be issued from the Bonds Issue is 407,700,000.*
Listing Status	:	*The Bonds will not be listed and quoted.*
No Up-front Fees / Break Fees	:	*There are no upfront fees or break fees involved in relation to the Bonds Issue.*

Events of Default	:	*If any Event of Default (as defined in the Token Subscription Agreement) has occurred, including the following:*

(a) *any breach or default by the Company under any provision of its constitution, any term of the Token Subscription Agreement, and such breach or default, if capable of remedy, has not been remedied within 30 calendar days of the occurrence of such breach or default (except that a breach or default of a payment obligation shall be deemed to be not capable of remedy);*

(b) *any representation, warranty or undertaking by the Company in the Token Subscription Agreement is not complied with or is or proves to have been incorrect in any material respect when made or, if it had been made on any later date by reference to the circumstances then existing, would have been incorrect in any material respect on that later date;*

(c) *it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Token Subscription Agreement, or any ancillary agreements;*

(d) *except for any indebtedness incurred in the normal course of business (including without limitation all indebtedness towards trade creditors), (i) any other indebtedness in respect of borrowed moneys of the Company which is not paid when due or not paid within any applicable grace period in any agreement relating to that indebtedness, or which becomes due and payable before its normal maturity by reason of a default or event of default, however described, or (ii) as a result of an actual or potential event of default or the like (however described), any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled;*

(e) *any legal proceedings, suits or actions of any kind whatsoever (whether criminal or civil) shall be instituted against the Company which will materially and adversely affect the Company's ability to perform its payment or other material obligations under the Token Subscription Agreement; or*

(f) *any event or series of events occurs which has or is reasonably likely to have a material adverse effect on the ability of the Company to perform its payment or other material obligations under the Token Subscription Agreement,* *the Subscriber will have the right at such Subscriber's option to require the Company to redeem in whole or in part such Subscriber's Bonds.*

5. ENTITY AT RISK AND INTERESTED PERSON UNDER THE PROPOSED BONDS ISSUE

The entity at risk and interested person under the Proposed Bonds Issue are the Company and Alacrity respectively.

Please refer to the Section 9.1 of the Circular for further information.

6. EVALUATION OF THE TERMS OF THE PROPOSED BONDS ISSUE

In our evaluation of the terms of the Proposed Bonds Issue, we have given due consideration to, *inter alia*, the following key factors:

(a) Rationale for and benefits of the Proposed Bonds Issue;

(b) Historical financial performance and position of the Group;

(c) Interest rate under the Proposed Bonds Issue;

(d) Comparison with recently issued convertible financial instruments;

(e) Conversion price (as defined herein) under the Proposed Bonds Issue;

(f) Financial effects of the Proposed Bonds Issue on the Group; and

(g) Other relevant considerations.

6.1 RATIONALE FOR AND BENEFITS OF THE PROPOSED BONDS ISSUE

The rationale for and benefits of the Proposed Bonds Issue which has been set out in Section 4 of the Circular, are extracted and reproduced in italics under paragraph 3 of this IFA Letter. Shareholders are advised to read the section in its entirety carefully.

6.2 HISTORICAL FINANCIAL PERFORMANCE AND POSITION OF THE GROUP

We set out below a summary of the audited financial information of the Group for the financial years ended 31 December 2019, 2020 and 2021 (referred to as "**FY2019**", "**FY2020**" and "**FY2021**", respectively). The review on the Group's financial performance presented below is based on our review of the Company's result announcements for the respective financial years.

Summary of the Group's financial performance

	<------------------------- Audited ----------------------->		
(SGD million)	**FY2021**	**FY2020**	**FY2019**
Revenue	140.4	92.1	9.3
Profit/(Loss) before taxation	9.5	9.1	(4.6)
Profit/(Loss) for the financial year	8.8	8.6	(4.6)

FY2021 vs FY2020

Revenue

Revenue in FY2021 increased by SGD48.3 million or 52.5% mainly due to the expansion of the Group's distribution segment in fast-moving consumer goods which has contributed SGD135.3 million in FY2021 (FY2020: SGD85.2 million). This significant increase is part of the Group's strategy to boost its global supply chain capabilities which would then benefit the growth strategies for its other three key segments of food production, services and innovation.

In addition, the Group's services segment has contributed SGD4.3 million in FY2021 (FY2020: SGD2.9 million). This is attributed to growing clientele base and projects following the Group's acquisition of marketing consultant and digital media companies Resolute Communications Pte Ltd and Anomalyst Studio Pte Ltd.

Profit for the financial year

Profit in FY2021 has increased by SGD0.1 million or 1.6% mainly due to significant increase in other operating income of SGD3.6 million. The increase of other operating income is largely attributed by foreign exchange adjustments gain of SGD2.8 million, gain on redemption of financial instrument of SGD2.5 million, government grants received under the Jobs Scheme of SGD0.6 million and sundry income of SGD0.5 million. The increase in other operating income is set-off against an increase in other operating expenses of SGD1.4 million or 78.0% largely due to professional fees contributed from the additional companies acquired under the Group and the higher freight and handling charges due to higher trade volumes.

FY2020 vs FY2019

Revenue

Revenue in FY2020 increased by SGD82.8 million or 889.4% mainly due to the expansion of the Group's distribution segment in fast-moving consumer goods ("**FMCG**") value chain across several geographical markets. This includes revenue contributions from Japan, Taiwan, Thailand and Korea, as well as key markets of China and Southeast Asia, where the Group has gained significant traction

Profit for the financial year

Profit for FY2020 increased by SGD13.2 million or 288.3% mainly due to the significant increase in revenue by SGD82.8 million. In addition, other operating income has increased by SGD4.3 million or 176.0% mainly contributed by the gain on disposal of investment in subsidiary and foreign exchange adjustments gain.

