

CIRCULAR DATED 7 DECEMBER 2017

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

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL 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. Approval-in-principle has been granted by the SGX-ST on 1 December 2017 to the Company for the listing of and quotation for the 19,682,830,853 New Shares (as defined herein) on the Mainboard of the SGX-ST, subject to certain conditions. Approval-in-principle granted by the SGX-ST to the Company for the admission, listing of and quotation for the 19,682,830,853 New Shares is not to be taken as an indication of the merits of the Proposed Restructuring (as defined herein), the 19,682,830,853 New Shares, the Company and/or its subsidiaries.

If you have sold or transferred all your Shares, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) THE PROPOSED RESTRUCTURING (AS DEFINED HEREIN) AND ENTRY INTO THE RESTRUCTURING FRAMEWORK AGREEMENT AND THE DEFINITIVE AGREEMENTS (AS DEFINED HEREIN)**
- (2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 16,279,769,903 DE CONVERSION SHARES (AS DEFINED HEREIN) TO THE ICD CREDITORS (AS DEFINED HEREIN), THE OTHER DE CONVERSION PERSONS (AS DEFINED HEREIN) AND THE NEW INVESTORS (AS DEFINED HEREIN) AT THE DE CONVERSION PRICE (AS DEFINED HEREIN) OF SGD0.00395**
- (3) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 1,792,887,038 ICD REMAINING DEBT CONVERSION SHARES (AS DEFINED HEREIN) TO THE ICD CREDITORS (AS DEFINED HEREIN) AT THE ICD REMAINING DEBT CONVERSION PRICE (AS DEFINED HEREIN) OF SGD0.004**
- (4) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 1,518,987,342 SUBSCRIPTION SHARES (AS DEFINED HEREIN) TO THE NEW INVESTORS AT THE SUBSCRIPTION PRICE (AS DEFINED HEREIN) OF SGD0.00395**
- (5) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 91,186,570 DE CONVERSION SHARES (AS DEFINED HEREIN) TO THE DIRECTORS AT THE DE CONVERSION PRICE OF SGD0.00395**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	19 December 2017 at 11:00 a.m.
Date and time of EGM	:	22 December 2017 at 11:00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place)
Place of EGM	:	31 Harrison Road, Level 3, Food Empire Building, Singapore 369649

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

ACRA	:	The Accounting and Corporate Regulatory Authority of Singapore.
Articles of Association	:	The articles of association of the Company.
“Audit Committee”	:	The audit committee of the Company.
BWIL	:	BW Investment Limited.
BWIL Loan Agreement	:	The amended and restated loan agreement dated 2 September 2015 and entered into between BWIL and the Company.
BWIL Subscription Agreement	:	The amended and restated subscription agreement dated 2 September 2015 and entered into between BWIL and the Company.
Business Day	:	A day (excluding Saturday, Sunday and public holidays) on which banks are open for business in Singapore.
Circular	:	This Shareholder’s circular in relation to the Proposed Restructuring.
Court	:	The High Court of the Republic of Singapore.
Company	:	Oceanus Group Limited.
Companies Act	:	The Companies Act, Chapter 50 of Singapore.
Conditions Precedent	:	Has the meaning given to it in Section 5 of this Circular.
Creditors’ Rebalancing Exercise	:	Has the meaning given to it in Section 3.2(a) of this Circular.
Creditors Rebalancing Exercise Deed of Assignment	:	A deed of assignment dated 26 July 2017 between the ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors, under which the ICD Creditors, the Other DE Conversion Persons and the Directors have agreed to assign an aggregate of SGD31,960,038 of the ICD Creditors’ Existing Debt, the Other DE Conversion Persons’ Existing Debt and the Directors’ Existing Debt to the New Investors.
DE Conversion	:	The conversion of outstanding debt owed by the Company to the ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors into DE Conversion Shares at the DE Conversion Price in accordance with the terms of the DE Conversion and Shares Subscription Agreement.
DE Conversion Price	:	The price of SGD0.00395 per DE Conversion Share.

