

JASPER INVESTMENTS LIMITED
(Company Registration No. 198700983H)

**UPDATE ON PROPOSED CONSENSUAL SEPARATION
– SIGNING OF FRAMEWORK AGREEMENT**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Jasper Investments Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 22 August 2014, 25 August 2014, 11 September 2014, 19 November 2014 and 20 November 2014 (the “**Previous Announcements**”). Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings ascribed to them in the Previous Announcements.

The Board wishes to inform shareholders that further to the Previous Announcements, the Company has entered into a framework agreement dated 21 January 2015 (the “**Framework Agreement**”) with, among others, BW Asset Management Ltd (“**BWAM**”), Nordic Trustee ASA (the “**Trustee**”), Jasper Explorer plc (“**Jasper Explorer**”) and Green Star Drilling Limited (“**NewCo**”), in respect of the consensual transfer (the “**Proposed Disposal**”) of the Company’s entire ownership in all of its subsidiaries other than Jasper Adventurer Pte Ltd and Jasper Beacon Pte Ltd¹ (the “**Disposal Group**”). Following the Proposed Disposal, NewCo shall hold Jasper Explorer Pte. Ltd. (“**JEPL**”) and Jasper Drilling Pte. Ltd. (“**JDPL**”), and BWAM shall hold all other entities of the Disposal Group other than JEPL and JDPL (the “**Retained Group**”). BWAM is part of the Borrelli Walsh group, which provides specialist restructuring, insolvency and forensic accounting services. The Borrelli Walsh group has been appointed by the Trustee to provide restructuring and insolvency expertise in connection with the Proposed Disposal. Newco has been established on behalf of, and is controlled by, the Bondholders to own the assets secured to them for the Bonds.

The Framework Agreement contains substantively the same commercial terms for the Proposed Disposal as disclosed in the Previous Announcements of 19 and 20 November 2014 respectively.

The Company’s subsidiaries comprising the Disposal Group and their respective activities are as follows:

Name of subsidiary being disposed of pursuant to the Proposed Disposal	Principal activities
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¹ Jasper Adventurer Pte Ltd and Jasper Beacon Pte Ltd are in the process of members’ voluntary liquidation as at the date of this announcement.

JIL Limited	Investment holding
Amethyst Capital Ltd	Investment holding, treasury and finance
Turquoise Offshore Pte Ltd	Investment holding
Jasper Offshore (Cyprus) Ltd	Investment holding
Neptune Marine & Drilling Pte Ltd	Dormant
Jasper Explorer plc	Investment holding
Jasper Explorer Pte Ltd	Owner of drilling rig
Jasper Drilling Pte Ltd	Offshore drilling services
Jasper Cosmopolitan Pte Ltd	Owner of accommodation vessel
Jasper Management Services Pte Ltd	Management services
Jasper (Congo) Pte Ltd	Dormant

2. KEY TERMS OF THE PROPOSED DISPOSAL

- 2.1 The consideration for, *inter alia*, the Proposed Disposal (the “**Consideration**”) shall be (i) US\$1 and (ii) the transfer to the Company of Bonds in a principal face amount of US\$3 million (the “**Consideration BVI Bonds**”) held in the name of JIL Limited (being one of the Company’s subsidiaries that will be transferred to BWAM pursuant to the Proposed Disposal). The Consideration shall be payable to the Company at completion of the Proposed Disposal (“**Completion**”).

The Consideration was arrived at based on arm’s length negotiations after taking into account, *inter alia*, the liabilities of certain companies in the Disposal Group in comparison to their assets.

- 2.2 The Proposed Disposal is conditional upon the approval of, *inter alia*, the Framework Agreement by the shareholders of the Company in a general meeting, to the extent necessary under the listing rules of the Singapore Exchange Securities Trading Limited and other applicable law (unless such requirement is otherwise waived) (the “**Condition**”).
- 2.3 At Completion, the Company shall pay BWAM the sum of US\$100,000 (the “**BWAM Fee**”) as a one-off non-refundable payment to cover the fees, costs and expenses of BWAM in connection with the winding up of the entities in the Retained Group.
- 2.4 At Completion, Jasper Explorer shall transfer its entire ownership in JEPL and JDPL

to NewCo for a consideration of US\$1.

- 2.5 The Group currently holds Bonds in a principal face amount of US\$6 million (the “**BVI Bonds**”). The BVI Bonds are held in the name of JIL Limited, a subsidiary to be transferred under the Proposed Disposal.

As stated in paragraph 2.1 above, 50% of these BVI Bonds (i.e. the Consideration BVI Bonds) shall be transferred to the Company as part of the Consideration payable to the Company for the Proposed Disposal. The remaining 50% of the BVI Bonds shall be transferred from JIL Limited to Newco post-Completion.