The Group's financial position

	<------------------------- Audited ----------------------->		
(SGD million)	**FY2021**	**FY2020**	**FY2019**
Non-current assets	20.8	19.2	20.3
Current assets	123.2	51.1	20.3
Total assets	**144.1**	**70.2**	**40.6**
Non-current liabilities	15.4	11.8	- [(1)]
Current liabilities	95.4	30.0	18.0
Total liabilities	**110.8**	**41.8**	**18.0**

Net assets/(liabilities) (excluding non-controlling interest)	**27.4**	**28.4**	**22.6**
Working Capital	**27.9**	**21.1**	**20.3**

Note:

(1) Non-current liabilities amounted to approximately S$58,000 as at 31 December 2019

Total assets as at 31 December 2021 comprised mainly trade and other receivables of SGD46.6 million (32.3%), inventories of SGD37.4 million (26.0%) cash and bank balances of SGD37.2 million (25.8%), investment property of SGD16.6 million (11.5%) and other financial assets of SGD2.5 million (1.8%).

Total liabilities as at 31 December 2021 comprised mainly other financial liabilities of SGD66.2 million (59.8%), trade and other payable of SGD22.7 million (20.5%), other non-financial liabilities of SGD15.9 million (14.3%), income tax payable of SGD5.5 million (4.9%) and lease liabilities of SGD0.5 million (0.5%).

We noted that the working capital of the Group had been on an upward trend in FY2021 and the Group recorded a working capital of SGD27.9 million and an equity attributable to owners of the company of SGD27.4 million as at 31 December 2021.

6.3 INTEREST RATE UNDER THE PROPOSED BONDS ISSUE

In assessing the interest rate under the Proposed Bonds Issue, we have taken into consideration the key terms of the loans that the Group has taken up since 1 Jan 2020. The table below sets out the key terms of these loans:

Loan	Date of loan	Principal amount (S$'000)	Outstanding amount @ LPD (S$'000)	Interest Rate (%)	Guarantee/ Collateral	Penalty for non-payment (%)	Tenure
Loans from banks (ESG Temporary Bridging Loan)							
Loan 1	17 Apr 2020	5,000	4,109	3.0	Yes	3.5% above interest rate	5 years, ending 16 Apr 2025
Loan 2	15 Sep 2021	3,000	3,000	4.0	Yes	3.5% above interest rate	5 years, ending 14 Sep 2026
Loans from third-party non-bank / non-financial institutions							
Loan 3	22 May 2020	7,774.9 [2] (US$5.7mil)	7,774.9 [2] (US$5.7mil)	4.0	None	None	3 years, ending 21 May 2023
Loan 4	23 Jun 2021	500	500	9.0	None	None	3 months revolving
Loan 5	23 Jun 2021	2,000	2,000	9.0	None	None	3 months revolving
Loan 6	23 Jun 2021	500	500	9.0	None	None	3 months revolving
Loan 7	23 Jun 2021	500	500	9.0	None	None	3 months revolving

Loan	Date of loan	Principal amount (S$'000)	Outstanding amount @ LPD (S$'000)	Interest Rate (%)	Guarantee/ Collateral	Penalty for non-payment (%)	Tenure
Loan 8	23 Jun 2021	1,500	1,500	9.0	None	None	3 months revolving
Loan 9	23 Jun 2021	1,500	1,500	9.0	None	None	3 months revolving
Loan 10	23 Jun 2021	500	500	9.0	None	None	3 months revolving
Loan 11	23 Jun 2021	7,000	7,000	9.0	None	None	3 months revolving
Loan 12	23 Jun 2021	1,000	1,000	9.0	None	None	3 months revolving
Loan 13	23 Jun 2021	500	500	9.0	None	None	3 months revolving
Loan 14	23 Jun 2021	500	500	9.0	None	None	3 months revolving
Loan 15	23 Jun 2021	800	800	9.0	None	None	3 months revolving
Loan 16	23 Jun 2021	1,100	1,100	9.0	None	None	3 months revolving
Loan 17 [1] (from Alacrity)	2 Nov 2021	27,185 [2] (US$20.0 mil)	27,185 [2] (US$20.0 mil)	5.0	None	None	1 year, ending 5 Nov 2022
Loan 18 [1] (from PY Opulence)	11 Nov 2021	8,835.1 [2] (US$6.5 mil)	8,835.1 [2] (US$6.5 mil)	5.0	None	None	1 year, ending 12 Nov 2022
Loan 19 [1] (from GS International)	8 Nov 2021	1,359.2 [2] (US$1.0 mil)	1,359.2 [2] (US$1.0 mil)	5.0	None	None	1 year, ending 12 Nov 2022
Proposed Bonds Issue		**8,154**	**8,154**	**4.0**	**None**	**None**	**4 years ending 22 Jun 2026**

Notes:

(1) Loans to be repaid from the proceeds raised from the Proposed Transactions (i.e. Proposed Shares Placement and Proposed Bonds Issue).

(2) Loans are in US$ and converted into S$ based on the exchange rate of S$1.36 to US$1.00 as at Latest Practicable Date.

We make the following observations based on the table above:

(a) We note that the interest rate of the bonds under the Proposed Bonds Issue is 0.5% higher than the Group's average interest rates on loans from banks (i.e. Loan 1 to Loan 2). The tenure of the bonds under the Proposed Bonds Issue is comparable to the loans from banks. However, the Group is not required to provide any collateral under the Proposed Bonds Issue whereas both loans from banks require the Group to provide collaterals against the loans extended to the Group. All things being equal, loans that require provision of sureties, such as collateral and/or guarantee, will command a lower interest rate due to reduced risk premium.

In addition to the above, we also note that the Proposed Bonds Issue does not impose any penalty interest for any non-payment whereas the banks impose penalty interest of 3.5%

per annum above the interest rates of 3.0% per annum and 4.0% per annum, translating to 6.5% per annum and 7.5% per annum for Loan 1 and Loan 2 respectively.

(b) We note that, save for Loan 3, the interest rate of the bonds under the Proposed Bond Issue is significantly lower than the interest rates on loans from non-banks and non-financial institutions (i.e. Loan 4 to Loan 19) by 5.0%. Similarly, the Group is not required to provide collaterals against the bonds under the Proposed Bonds Issue as with the loans from non-banks and non-financial institutions.

Interest rate provided by Loan 3 is similar to the interest rate required by the bonds under the Proposed Bond Issue. In this regard, we note that Loan 3 has a shorter tenure of 3 years as compared to the Proposed Bond Issue of 4 years. All things being equal, a longer term loan will generally command a higher interest rate than a shorter term loan to reflect a higher risk premium.