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DE Conversion Shares	:	The new Shares allotted pursuant to the DE Conversion under the terms and subject to the conditions of the DE Conversion and Shares Subscription Agreement.
DE Conversion and Shares Subscription Agreement	:	An agreement in respect of the issuance of the DE Conversion Shares and subscription of the Subscription Shares dated 26 July 2017 between the Company, the ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors.
Deed of Cancellation of Warrants	:	A deed of cancellation of warrants dated 26 July 2017 between the ICD Creditors and the Company, pursuant to which the ICD Creditors have agreed to a cancellation of all ICD Warrants.
Deed of Termination and Release	:	A deed of termination and release dated 26 July 2017 between the Company, OAG, OAC China, the ICD Creditors and the Security Trustee, pursuant to which the parties have agreed to terminate the Intercreditor Deed.
Definitive Agreements	:	Has the meaning given to it in Section 3.3 of the Circular.
Depository	:	The Central Depository Private Limited.
Directors	:	The director(s) of the Company as at the Latest Practicable Date.
Directors Converted Debt	:	The aggregate amount of SGD360,188 owing by the Company to the Directors. Please refer to Section 6.4 of this Circular for further details.
Directors Existing Debt	:	Has the meaning given to it in Section 2.2(c) of this Circular.
EGM	:	Extraordinary General Meeting.
Fotan Property	:	The entire land and buildings situated at Fotan Town, Zhangpu County, Fujian Province, PRC, including all plants and machinery which at the Latest Practicable Date owned legally by OAC China.
FYE	:	Financial year ended or financial year ending.
Government	:	Any government, state or municipality or any local, state, federal or other authority, body or official, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
Gulei Authority	:	Has the meaning given to it in Section 2.5(b)(iii) of this Circular.
Gulei Property	:	The entire land and buildings situated at Gulei Town and Duxun

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	:	Town, Zhangpu County, Fujian Province, PRC, including all plants and machinery which at the Latest Practicable Date are owned legally or leased by OAC China.
Gulei Creditor	:	Has the meaning given to it in Section 2.5(b)(ii) of this Circular.
Gulei Disposal	:	Has the meaning given to it in Section 2.5(b)(iii) of this Circular.
Group	:	The Company and its subsidiaries.
Huilai Property	:	The entire land and buildings situated at Qianzhan Town, Shengquan Town, Xian-an Town and Jinghai Town, Huilai County, Guangdong Province, PRC, including all plants and machinery which at the date of this Deed is owned legally or leased by OAC China.
ICD Creditors	:	BWIL, OWIL and OKGL, and each, an ICD Creditor .
ICD Creditors Converted Debt	:	The aggregate amount of SGD29,565,492 owing by the Company to the ICD Creditors. Please refer to Section 6.2 of this Circular for further details.
ICD Creditors Existing Debt	:	A debt balance (including accrued interest) of approximately SGD81,438,077 under the ICD Facilities owing and due by the Company to the ICD Creditors.
ICD Facilities	:	The loan facilities granted by the ICD Creditors to the Company pursuant to the OWIL Loan Agreement, the BWIL Loan Agreement and the OKGL Loan Agreement.
ICD Remaining Debt	:	Has the meaning given to it in Section 3.2 of this Circular.
ICD Remaining Debt Conversion Shares	:	The new Shares to be issued to the ICD Creditors in relation to the conversion of part or all of the ICD Remaining Debt owing by the Company to the ICD Creditors at the ICD Remaining Debt Conversion Price.
ICD Remaining Debt Conversion Price	:	SGD0.004 per ICD Remaining Debt Conversion Share.
ICD Subscription Agreements	:	Collectively, the OWIL Subscription Agreement, the BWIL Subscription Agreement and the OKGL Subscription Agreement.
ICD Warrant(s)	:	Warrants issued and currently held by the ICD Creditors.
Intercreditor Deed	:	An intercreditor deed dated 2 September 2015 (as amended, restated, varied or supplemented from time to time) and entered into between, <i>inter alia</i> , the ICD Creditors and the Company.
Latest Practicable	:	The latest practicable date prior to the printing of this Circular being 1