- 2.6 BWAM shall be entitled to retain and be paid 20% of any recoveries realised by the Retained Group, and the remaining 80% of any such recoveries shall be paid to NewCo. The Company will not receive any such recoveries.
- 2.7 The Trustee may in its sole discretion terminate the Framework Agreement by notice to the other parties at any time after 5.00 pm London time on 15 March 2015, if the Condition has not been satisfied by such date. Upon the termination of the Framework Agreement, the Framework Agreement shall be of no further force and effect, save in respect of accrued rights and obligations as at the date of termination.

3. INTENDED USE OF THE CONSIDERATION

Subject to the legal completion of the Proposed Disposal, it is the intention of the Board to utilise the Consideration, particularly the Consideration BVI Bonds, to strengthen the Company’s financial position, whether by retaining the Consideration BVI Bonds as an asset to supplement its balance sheet, or by selling the Bonds for the purpose of raising working capital or to meet other obligations and/or liabilities as the Board considers fit.

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

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

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

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

Rule	Basis	Relative Bases (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	70.51
1006(b)	The net profits/losses attributable to the assets acquired or disposed of, compared with the Group's net profits/losses.	99.51
1006(c)	The aggregate value of the consideration ² given or received, compared with the Company's market capitalisation ³ based on the total number of issued shares, excluding treasury shares	2.03
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable, as no equity securities in the Company are proposed to be issued as consideration for the abovementioned transaction.

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

5. THE WAIVER APPLICATION AND INTENDED RATIFICATION OF THE PROPOSED DISPOSAL

As the relative figures under Rules 1006(a) and 1006(b) of the Listing Manual for the transaction exceed 20%, the Company is required to obtain shareholders' approval for the Proposed Disposal under Rule 1014 of the Listing Manual.

In this regard, the Company has applied to the SGX-ST for a waiver from having to comply strictly with Rule 1014, and to seek the SGX-ST's concurrence that the Company can proceed to obtain shareholders' approval to ratify the Proposed Disposal after Completion (the "**Waiver**"). The Company will announce the outcome

² Based on the estimated market value of the Consideration BVI Bonds as at the date of this announcement, which amounts to approximately US\$450,000.

³ Based on 4,228,196,724 shares of the Company then in issue multiplied by S\$0.007, being the weighted average price of such shares transacted on the Market Day preceding the date of the Framework Agreement and at an exchange rate of S\$1.33 : US\$1.00.

of the application in due course.

Morton Bay (Holdings) Pte Ltd, the Company's majority shareholder holding an interest of approximately 80.8% in the issued shares of the Company, is fully supportive of the Proposed Disposal and has agreed that it will vote in favour of the Proposed Disposal if an extraordinary general meeting is convened to approve or ratify (as the case may be) the Proposed Disposal.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The consensual Proposed Disposal is expected to pose benefits for the Company and its prospects, which the Company would be unable to enjoy in the event of a non-consensual disposal of the Pledged Assets (as defined herein).

Under the terms of the Bonds, all of the shares in each of Jasper Explorer, JEPL and JDPL (the "**Pledged Assets**") have been pledged and charged in favour of the Trustee, as security for the Obligors' obligations under the Bonds (the "**Share Charges**"). Upon the occurrence of an event of default under the Bonds ("**Event of Default**"), the Trustee has the right to enforce the Share Charges and to take possession of and/or dispose of the Pledged Assets, so as to apply the proceeds of such disposal to, *inter alia*, discharge the Obligors' obligations and liabilities under the Bonds. As previously disclosed in the Company's announcement dated 19 November 2014, the Trustee has declared an Event of Default, and as such the Trustee is now entitled to unilaterally dispose of the Pledged Assets pursuant to the Share Charges without obtaining the approval of the Company's shareholders in general meeting.⁴

In light of the fact that a disposal of the Pledged Assets (or a part thereof) was likely to be forthcoming, the consensual Proposed Disposal was proposed as a more favourable alternative as it posed certain advantages over a disposal of the Pledged Assets, summarised as follows:

- (a) The Group's burn rate in respect of its business operations (other than administrative and compliance costs) from October to December 2014 is approximately US\$1.2 million. Following the Proposed Disposal, the Company will no longer have to bear the costs of running any of its loss-making operations, and can allocate more resources to sourcing for other income-generating ventures.

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In furtherance of its entitlement under the Bonds, the Trustee has terminated the standstill arrangement (as announced on 11 September 2014) and has exercised some of its rights under the Explorer Subsidiary Share Charges, comprising the charges over JEPL and JDPL (as announced on 19 November 2014). Notably, while the Trustee has only enforced certain rights under the Explorer Subsidiary Share Charges as at the date of this announcement, this does not preclude the possibility of the Trustee enforcing its rights under the share charge dated 3 June 2011 in respect of all the shares of Jasper Explorer granted in favour of the Trustee in the future.