(c) We note that the bonds under the Proposed Bonds Issue have a longer tenure of 4 years as compared to the loans from non-banks and non-financial institutes which are on 3 months revolving arrangement (i.e. Loan 4 to Loan 16) and for 1 year (i.e. Loan 17 to 19). All things being equal, a longer term loan will generally command a higher interest rate than a shorter term loan to reflect a higher risk premium.

(d) We note that Loans 17 to 19 are loans to be repaid from proceeds raised from the Proposed Transactions, with Loan 17 owing to Alacrity. Accordingly, proceeds from the Proposed Bond Issue will be utilised to partially repay Loan 17. In this regard, we note that the Loan 17 is effectively being replaced with the bonds under the Proposed Bonds Issue which is of a longer tenure (4 years as compared to 1 year) and lower interest rate (4.0% as compared to 5.0%).

6.4 COMPARISON WITH RECENT ISSUANCE OF CONVERTIBLE FINANCIAL INSTRUMENT

In assessing the financial terms of the Proposed Bonds Issue, we have compared the financial terms of the Proposed Bonds Issue with those of selected recent convertible financial instruments (**"Precedent Convertible Debt Transactions"**) issued by companies listed on the SGX-ST in the one-year period prior to the Announcement Date.

We wish to highlight that the Precedent Convertible Debt Transactions as set out below are not directly comparable to the Company in terms of business activities, market capitalisation, scale of operations, accounting policies, financial performance, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Convertible Debt Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

We also wish to highlight that the list of Precedent Convertible Debt Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

Company	Announcement Date	Principal sum (in thousands)	Tenure (years)	Security	Convertible Price (Fixed/Floating)	Conversion Price (S$)	Premium/(discount) of conversion price over VWAP(1) prior to announcement	Conversion price-to-NTA ratio (times)(2)	Coupon / Interest rate per annum (%)	Redemption on Terms on Maturity
Ley Choon Group Holdings Limited	23 Dec 2021	S$15,975	1	Secured	Fixed	0.056	263.5%	5.9	6.5%	100% of principal sum
Yangzijiang Shipbuilding (Holdings) Limited	29 Jan 2022	S$25,000	1	Unsecured	Fixed	1.345	4.0%	0.7	0.0%	100% of principal sum
GSH Corporation Limited	30 Jun 2021	S$78,277	3	Unsecured	Fixed	0.170	(7.6)%(3)	0.9	5.2%	100% of principal sum
Lum Chang Holdings Limited	25 Jun 2021	S$20,000	3	Unsecured	Fixed	0.440	11.4%(4)	0.7	2.0%	100% of principal sum
Yongnam Holdings Limited	4 Jun 2021	S$9,500	1	Unsecured	Floating(5)	0.050 to 0.100(5)	(35.1%) to 29.9%(6)	0.3 to 0.5(6)	7.0%	100% of principal sum
KTL Global Limited	3 Jun 2021	S$2,000	2	Unsecured	Fixed	0.062	(10.1)%	n.m. (7)	2.0%	100% of principal sum
Singapore Airlines Limited	19 May 2021	S$6,196,794	9	Unsecured	Fixed	4.840	0.9%	0.9	0.0%	Mandatory Conversion
Wilton Resources Corporation Limited	30 Mar 2021	S$4,500	2	Unsecured	Floating(8)	Based on a formula(8)	n.m. (9)	n.m. (10)	0.0%	105% of principal sum
OIO Holdings Limited	29 Mar 2021	US$2,400	0.5	Unsecured	Fixed	0.178	(9.6)% (11)	n.m.(12)	8.0%	100% of principal sum
Healthbank Holdings Limited	23 Mar 2021	S$3,300	3	Unsecured	Fixed	0.088	0.00%	0.5(13)	0.0%	100% of principal sum
						High	263.5%	5.9	8.0%	
						Median	0.4%	0.7	2.0%	
						Mean	24.7%	1.3	3.5%	
						Low	(35.1)%	0.3	0.0%	
Company (as implied by the Minimum Conversion Price)	22 Mar 2022	US$6,000	4	Unsecured	Floating(14)	0.020	(4.8)%	18.7	4.0%	100% of principal sum
Company (assuming maximum discount of 10% to 30-day VWAP)(15)	22 Mar 2022	US$6,000	4	Unsecured	Floating(14)	n.a.	(10)%	n.a.	4.0%	100% of principal sum

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and CICF's computations.

Notes:

(1) Unless stated otherwise, VWAP is computed based on the last full market day on which shares of the respective companies were traded preceding the date of the announcements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.

(2) NTA per share is computed based on the latest announced financial statements by the companies involved in the Precedent Convertible Debt Transactions prior to the announcement of the respective Precedent Convertible Debt Transactions.

(3) Based on the conversion price of S$0.170 and the VWAP of S$0.184 per share on 29 June 2021, being the last traded day prior to the announcement of the proposed renounceable non-underwritten rights issue of the convertible bonds on 30 June 2021.

(4) Based on the conversion price of S$0.440 and the VWAP of S$0.395 per share on 24 June 2021, being the last full market day on which the shares were traded preceding the date of the announcement on 25 June 2021.

(5) The price at which each share shall be issued upon conversion shall be equivalent to the simple average of the daily VWAP per share for trades done for a consecutive ten (10) market days period on the SGX-ST (for the avoidance of doubt, excluding any one (1) or more intervening market days on which there are no trades in the shares of Yongnam Holdings Limited immediately prior to the date on which the bonds are issued), provided always that the conversion price computed on this basis shall in no event be more than S$0.100 or less than S$0.050.

(6) Based on the minimum conversion price of S$0.050 and the maximum conversion price of S$0.100 and (ii) the VWAP of S$0.077 on 3 June 2021, being the last full market day on which shares were traded preceding the date of announcement on 3 June 2021.

(7) n.m. denotes not meaningful as KTL Global Limited was in a net tangible liabilities position as at 31 March 2021.

(8) The effective conversion price is based on a formula, being the higher of (i) the conversion price, which is 98.0% of the lowest closing VWAP during the last 10 trading days immediately preceding the date of conversion notice, or (ii) the higher of (a) S$0.015, or (b) 90.0% of the VWAP for trades done on a market day immediately preceding the day on which the relevant shares are to be issued, but will not, in any event, represent a discount of more than 10.0% of the prevailing market price of the underlying shares before conversion.