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Date	:	December 2017.
Listing Manual	:	Listing manual of the Mainboard of the SGX-ST.
Long Stop Date	:	26 July 2018.
MLS	:	Morgan Lewis Stamford LLC.
New Investors	:	The parties set out in Appendix.
New Investors Converted Debt	:	The aggregate amount of SGD31,960,038 owing by the Company to the New Investors. Please refer to Section 6.5 of this Circular for further details.
New Shares	:	The 19,682,830,853 new Shares (comprising the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares to be issued pursuant to the Proposed Restructuring.
OWIL	:	Ocean Wonder International Limited.
OAC China	:	Oceanus (China) Aquaculture Co. Ltd. or (欧圣(中国)养殖有限公司).
OAG	:	Oceanus Aquaculture Group Pte. Ltd.
OAG Share Charge	:	The Singapore law governed share charge dated 2 September 2015 entered into between (1) the Company, as chargor and (2) the Security Trustee, as chargee.
OAC China Share Pledge	:	The PRC law governed pledge of equity dated 2 September 2015 entered into between (1) OAG, as pledgor, (2) OAC (China) and (3) the Security Trustee, as pledgee.
OKGL	:	Ocean King Group Limited.
OKGL Loan Agreement	:	The amended and restated loan agreement dated 30 July 2015 and entered into between OKGL and the Company.
OKGL Subscription Agreement	:	The amended and restated subscription agreement dated 30 July 2015 and entered into between OKGL and the Company.
Other DE Conversion Persons	:	The parties set out in Appendix.
Other DE Conversion Persons Converted Debt	:	The aggregate amount of SGD2,779,560 owing by the Company to the Other DE Conversion Persons. Please refer to Section 6.3 of this Circular for further details.

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Other DE Conversion Persons Existing Debt	:	Has the meaning given to it in Section 2.2(b) of this Circular.
OWIL Loan Agreement	:	The amended and restated loan agreement dated 2 September 2015 and entered into between OWIL and the Company.
OWIL Subscription Agreement	:	The amended and restated subscription agreement dated 2 September 2015 and entered into between OWIL and the Company.
PRC	:	People's Republic of China.
PRC Subsidiaries	:	The Company's wholly-owned Subsidiaries in the PRC, including OAC China.
Proposed Restructuring	:	The proposed debt restructuring of the Company in the manner as set out in Section 3 of this Circular.
Record Date	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
Resolution(s)	:	Refers to Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 5 and Ordinary Resolution 5.
Restructuring Framework Agreement	:	A restructuring agreement dated 26 July 2017 between the Company, the ICD Creditors, the Other DE Conversion Persons and the Directors that sets out the framework for the Proposed Restructuring.
RMB	:	Renminbi, the lawful currency of the PRC.
Secured Assets	:	The properties held by the Security Trustee for the ICD Creditors under the terms and subject to the conditions of the Intercreditor Deed.
Security	:	A mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.
Security Documents	:	The OAG Share Charge and the OAC China Share Pledge.
Security Trustee	:	Madison Pacific Pte. Ltd.
SFA	:	The Securities and Futures Act, Chapter 289 of Singapore.
SGX-ST	:	The Singapore Exchange Securities Trading Limited.
Shares	:	The ordinary shares of the Company.

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Shareholders	:	The shareholders of the Company.
SIC	:	The Securities Industry Council of Singapore.
Subscription	:	The subscription of the Subscription Shares at the Subscription Price by the New Investors.
Subscription Amount	:	The amount of consideration provided by each New Investor under the terms and subject to the conditions of the DE Conversion and Shares Subscription Agreement as set out in Section 8.1 of this Circular.
Subscription Price	:	The price of SGD0.00395 per Subscription Share.
Subscription Shares	:	The 1,518,987,342 new Shares to be issued pursuant to the DE Conversion and Shares Subscription Agreement.
Subsidiary/ Subsidiaries	:	Has the meaning ascribed thereto by Section 5 of the Companies Act.
Term Sheet Dated 27 May 2016	:	The non-binding indicative term sheet entered into by the Company, OWIL and BWIL on 27 May 2016.
Term Sheet Dated 8 September 2016	:	The binding term sheet entered into by the Company, OWIL and BWIL on 8 September 2016.
Term Sheet Dated 12 December 2016	:	The binding term sheet entered into by the Company and the ICD Creditors on 12 December 2016.
Term Sheet Dated 24 January 2017	:	The amended and restated term sheet entered into by the following parties on 24 January 2017 in relation to the Proposed Restructuring: (a) the Company; (b) the ICD Creditors; (c) the Other DE Conversion Persons; ; and (d) Directors.
SGD	:	The lawful currency of Singapore.
Whitewash Waiver	:	Has the meaning given to it in Section 5(c) of this Circular.