- (b) Under the settlement reached with the Bondholders, the costs and expenses of winding down the Retained Group will be borne solely by BWAM instead of the Company (other than the BWAM Fee). The Company will not have to take on the responsibility of winding down its subsidiaries, or any liabilities (tax or otherwise) that may arise in connection with such winding down.
- (c) The Proposed Disposal will allow the Company to streamline its group structure over a shorter period of time (as opposed to the Company undertaking the winding up of its subsidiaries by itself). Streamlining the Group's structure by disposing of distressed and non-operating subsidiaries is expected to increase the value and marketability of the Company as a listed vehicle, which the Board anticipates would maximise shareholder value over and above returns from the Company's existing business.
- (d) As stated in the Company's announcement dated 19 November 2014, the Trustee has already exercised certain rights under the Explorer Subsidiary Share Charges. It is likely that the Trustee will proceed further with its enforcement action under the Explorer Subsidiary Share Charges and complete the transfer/disposal of JEPL and JDPL as the Obligors are currently unable to satisfy the payment demanded by the Trustee pursuant to the Acceleration Letter, and this in turn would cause additional costs to be incurred (such as professional and/or litigations costs in connection with enforcement action against the Obligors). The Trustee has proposed the Consensual Separation Plan as an alternative to enforcement action, which would allow the Group to avoid incurring additional costs unnecessarily.
- (e) Under the Proposed Disposal, the Company will be disposing of other subsidiaries in addition to the Pledged Assets. These additional subsidiaries comprise JIL Limited, Amethyst Capital Ltd, Turquoise Offshore Pte Ltd, Jasper Offshore (Cyprus) Ltd, Neptune Marine & Drilling Pte Ltd, Jasper Cosmopolitan Pte Ltd, Jasper Management Services Pte Ltd and Jasper (Congo) Pte Ltd (collectively, the "**Additional Disposal Subsidiaries**").

Most of these Additional Disposal Subsidiaries were established for corporate efficiency reasons (such as intercompany funds flow and contract structuring), do not earn income, and hold either no assets or a nominal amount of cash.

Jasper Cosmopolitan Pte Ltd is the only subsidiary out of the Additional Disposal Subsidiaries which holds a vessel asset of the Group (i.e. the Cosmopolitan vessel).⁵ However, no sale or charter contract has been successfully entered into in respect of the Cosmopolitan vessel as at the date of this response and the risk remains that Yulian Shipyard may exercise its right under its contract to transfer title in the Cosmopolitan vessel to itself, as Yulian Shipyard has not indicated its intentions in this regard. If Yulian

⁵ The other vessel asset of the Group is the Explorer vessel, which is owned by JEPL and mortgaged to the Trustee.

Shipyard elects to take this course, Jasper Cosmopolitan Pte Ltd will not receive any proceeds from the vessel.

As illustrated above, it can be seen that the Additional Disposal Subsidiaries do not add much value to the Company, and in fact add to its financial burden as operating costs continue to be incurred (as mentioned in sub-paragraph (a) above).

In light of the foregoing considerations, the Board and the Management are of the view that notwithstanding that the Proposed Disposal will result in the Company disposing of additional assets over and above what the Trustee is entitled to under the terms of the Bonds, the disposal of these Additional Disposal Subsidiaries is in the best interests of the Company.

7. FINANCIAL EFFECTS

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

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

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

US\$'000	Before Disposal	Proposed Disposal	After Proposed Disposal
NTA	294,771		3,269
Number of shares	4,226,796,724		4,226,796,724
NTA per share (cents)	6.97		0.08

Based on the above table, there will be a 98.9% change in the NTA after the Proposed Disposal.

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

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

US\$'000	Before Disposal	Proposed	After Proposed Disposal
Net profit/(loss) attributable to shareholders after tax	(33,523)		(325,025)
Number of shares	4,219,898,007		4,219,898,007
EPS (cents)	(0.79)		(7.70)

Based on the above table, there would be a change of 874.7% in the EPS after the Proposed Disposal.

Based on the latest announced unaudited financial statements of the Group for the half year ended 30 September 2014, the net book value and net tangible asset value of the Disposal Group is US\$14.88 million.

The net loss attributable to the Disposal Group for the half year ended 30 September 2014 is US\$280 million. The deficit of the proceeds over the book value of the Disposal Group is US\$14.43 million. The approximate loss on disposal to the Group would be expected to be US\$14.43 million.

8. CASH COMPANY – RULE 1018 OF THE LISTING MANUAL

It is envisaged that immediately subsequent to the completion of the Proposed Disposal, the Company will no longer have any subsidiaries or operating business and will be deemed a cash company under Rule 1018 of the Listing Manual. In this regard, the Company intends to take appropriate steps to comply with Rule 1018 (to the extent necessary).

The Company is currently considering various options available to the Company after it becomes a cash company and shareholders will be informed in due course after a definitive decision has been reached.

9. MISCELLANEOUS

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

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

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

Further announcements on this matter will be made in due course to provide shareholders with an update on the Proposed Disposal as and when appropriate.

BY ORDER OF THE BOARD

Paul Carsten Pedersen
Chief Executive Officer
22 January 2015