(9) The premium/(discount) of the conversion price over VWAP prior to announcement is not meaningful, as the effective conversion price is based on a formula as explained above. For illustration purposes, the lowest theoretical conversion price of S$0.015 represents a discount of 48.2% over the VWAP on 29 March 2021, being the last full market day on which the shares were traded preceding the date of the signing of the agreement on 30 March 2021. However, the effective conversion price will not, in any event, represent a discount of more than 10.0% of the prevailing market price of the underlying shares before conversion.

(10) n.m. denotes not meaningful as the effective conversion price is based on a formula as explained above.

(11) The conversion price represents a 9.6% discount to the volume weighted average price of S$0.197 per share for trades done for the OIO Holdings Limited's shares on the SGX-ST on 25 August 2020, which is the full market day for which trades were done immediately preceding the signing of the subscription agreements.

(12) n.m. denotes not meaningful as OIO Holdings Limited was in a net tangible liabilities position as at 31 December 2020.

(13) Based on the closing exchange rate of S$1.00: RMB 4.94 on 31 December 2020.

(14) Based on 10% discount to the 30-days volume weighted average price, provided always that the Conversion Price will no less than the Minimum Conversion Price.

(15) For illustration purposes, assuming Conversion Price at full 10% discount to the 30-days volume weighted average price.

Based on the above analysis, we noted that:

(a) The discount of the Minimum Conversion Price over the VWAP of the Shares for trades of the Company done on the Latest Traded Day of 4.8% is (i) within the range of the Precedent Convertible Debt Transaction of between a discount 35.1% and a premium of 263.5%, (ii) below the median and mean premium of 0.4% and 24.7% of the Precedent Convertible Debt Transactions.

(b) The Conversion Price-to-NTA ratio as implied by the Minimum Conversion Price and the audited NTA per Share of the Company as at 31 December 2021 of 18.7 times is (i) above the range of the Precedent Convertible Debt Transaction of between 0.3 and 5.9 times respectively, and (ii) above the median and mean conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of 0.7 times and 1.3 times respectively;

(c) The interest rate payable by the Company of 4.0% per annum is (i) within the range of the Precedent Convertible Debt Transactions of between 0.0% and 8.0%, and (ii) above the median and mean interest rates of the Precedent Convertible Debt Transactions of 2.0% per annum and 3.5% per annum respectively.

(d) Assuming that with the appreciation of the Company's shares price such that the Proposed Bonds Issue can be converted at a full discount of 10% to the 30-day volume weighted average price, we note that the 10% discount is (i) within the range of the Precedent Convertible Debt Transaction of between a discount 35.1% and a premium of 263.5%, (ii) below the median and mean premium of 0.4% and 24.7% of the Precedent Convertible Debt Transactions.

6.5 CONVERSION PRICE UNDER THE PROPOSED BONDS ISSUE

In assessing the minimum conversion price of S$0.020 under the Proposed Bonds Issue (the **"Minimum Conversion Price"**), we have taken into consideration the following:

(a) Market prices of the Shares;

(b) NTA based valuation of the Group;

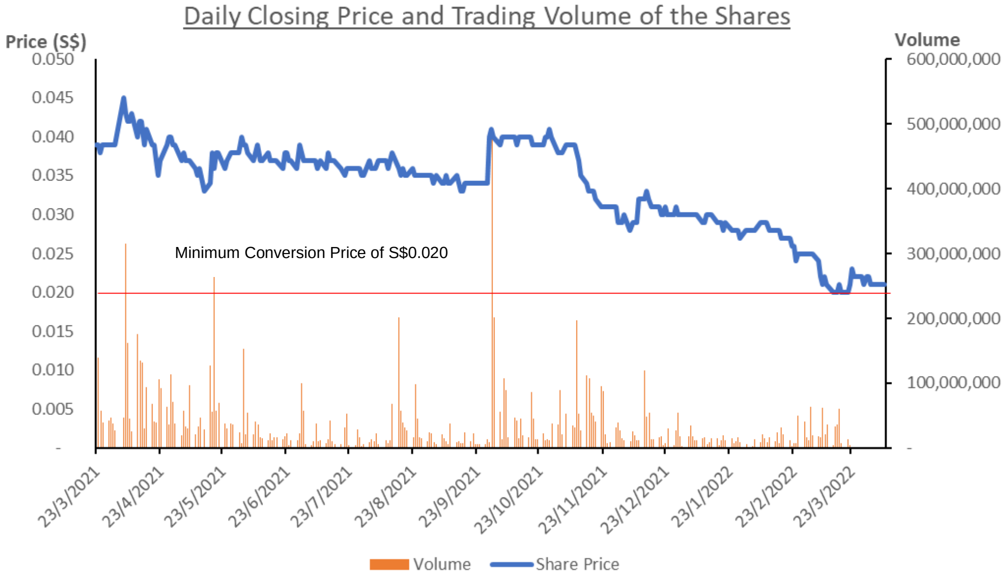
(c) Comparison with precedent IPT shares placements; and

(d) Comparison with financial valuation ratios of Selected Comparable Companies

6.5.1 Market prices of the Shares

We have compared the Minimum Conversion Price against the historical market price of the Shares.

The historical price chart showing the closing prices and the trading volume of the Shares for the period commencing from 23 March 2021, being the 12-month period prior to the Last Traded Day (as defined below), and ending on the Latest Practicable Date is set out below:



Source: Bloomberg L.P.

Based on the above, we note that for the 12-month period prior to and up to 22 March 2022, being the full traded day of the Shares on which the Token Subscription Agreement is signed (the **"Last Traded Day"**), the Minimum Conversion Price is equal to the lowest closing prices for the entire period under review. Furthermore, we noted the Minimum Conversion Price is at a discount of approximately 55.6% to the highest closing price over the 12-month period prior to and up to the Last Traded Day of $0.045 on 5 April 2021.

We also noted that the Minimum Conversion Price is as at a discount of 4.8% to the last transacted price of S$0.021 (the **"Last Transacted Price"**) on the Last Traded Day. On 23 March 2022, (being the next market day after the Announcement Date), the Shares closed at S$0.023 and since then the closing prices of the Shares have traded narrowly between S$0.021 and S$0.022 up the Latest Practicable Date.