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

DEFINITIONS

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

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 Companies Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person. Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

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

Board of Directors:

Mr. Peter Koh Heng Kang (Executive Director and CEO)
Mr. Stephen Lee (Non-Executive Director)
Mr. Kee Poir Mok (Independent Director)
Mr. Alvin Yeo Kan Yen (Lead Independent Director)
Mr. Jason Kardachi (Non-Executive Director)
Mr. Wong Ann Chai (Independent Director)

Registered Office:

31 Harrison Road,
#11-03/04 Food Empire Building,
Singapore 369649

7 December 2017

To: The Shareholders of Oceanus Group Limited

Dear Sir/Madam,

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with information relating to, and seek your approval for:-

- (a) the Proposed Restructuring and the Company's entry into the Restructuring Framework Agreement and the Definitive Agreements;
- (b) the proposed allotment and issue of up to 16,279,769,903 DE Conversion Shares to the ICD Creditors, the Other DE Conversion Persons and the New Investors at the DE Conversion Price of SGD0.00395;
- (c) the proposed allotment and issue of up to 1,792,887,038 ICD Remaining Debt Conversion Shares to the ICD Creditors at the ICD Remaining Debt Conversion Price of SGD0.004;
- (d) the proposed allotment and issue of up to 1,518,987,342 Subscription Shares to the New Investors at the Subscription Price of SGD0.00395; and
- (e) the proposed allotment and issue of up to 91,186,570 DE Conversion Shares to the Directors at the DE Conversion Price of SGD0.00395,

each of which is inter-conditional on each other. This means that if any of the foregoing Resolutions is not approved by Shareholders, the other Resolutions in this Section 1 will not be passed.

The notice of the EGM is set out on page N-1 of this Circular.

LETTER TO SHAREHOLDERS

2. BACKGROUND

2.1 Summary of the Group's Financial Position

The Company has yet to convene an annual general meeting to present the audited financial statements for the Group for FYE 31 December 2016. The Group's financial position in this Section 2.1 will be based on the unaudited full year financial statements for the 12 months ended 31 December 2016 of the Group and the audited financial statements for the Group for FYE 31 December 2015 and FYE 31 December 2014.

(a) **Summary of the Company's Balance Sheet for FYE 2014, FYE 2015 and FYE 2016**

As at 31 December 2015, the Group's current liabilities exceeded current assets by RMB557,417,000. The accumulated losses for the Group were RMB1,844,232,000, resulting in a negative shareholder value of RMB397,763,000 to the Group.

As at 31 December 2016, the Group's current liabilities exceeded current assets by RMB578,755,000. The accumulated losses for the Group were RMB1,981,375,000, resulting in a negative shareholder value of RMB476,879,000 to the Group.

A summary of the Group's consolidated balance sheet for FYE 2014, FYE 2015 and FYE 2016 is set out below:

	The Group		
	31 December 2016	31 December 2015	31 December 2014
	(RMB'000)	(RMB'000)	(RMB'000)
ASSETS			
Non-Current Assets			
Property, plant and equipment	141,776	197,657	261,739
Prepaid leases	7,011	6,007	8,045
Subsidiaries	-	-	-
	148,787	203,664	269,784
Current Assets			
Inventories	72	110	-

LETTER TO SHAREHOLDERS

Trade receivables	14	74	-
Other receivables	(2,761)	4,685	1,568
Biological assets	8,529	2,418	41
Cash and bank balances	7,181	2,209	3,965
	13,035	9,496	5,574
Total assets	161,822	213,160	275,358

EQUITY AND LIABILITIES

Capital and Reserves

Share capital	2,413,255	2,413,255	2,373,685
Reserves:	(2,890,134)	(2,811,018)	(2,694,392)
Capital reserve	(1,137,504)	(1,137,504)	(1,137,504)
Warrant reserve	162,066	101,651	101,651
Currency translation reserve	27,417	29,805	49,191
Statutory reserve	39,262	39,262	39,262
Accumulated losses	(1,981,375)	(1,844,232)	(1,746,992)
Equity attributable to owners of the Company	(476,879)	(397,763)	(320,707)
Total equity	(476,879)	(397,763)	(320,707)

Non-Current Liabilities

Convertible loans	34,582	-	-
Deferred tax liabilities	1,922	-	1,944
Loans and borrowings	8,393	44,010	7,479
Deferred taxes	2,014		
	46,911	44,010	9,423

LETTER TO SHAREHOLDERS

Current Liabilities

Trade payables	3,592	10,662	15,176
Other payables	107,518	91,781	91,908
Loans and borrowings	-	4,093	29,056
Convertible loans	286,032	295,312	283,456
Derivative liability	170,700	141,117	143,098
Current tax payable	23,948	23,948	23,948
	591,790	566,913	586,642
Total liabilities	638,701	610,923	596,065
Total equity and liabilities	161,822	213,160	275,358

(b) **Summary of Profit & Loss Statement for the FYE 2014, FYE 2015 and FYE 2016**

The Group incurred a pre-tax loss of RMB101,182,000, after-tax loss of RMB101,182,000 and a total comprehensive loss of RMB74,701,000 for the FYE 31 December 2016.

The Group incurred a pre-tax loss of RMB102,552,000, after-tax loss of RMB97,240,000 and a total comprehensive loss of RMB116,626,000 for the FYE 31 December 2015.

Nevertheless, this was an improvement from the previous year, where the Group incurred a pre-tax loss of RMB414,055,000, after-tax loss of RMB399,584,000 and a total comprehensive loss of RMB378,135,000 for the FYE 31 December 2014.

A summary of the Group's profit and loss statement for the FYE 2014, FYE 2015 and FYE 2016 is set out below:

	Year ended	Year ended	Year ended
Continuing operations	31 December 2016	31 December 2015	31 December 2014
	(RMB'000)	(RMB'000)	(RMB'000)

LETTER TO SHAREHOLDERS

Revenue	9,608	4,844	9,267
Cost of inventories	(3,901)	(3,759)	(9,267)
(Loss)/Gain arising from changes in fair value less costs to sell biological assets	5,748	5,155	(11,440)
Foreign currency gain/(loss)	9,950	-	-
Other operating income	12,844	20,830	916
Feed used	(250)	(2,017)	(10,570)
Electricity, fuel and water	(860)	(2,054)	(9,566)
Staff costs	(7,131)	(11,274)	(20,806)
Impairment loss on prepaid leases	-	(1,492)	(2,800)
Impairment loss on property, plant and equipment	-	(44,335)	(180,097)
Depreciation of property, plant and equipment	(56,914)	(18,530)	(59,299)
Other operating expenses	(11,136)	(14,971)	(28,919)
Fair value loss on financial derivatives, net	-	-	(25,418)
Finance costs	(59,140)	(34,949)	(66,056)
Loss before taxation	(101,182)	(102,552)	(414,055)
Income tax expense	-	1,890	4,006
Loss for the year from continuing operations	(101,182)	(100,662)	(410,049)
Discontinued operations			
Profit for the year from discontinued operations	(936)	3,422	10,465
Loss for the year	(102,118)	(97,240)	(399,584)
Loss attributable to:			
Owners of the Company	(102,118)	(97,240)	(399,584)
	(102,118)	(97,240)	(399,584)

LETTER TO SHAREHOLDERS

Loss per share

From continuing and discontinued operations

Basic and diluted (fen)	(2.23)	(2.51)	(10.98)
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From continuing operations

Basic and diluted (fen)	(2.23)	(2.60)	(11.27)
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Loss for the year	(102,118)	(97,240)	(399,584)
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Other comprehensive income after tax

Items that will be reclassified subsequently to profit or loss

Exchange differences on translation of foreign operations at nil tax	27,417	(19,386)	21,449
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Total comprehensive loss for the year, net of tax	(74,701)	(116,626)	(378,135)
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2.2 The Company's Key Creditors

The Company has had to constantly manage a high and unsustainable level of debt due to its key creditors. The Company's key creditors are set out below:-

(a) ICD Creditors

The ICD Creditors are creditors of the Company under the ICD Facilities. The respective debt balances under the ICD Facilities are secured against the properties as set out in the Intercreditor Deed.