We have also compared the volume weighted average price (**"VWAP"**) of Shares for the selected reference periods between the 12-month period prior to the Last Traded Day and up to the Latest Practicable Date as set out in the table below:

	Lowest Closing Price	**Highest Closing Price**	**VWAP**	**Premium/(Discount) of Minimum Conversion Price over VWAP**
	S$	**S$**	**S$**	**S$**
Periods prior to the Last Traded Day				
Last 12 months	0.020	0.045	0.036	(44.4%)
Last 6 months	0.020	0.041	0.034	(41.2%)
Last 3 months	0.020	0.031	0.026	(23.1%)
Last 1 month	0.020	0.026	0.023	(13.0%)
Last Traded Day	0.020	0.022	0.021	(4.8%)
Periods after the Announcement Date				
Market Day Immediately after the Announcement Date	0.023	0.023	0.023	(13.0%)
Between the Market Day immediately after the	0.021	0.023	0.022	(9.1%)

	Lowest Closing Price	Highest Closing Price	VWAP	Premium/(Discount) of Minimum Conversion Price over VWAP
Announcement Date and the Latest Practicable Date (both dates inclusive)				
Latest Practicable Date	0.020	0.022	0.021	(4.8%)

The key observations in respect of the above analysis are highlighted below:

(a) Over the 12-month period prior to the Last Traded Day, the Shares have closed between a low of S$0.020 and a high of S$0.045;

(b) The Minimum Conversion Price represents a discount of 44.4%, 41.2%, 23.1% and 13.0% to the VWAP for the 12-month, 6-month, 3-month and 1-month periods prior and up to the Last Traded Day respectively;

(c) The Minimum Conversion Price represents a discount of 4.8% as the Last Transacted Price;

(d) The Minimum Conversion Price represents a discount of 13.0% to the closing price on the Market Day immediately after the Announcement Date;

(e) The Minimum Conversion Price represents a discount of between 9.1%to the VWAP for the period between the Market Day immediately after the Announcement Date and the Latest Practicable Date; and

(f) The Minimum Conversion Price represents a discount of 4.8% to the last transacted price as at the Latest Practicable Date.

6.5.2 NTA-based valuation of the Group

The net tangible asset (**"NTA"**) based valuation provides an estimate of the value of a company assuming a hypothetical sale of all its tangible assets over a reasonable period of time. NTA is computed by deducting the intangible assets from the Group's net asset value. NTA shows the extent to which the value of the Group is backed by tangible assets. However, it does not take into account the value of any intangible assets such as goodwill, trademarks, intellectual property rights and land use rights. NTA based valuation is meaningful only in so far as to show the extent to which the value of each Share is backed by tangible assets.

Based on the latest announced audited full year financial statements of the Group for the financial year ended 31 December 2021, the Group recorded a NTA (excluding non-controlling interests) of approximately S$26.0 million, or S$0.001 per Share (based on 24,296,921,463 Shares as at 31 December 2021).

The Minimum Conversion Price represents a premium of 1,771.6% to the NTA per Share (i.e. P/NTA is approximately 18.7 times).

The Directors have confirmed that, to their best knowledge and belief, (a) they are not aware of any circumstances as at Latest Practicable Date which may cause the audited NTA of the Group as at 31 December 2021 to be materially different; (b) there have been no material acquisitions or disposals of assets by the Group since 31 December 2021 and up to the Latest Practicable Date; and (c) there are no other contingent liabilities, bad or doubtful debts or impairment losses which are likely to have a material impact on the audited NTA of the Group as at 31 December 2021.

6.5.3 Comparison with precedent IPT share placements

In assessing the Minimum Conversion Price, we have also compared the Minimum Conversion Price with the issue prices of selected recent IPT share placements (**"Precedent IPT Share Placements"**), undertaken by companies listed on the SGX-ST, which were announced in the 12-month period prior to the Announcement Date and completed as at the Latest Practicable Date.

We wish to highlight that the Precedent IPT Shares Placements as set out below are not directly comparable to the Company in terms of business activities, market capitalisation, scale of operations, accounting policies, financial performance, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent IPT Share Placements must be judged on its own commercial and financial merits.

We also wish to highlight that the list of Precedent IPT Share Placements is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

Companies	Date of Announcement	Issue Price (S$)	Premium/(Discount) of Issue Price over/(to) VWAP(1) on the last trading day prior to announcement (%)	Issue price-to-NTA per Share (times)(2)
The Trendlines Group Ltd.	19 January 2022	0.120	15.4%	0.7
China Mining International Limited	8 January 2022	0.042 - 0.043	0.0% - 2.4%	0.4 - 0.5
SMI Vantage Limited	13 December 2021	0.110	37.5%	0.3
Beng Kuang Marine Limited	18 October 2021	0.090	(9.0)%	0.4
China Star Food Group Limited	21 September 2021	0.024	1.7%	0.2
Sim Leisure Group Limited	1 September 2021	0.205	(5.9)%	2.6
Yinda Infocomm Limited	11 May 2021	0.135	(9.4)%	57.0(3)
GCCP Resources Limited	7 May 2021	0.016	(8.0)%	1.1

High			37.5%	57.0
Median			(2.1)%	0.4
Mean			3.1%	0.8
Low			(9.4)%	0.2
Company (as Implied by the Minimum Conversion Price)	22 March 2022	S$0.020	(4.8)%	18.7
Company (assuming maximum discount of 10% to 30-day VWAP)(4)	22 March 2022	n.a.	(10)%	n.a.

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and CICF's computations

Notes:

(1) Unless stated otherwise, VWAP is computed based on the last full market day on which shares of the respective companies were traded preceding the date of the announcements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.

(2) NTA per share is computed based on the latest announced financial statements by the companies involved in the Precedent IPT Share Placements prior to the announcement of the respective Precedent IPT Share Placements.

(3) Deemed to be a statistical outlier and is excluded in the computation of the median and mean issue price-to-NTA per share ratio.

(4) For illustration purposes, assuming Conversion Price at full 10% discount to the 30-days volume weighted average price.

Based on the above analysis, we noted that:

(a) The discount of Issue Price over/(to) VWAP on the last trading day prior to the announcement as implied by the Minimum Conversion Price of 4.8% is (i) within the range of the Precedent IPT Share Placements between a discount of 9.4% and a premium of 37.5%, and (ii) lower than the median discount of 2.1% of issue price and (iii) above the mean premium of 3.1% of the Precedent IPT Share Placements;

(b) The Issue Price-to-NTA per share as implied by the Minimum Conversion Price of 18.7 times is (i) within the range of the Precedent IPT Share Placements between 0.2 times to 57.0 times respectively and (ii) above the median and mean of the Issue Price-to-NTA of the Precedent IPT Share Placements of 0.4 times and 0.8 times respectively; and

(c) Assuming that with the appreciation of the Company's share price such that the Proposed Bond Issue can be converted at a full discount of 10% to the 30-day volume weighted average price, we note that the discount of 10% is lower than the range of the Precedent IPT Share Placements between a discount of 9.4% and a premium of 37.5%.

6.5.4 Comparison with financial valuation ratios of Selected Comparable Companies

We wish to highlight that the figures used in our financial assessment have been extracted where available and/or applicable, from Bloomberg L.P., the Circular, announcements and other publicly available sources. We make no representations or warranties, express or implied, as to the accuracy or completeness of such information.

For the purpose of assessing the Minimum Conversion Price, references can be made to companies which are listed and traded on the regional stock exchanges, whose business activities and industries are comparable to the Group ("**Selected Comparable Companies**") to give an indication of the current market expectations with regards to the valuation of these businesses, implied by their respective closing market prices as at the Latest Practicable Date

The Selected Comparable Companies have been identified through a search on subscribed financial databases and other public sources. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. We have had discussions with the Directors and management of the Company about the suitability of the Selected Comparable Companies serving as a basis for comparison with the core businesses of the Group and have obtained confirmations from the Directors and management of the Company on the appropriateness of the Selected Comparable Companies.

We recognise, however, that our list of Selected Comparable Companies is not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that is directly comparable to the Company in terms of business activities, scale of operations, types of products and services, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria. As such, any comparison made with respect to the Selected Comparable Companies is therefore intended to serve as an illustrative guide only.

For the purpose of our evaluation and for illustration, we have made comparisons between the financial valuation ratios implied by the Minimum Conversion Price and the respective financial valuation ratios of the Selected Comparable Companies on a historical basis using the following:

Valuation Ratio	General Description
Price-to-Earnings(**"P/E"**) ratio	P/E ratio illustrates the ratio of the market price of a company's share relative to its consolidated after-tax earnings per share attributable to the owners of the respective companies as stated in its financial statements. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. In our analysis, we used the market price of the shares as of the Latest Practicable Date, divided by the aggregate of the most recently announced four quarters earnings per share

Valuation Ratio	General Description
Price-to-Net Asset Value (**"P/NAV"**) ratio	P/NAV ratio illustrates the ratio of the market price of a company's share relative to its historical net asset value per share as recorded in its financial statements. "NAV" or "net asset value" is defined at the total assets less total liabilities and excludes, where applicable, non-controlling interest. The NAV figure provides an estimate of the value of a company assuming the sale of its assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distributions to its shareholders. Comparisons of companies using their NAVs are affected by differences in their respective accounting policies, in particular, their depreciation, amortisation and asset valuation policies. In our analysis, we used the market price of the shares as of the Latest Practicable Date, divided by the most recently announced NAV per share
Price-to-Net Tangible Asset (**"P/NTA"**) ratio	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical net tangible asset per share as recorded in its financial statements. "NTA" or "net tangible asset" is defined as total tangible assets (excluding intangible assets) less total liabilities and excludes, where applicable, non-controlling interest. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation, amortisation and asset valuation policies. In our analysis, we used the market price of the shares as of the Latest Practicable Date, divided by the most recently announced NTA per share.
Enterprise Value-to-Earnings Before Interest, Tax, Depreciation and Amortisation ("**EV/EBITDA**")	"EV" or "Enterprise Value" is the sum of a company's market capitalisation, preferred equity, independent interests, consolidated short and long-term debts, inclusive of finance lease liabilities, less its consolidated cash and cash equivalents. "EBITDA" stands for historical consolidated earnings before interest, tax, depreciation and amortisation, inclusive of share of associates' and joint ventures' income. The EV/EBITDA ratio illustrates the ratio of the enterprise value of a company's business relative to its historical pre-tax consolidated operating cashflow performance, without regard to its capital structure. In our analysis, we used the Enterprise Value based on the market capitalisation as of the Latest Practicable Date divided by the EBITDA based on the latest available full year numbers.

The financial ratios for the Selected Comparable Companies are based on their closing prices as at the Latest Practicable Date and the publicly available financial results based on their respective financial periods or financial year ends.

Comparisons between the Company and the Selected Comparable Companies may be affected, *inter alia*, by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

In view of the above, it should be noted that any comparison made with respect to the Selected Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date

We set out in the table below the list of Selected Comparable Companies, together with a brief description of their principal activities which are considered to be broadly comparable to the Company.

Selected Comparable Companies	Listing Location	Brief Business Description
Hagoromo Foods Corporation (**"Hagoromo"**)	Japan	Hagoromo Foods Corporation produces canned products including canned seafood, fruits, vegetables, meat, and beverages for household use. The Company also wholesales the products to restaurants and schools.
Kyokuyo Co Ltd (**"Kyokuyo"**)	Japan	Kyokuyo Co., Ltd distributes seafood and salted fish. The Company markets bonito, tuna, and other fish products. Kyokuyo also produces canned seafood and frozen foods.
Sanford Limited (**"Sanford"**)	New Zealand	Sanford Limited owns and manages deepwater and inshore fisheries throughout New Zealand waters. The Company also operates cool-storage, ship-building, engineering and aquaculture businesses. The Company exports seafood throughout the world. The Company's seafood products include orange roughy, squid, hoki, tuna, mussels and salmon.
Tassal Group Limited (**"Tassal"**)	Australia	Tassal Group Limited produces and markets Atlantic salmon and ocean trout. The Company's product is marketed under the Royal Tasman Salmon brand. The products are distributed in Australia, Japan and other international markets
Maruha Nichiro Corporation (**"Maruha"**)	Japan	Maruha Nichiro Corporation operates as a fisheries company. The Company specializes in marine products aquaculture, import and export, processing, and sales businesses
Baiyang Investment Group Inc (**"Baiyang"**)	PRC	Baiyang Investment Group, Inc. manufactures and sells aquatic products. The Company produces frozen tilapia and other related food additives, along with fish, shrimp, and livestock feeds. Baiyang Investment markets worldwide