As of 30 June 2016, the total outstanding debt balance (including accrued interest) under the ICD Facilities is approximately SGD81,438,077, representing approximately 61.2% of the total outstanding debts of the Company.

By way of the Intercreditor Deed, the Company had also pledged all of its assets in its PRC Subsidiaries to the ICD Creditors.

(b) The Other DE Conversion Persons

The Other DE Conversion Persons are creditors of the Company in respect of unpaid former director fees as well as professional services fees owing to the Other DE Conversion Persons by the Company.

LETTER TO SHAREHOLDERS

As of 31 December 2016, the total outstanding debt balance (including accrued interest) owing to the Other DE Conversion Persons is SGD2,837,415 ("**Other DE Conversion Persons Existing Debt**"), representing approximately 2.1% of the total outstanding debts of the Company.

(c) **Directors**

The Directors are creditors of the Company in respect of unpaid director fees by the Company.

As of 31 December 2016, the total outstanding debt balance (including accrued interest) owing to the Directors is SGD389,786 ("**Directors Existing Debt**"), representing approximately 0.3% of the total outstanding debts of the Company.

2.3 The Company's Warrants

The total number of ICD Warrants issued and outstanding by the Company to the ICD Creditors as at the Latest Practicable Date, is 3,678,761,495. The ICD Warrants issued to OKGL are each exercisable into one (1) Share at an exercise price of SGD0.013 per Share and the ICD Warrants issued to OWIL and BWIL are each exercisable into one (1) Share at an exercise price of SGD0.02167 per Share.

2.4 Entry onto the SGX-ST Watch-list

The Company has had to navigate a challenging business environment as well as management over its PRC Subsidiaries.

On 14 December 2015, the Company was placed on the SGX-ST Watchlist (under the financial criteria) as the Company had recorded pre-tax losses for three (3) most recently completed financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than SGD40,000,000 over the previous 16 months.

On 2 June 2016, SGX-ST also notified the Company of its inclusion on the SGX-ST Watchlist (under the Minimum Trading Price entry criteria) with effect from 5 June 2016 as the Company recorded a volume-weighted average price of less than SGD0.20 and an average daily market capitalisation of less than SGD40,000,000 over the previous 6 months, calculated in accordance with the calculation methodology as set out in Paragraph 2.4, Practice Note 13.2 of the SGX-ST Listing Manual.

The Company further announced on 2 June 2017 that SGX-ST had notified the Company that the Company must take active steps to achieve volume-weighted average price of at least SGD0.20 and an average daily market capitalisation of SGD40 million or more within 36 months from 5 June 2017, failing which the SGX-ST would delist the Company from the Official List of the Mainboard of the SGX-ST or suspend trading in the Shares of the Company with a view to delisting the Company from the Official List of the Mainboard of the SGX-ST.

To this extent, the Company has been taking active steps for its removal from the Watch-List and to meet the requirements of Rule 1314 of the Listing Manual.

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2.5 The Company's business operations prior to the Proposed Restructuring

The Company's business operations are concentrated in its PRC Subsidiaries and have been affected by its difficult financial position as well as other extenuating factors. Previously, the Company's business model of growing abalones to maturity was heavily reliant on the productivity of its land-based abalone farms.

In recent years, these land-based farms have suffered a series of setbacks in its operations. The most significant setback was the tropical cyclone Typhoon Usagi. Typhoon Usagi hit Guangdong, costal Zhejiang and Fujian provinces in China, where majority of the Group's abalone land-farms were situated. As announced on 23 September 2013, the Board was informed that the typhoon had caused significant infrastructural damage to the abalone farming and production facilities in the Huilai Property, the Gulei Property and the Fotan Property. For the FYE 2013, the Group had to write-off an aggregate of RMB81,808,000 of its property, plant and equipment ("**PPE**"). For the years subsequent to the typhoon, the Group also recognized impairment charges on the value of its PPE of RMB53,401,000 in FYE 2013, RMB180,097,000 in FYE 2014 and a further write-down of RMB44,335,000 in FYE 2015 respectively. The figure of RMB81,808,000 represents a write-off for certain PPE assets, whereas the figure of RMB53,401,000 represents the impairment to the value of PPE assets (i.e. these impairment charges can still be subject to value adjustments). The Group also suffered significant loss on its inventory, as a substantial number of biological assets perished in the typhoon. The Company has since found the cost of maintaining farming operations in these affected land-based farms unsustainable.