Selected Comparable Companies	Listing Location	Brief Business Description
China Shenghai Group Limited (**"China Shenghai"**)	Hong Kong	China Shenghai Group Limited wholesales and distributes food products. The Company produces dried seafood, algaes, funguses, seafood snacks, and other products. China Shenghai Group supplies its products in large supermarket chains, convenience stores, and other fields

We set out in the table below the financial ratios of the Company and the Selected Comparable Companies listed on other stock exchanges as at the Latest Practicable Date:

Company	Market Capitalisation (millions)	Market Capitalisation[(1)] (S$' millions)	P/E[(2)] (times)	P/NAV (times)	P/NTA (times)	EV/EBITDA[(3)] (times)
Hagoromo	JPY31,544.0	346.0	12.9	0.9	0.9	7.0
Kyokuyo	JPY35,790.1	392.6	7.8	0.8	0.8	9.7
Sanford	NZD437.2	408.6	26.9[(4)]	0.7	4.3	9.5[(5)]
Tassal	AUD736.9	752.0	17.0	0.9	1.5	7.8
Maruha	JPY126,870.5	1,391.6	9.0	0.8	0.9	7.7
Baiyang	RMB2,019.5	432.6	97.8	1.5	1.7	18.5
China Shenghai	RMB142.0	30.4	n.m.[(6)]	0.3	0.3	n.m.[(6)]
High			97.8	1.5	4.3	18.5
Median			12.9[(7)]	0.8	0.9	8.6
Mean			14.7[(7)]	0.9	1.5	10.0
Low			7.8	0.3	0.3	7.0
Company (as implied by the Minimum Conversion Price)		485.9[(8)]	55.5	17.8	18.7	39.1

Source: Bloomberg L.P., and published financial statement and/or annual reports of the respective Selected Comparable Companies

Notes:

(1) Presented in their respective currencies and converted into S$ based on the following exchange rates as at Latest Practicable Date:

S$1: JPY91.17
S$1: NZD1.07
S$1: AUD0.98
S$1: RMB4.67

(2) P/E ratio is calculated based on the latest available interim financial statements on a last twelve months ("**LTM**") basis of the Selected Comparable Companies.

(3) EV/EBITDA ratio is calculated based on the latest available interim financial statements on a LTM basis of the Selected Comparable Companies.

(4) P/E ratio is calculated based on the audited financial statements of Sanford for the financial year ended 30 September 2021.

(5) EV/EBITDA is calculated based on the audited financial statements of Sanford for the financial year ended 30 September 2021.

(6) n.m. denotes not meaningful as China Shenghai has recorded a loss before and after tax from the latest available interim financial statements based on a LTM basis.

(7) Deemed to be a statistical outlier, Baiyang has been excluded from the computation of the mean and median conversion price-to-earnings ratios.

(8) Market capitalization of Oceanus Group is computed with number of shares of 24,296,921,463 multiple by the implied minimum conversion price of S$0.020.

Based on the above ratio analysis, we noted that:

(a) The P/E ratio of the Company, as implied by the Minimum Conversion Price of 55.5 times is (i) within the range of the P/E ratios of the Selected Comparable companies of between 7.8 times and 97.8 times and (ii) above the median and mean P/E ratios of the Selected Comparable Companies of 12.9 times and 14.7 times;

(b) The P/NAV ratio of the Company, as implied by the Minimum Conversion Price of 17.8 times, is above the range of the P/NAV ratios of the Selected Comparable Companies between 0.3 times and 1.5 times;

(c) The P/NTA ratio of the Company, as implied by the Minimum Conversion Price of 18.7 times, is above the range of the P/NTA ratios of the Selected Comparable Companies between 0.3 times and 4.3 times; and

(d) The EV/EBITDA ratio of the Company, as implied by the Minimum Conversion Price of 39.1 times, is above the range of the EV/EBITDA ratios of the Selected Comparable Companies of between 7.0 times and 18.5 times.

6.6 FINANCIAL EFFECTS OF THE PROPOSED BONDS ISSUE ON THE GROUP

Information relating to the financial effects of the Proposed Bonds Issue has been extracted from Section 7 of the Circular and set out in italics below. Shareholders are advised to read Section 7 of the Circular on the financial effects of the Proposed Bonds Issue carefully.

"*7.1* *Illustrative Nature of Financial Effects*

The pro forma financial effects of the Proposed Transactions on the Company's share capital, NTA per Share and EPS of the Group have been prepared based on the Group's audited consolidated financial statements for FY2021.

The financial effects of the Proposed Transactions are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the Completion of the Proposed Transactions. The financial effects are prepared without the assumption of the potential expenses to be incurred in connection with the Proposed Transactions, which are not expected to be material.

7.2 *Share Capital*

The effect of the Proposed Transactions on the issued and paid-up share capital of the Company as at 31 December 2021 is as follows:

	Before the Share Placement and conversion of Bonds	***After the Share Placement and prior to conversion of Bonds***	***After the Share Placement and conversion of Bonds into Conversion Shares[1]***
Number of Shares (excluding treasury shares)	*24,296,921,463*	*25,567,291,028*	*25,974,991,028*
Share capital (S$'000)	*653,757*	*682,976*	*691,130*

***Note**:*

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price.

7.3 *NTA per Share*

Assuming that the Proposed Transactions had been effected on 31 December 2021 (being the end of the most recently completed FY2021), the effects of the Share Placement and Bonds Issue on the NTA per Share of the Group would be as follows:

	Before the Share Placement and conversion of Bonds	***After the Share Placement and prior to conversion of Bonds***	***After the Share Placement and conversion of Bonds into Conversion Shares[1]***
NTA (S$'000)	33,276	62,495	70,649
Number of Shares	*24,296,921,463*	*25,567,291,028*	*25,974,991,028*
NTA per Share (S$)	0.0014	0.0024	0.0027

Note:

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price.

7.4 <u>EPS</u>

Assuming that the Proposed Transactions had been effected on 1 January 2021 (being the beginning of the most recently completed FY2021), the effects of the Share Placement and Bonds Issue on the EPS of the Group would be as follows:

	Before the Share Placement and conversion of Bonds	***After the Share Placement and prior to conversion of Bonds***	***After the Share Placement and conversion of Bonds into Conversion Shares***
Earnings attributable to Shareholders (S$'000)	8,754	8,754	8,754
Weighted average number of Shares	24,296,921,463	25,567,291,028	25,974,991,028
EPS (S$)	0.000360	0.000340	0.000340

Note:

1. Based on the assumption that all of the Bonds are fully converted at the Minimum Conversion Price. "

We note that the pro forma financial effects of the Proposed Bonds Issue on NTA per share is accretive and has negligible dilutive effect on EPS per share.

6.7 OTHER RELEVANT CONSIDERATIONS

6.7.1 Alternative Sources of Financing

As set out in Section 4 of the Summary Sheet in the Circular, we noted that the Company has sought alternative sources of financing prior to entering the Proposed Bonds Issue including reaching out to a total of five (5) other potential institutional investors who were interested in providing financing to the Company through either a share placement or debt issuance. However, these parties were either seeking to place shares at a significant discount to the then existing market traded price, or provide debt with security and guarantees that would impair further fund-raising efforts. Thus, the Company had decided not to proceed further with these parties.

The Directors have confirmed that, as at the Latest Practicable Date, they are not aware any alternative sources of financing which are comparable to the Proposed Bonds Issue in the Group's effort to augment its capital base.

6.7.2 Discharge and settlement of the existing Bridging Loan Facilities

We note from the rationale on the Proposed Transactions that the Company shall be fully released and discharged from its obligations under the Bridging Loan Facilities upon the completion of the Proposed Transactions. This will enable the Group to augment its capital base by converting the outstanding loans under the Bridging Loan Facilities into equity of the Company, effectively reducing the Company's level of borrowings and the associated borrowing costs. Accordingly, this will also strengthen the Company's balance sheet and improve its debt-equity position.

6.7.3 Material risks of the Proposed Bonds Issue

The material risks of the Proposed Bonds Issue which have been set out in Section 6.1 of the Circular are extracted and reproduced in italics below:

"6.1 <u>Material Risks of the Bonds Issue</u>

The Bonds are not a conventional form of security due to the "floating" conversion price which has a dilutive impact on the Shares and has a potential adverse impact on the Share price upon conversion of the Bonds to Shares. The key risks involved in the proposed Bonds Issue and the features of the Bonds that mitigate such risks are:

	Key Risks of Bonds with "Floating" Conversion Prices	***Features of Bonds to Mitigate Such Risks***
a.	*The ability to convert bonds to shares at a "floating" price means that the lower the Share price of a company at time of conversion, the more Shares will have to be issued by the Company to the Subscriber on conversion. With more Shares outstanding after conversion, EPS and NTA per Share will become lower and the Share price will correspondingly decrease. All other Shareholders will correspondingly have a lesser share of the Company in terms of dividends and other distribution (if any).*	*The Bonds allows the Subscriber to convert the Bonds to Shares at a 10% discount to the 30-day VWAP (as defined below) at the time of conversion. To mitigate the risks of the "floating" price, the Bonds have a minimum conversion price of S$0.020 per Share. This represents a maximum of 407,000,000[1] Shares that will be issued upon conversion (representing approximately 1.68% of the Existing Share Capital), regardless of whether the Share price falls below S$0.020.*
b.	*The Bonds Issue can cause a spiral that accelerates the fall in Share price. As Share price falls, the more Shares the Company will have to issue pursuant to the conversion of the Bonds, and thus the greater the dilution to the Shareholders. The increased number of Shares available for sale in the market, and the added selling pressure is likely to cause a downward spiral in a declining market. If the Subscriber who gets a discount to the market price at time of conversion was to sell the Shares soon after conversion in order to lock in prof its, this will drive down the price of the Shares further, thereby leading to a downward spiral. This can potentially cause a huge or sharp decline of the price of the Shares over a short space of time.*	

	Key Risks of Bonds with "Floating" Conversion Prices	***Features of Bonds to Mitigate Such Risks***
c.	*As the Conversion Shares are always issued at a discount to market price at all times, the Subscriber will be able to dispose of its Conversion Shares even where the Share prices are trending downwards. There is a potential risk that this can cause the Share prices to fall further, leading to a downward spiral.*	
d.	*Where Share price is in a prolonged decline, the Subscriber may be inclined to continue selling the Shares received upon each exercise. Each round of conversion and Share sale may therefore cause a further accelerated decline or downward spiral in Share price.*	*Rather than having multiple points of conversion throughout the tenure of the Bonds, the Bonds Terms and Conditions (as defined below) provides that the Subscriber can only exercise the right of conversion once either on the Maturity Date or within the stipulated timeframe after it receives a Mandatory Notice.*

6.7.4 Exit from the SGX Watch-List

We noted that the Company has exited the SGX-ST Watch-List in September 2021 (the **"Exit"**) after being placed on it for nearly 6 years. The Exit is an indication of an improvement of the overall financial health of the Group and should place the Company in a better credit standing with lenders and/or financial institutions.

7. OPINION

In arriving at our recommendation in respect of the Proposed Bonds Issue, we have given due consideration to, inter alia, the following key factors:

(a) Rationale for and benefits of the Proposed Bonds Issue;

(b) Historical financial performance and position of the Group;

(c) Interest rate under the Proposed Bonds Issue;

(d) Comparison with recently issued convertible financial instruments;

(e) Conversion price (as defined herein) under the Proposed Bonds Issue;

(f) Financial effects of the Proposed Bonds Issue on the Group; and

(g) Other relevant considerations.

Having regard to the considerations set out in this IFA Letter and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the overall terms of the Proposed Bonds Issue are on normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

This IFA Letter has been prepared pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use of the Independent Directors in their consideration of the Proposed Bonds Issue. The recommendation made by the Independent Directors to the Shareholders in relation to the Proposed Bonds Issue shall remain the sole responsibility of the Independent Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of CICF in each specific case, other than for the purposes of the Proposed Bonds Issue.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
CEL IMPETUS CORPORATE FINANCE PTE. LTD.

NG BOON ENG
CHIEF EXECUTIVE OFFICER

ASHTON CHANG
ASSOCIATE DIRECTOR
CORPORATE FINANCE