(a) Huilai Property

(i) Operations of Huilai Property Post Typhoon Usagi

Before Typhoon Usagi, the Huilai Property was one of the Group's key abalone production sites. Typhoon Usagi resulted in significant damage and destruction to the Huilai Property, including *inter alia* the buildings, production facilities as well as biological assets. The Company did not have sufficient funds to reinstate Huilai Property back to normal operating conditions.

For the subsequent financial years of 2014 and 2015, the Huilai Property incurred mark to market impairment losses of RMB32,234,643 and RMB30,525,905 respectively. While efforts have been made to revive the Company's farming operations, there has been little improvement in the farm's ability to generate a steady stream of revenue. With the cost of repairs as well as ongoing maintenance to the Huilai Property already placing a considerable strain on the Company's resources, the Company expected that the Huilai Property would become fully impaired by FYE 31 December 2015. Accordingly, as of FYE 31 December 2015, Huilai Property had zero book value.

(ii) Disposal of Huilai Property

At present, the Company does not have sufficient capital to maintain operations on the Huilai Property in the long term. The Company has also considered that reinstating the Huilai Property to maintain operations on the

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Huilai Property is not an efficient use of resources, in light of the increasing maintenance costs of and diminishing returns from the Huilai Property.

As such, the Company intends to and will proceed with its intention to fully dispose of the Huilai Property in order to realize some return on the property. The proceeds from the disposal of the Huilai Property will be used for the Company's working capital purposes.

(b) **Gulei Property**

(i) **Operations of Gulei Property Post Typhoon Usagi**

In the financial years of 2014 and 2015, the Company achieved sales of RMB9,267,000 and RMB3,759,000 respectively from the operations of the Gulei Property.

The Company incurred RMB60,710,742 of impairment losses in FYE 2014, but subsequently recorded a gain of RMB4,595,222 in FYE 2015 in respect of the Gulei Property.

(ii) **Loss of control over Gulei Property**

On 14 March 2016, a firm, 华信中安保安服务有限公司, which was providing security protection services at an abalone farm of OAC China in Gulei Zhangzhou, Fujian Province, PRC (the "**Gulei Creditor**") informed management that they had taken possession of the Gulei Property. The Gulei Creditor had previously alleged that there was late payment from OAC China in respect of protection service fees, claiming an outstanding sum of RMB1,480,000 as at 31 December 2014 and RMB5,900,000 as at 29 February 2016 respectively. This claim was disputed by OAC China. Despite being an unsecured trade creditor, the Gulei Creditor then sought to possess the Gulei Property, which had a negative impact on business operations. Nevertheless on 5 April 2016, OAC China successfully regained control and physical possession of the farm and resumed regular farming operations.

(iii) **Acquisition of Gulei Property**

On 6 March 2017, the Company announced the intention of Guleizhen People's Government (古雷镇人民政府) (the "**Gulei Authority**") to compulsorily acquire 13 abalone farms of OAC China for purposes of urban planning by the Gulei Authority (the "**Gulei Disposal**"). As announced, OAC China has received from the Gulei Authority duly executed compensation agreements, the terms of which include but are not limited to the amount of compensation to be received by Oceanus Aquaculture Limited for the Gulei Disposal as well as the further steps involved for the completion of the Gulei Disposal. The gross aggregate compensation amount stated in the compensation agreements is RMB182,512,767.45. However this amount is subject to adjustments and deductions for various charges and fees, such as administrative charges, penalties and reinstatement costs.

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The proceeds from the Gulei Disposal will be used to alleviate the Company's post-restructuring debt, including but not limited to repayment of a portion of the ICD Remaining Debt. Further details of the ICD Remaining Debt are set out in Section 3.2 of this Circular.

Further, the Gulei Disposal is not likely to have a material impact on the Company's business operations as the Company will relocate its existing operations to its farms on the Fotan Property, which are adequate for the Company's new business model of focusing on abalone hatchery which requires less farm land, instead of focusing on land-based abalone farming. Further details on the Company's plans for its new business model are set out in Section 4 of this Circular.

(c) **Fotan Property**

(i) **Operations of Fotan Property Post-Typhoon Usagi**

The Group recognized impairment losses of RMB78,113,435 for FYE 2014 and RMB20,086,409 for FYE 2015 due to Typhoon Usagi. Currently, there are no operations on the Fotan Property after Typhoon Usagi as Company did not have sufficient capital to repair the infrastructure on the Fotan Property.

(ii) **Development of New Abalone Hatcheries**

The Company has been laying the groundwork for the Fotan Property to house hatcheries for abalone juvenile spawns, as part of its new model business plans. Further details are set out in Section 4 of this Circular.

3. THE PROPOSED RESTRUCTURING

3.1 Rationale for Proposed Restructuring

The Proposed Restructuring of the Company serves a dual function:

- (a) to facilitate a comprehensive reduction of the Company's current debt obligations with key creditors; and
- (b) to build a platform for the Company to restructure its operations as well as pursue new business opportunities in the long term.

The first aspect of the Proposed Restructuring addresses the Company's financial position. The Company needs to reduce the significant amount of current liabilities owed to key creditors. The Proposed Restructuring presents a better alternative than liquidation. As all of the Group's assets had been pledged to the ICD Creditors under the Interc Creditor Deed, the Company's other creditors would likely not receive any returns in the event of liquidation. Shareholders, as residual owners of the Company, would not receive any returns from the Company at all. As such, the Proposed Restructuring presents an opportunity for the Company to comprehensively restructure its debt with existing key creditors in a way that

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would significantly reduce the debt burden of the Company and alleviate pressures faced by the Company on its cash flow.

Secondly, in tandem with reducing its financial obligations, the Company has put together a comprehensive post-restructuring plan to revamp its existing business operations as well as look for new business opportunities. In this regard, the reduction of financial obligations would provide a sound foundation for management to execute this post-restructuring business plan, make a fresh start with respect to its business operations as well as to embark on new business opportunities. Further details of the Company's post-restructuring business plans are set out in Section 4 of this Circular.

In all, the Company is confident that seeking to effect a restructuring of its liabilities and operations through the Proposed Restructuring would maximise the value of the Group for both its creditors and Shareholders and to ensure the long-term sustainability and competitiveness of the Group with a view to deliver value to Shareholders through growth in earnings, profit and share price in the near future.

3.2 Reduction of the Company's debt under the Proposed Restructuring

To achieve a long-term resolution to the Company's financial position, management commenced negotiations with creditors and key stakeholders of the Company to restructure the Group's financial obligations.

Negotiations with the creditors and key stakeholders of the Company, including the ICD Creditors, commenced as early as the first quarter of 2016. These negotiations resulted in the Company entering into a non-binding indicative term sheet dated 27 May 2016 (the "**Term Sheet dated 27 May 2016**") with OWIL and BWIL, which set the basis for the Proposed Restructuring. The parties then agreed that (i) the Group's financial obligations to OWIL and BWIL would be restructured and (ii) in order to raise funds for the Group's post-restructuring operations, the Company would procure new investors to subscribe for SGD5 million of new Shares representing approximately 29.91% of the issued share capital of the Company on a fully diluted basis post-restructuring and management to subscribe for SGD1 million of new Shares representing 11.96% of the issued share capital of the Company on a fully diluted basis post-restructuring.

On 8 September 2016, the Company entered into a binding term sheet ("**Term Sheet Dated 8 September 2016**") with OWIL and BWIL in respect of the Proposed Restructuring.

The Company continued to negotiate with its remaining major creditor, OKGL to restructure the Group's financial obligations owing to OKGL. In December 2016, OKGL agreed to restructure the Group's financial obligations owing to OKGL. The Company consequently entered into a binding term sheet on 12 December 2016 ("**Term Sheet Dated 12 December 2016**") with the OWIL, BWIL and OKGL (i.e. the ICD Creditors).

The Company continued to negotiate with its other creditors to restructure the Group's financial obligations owing to these other creditors. In January 2017, these other creditors agreed to restructure the Group's financial obligations owing to these other creditors. On 24 January 2017, the Company subsequently entered into a term sheet ("**Term Sheet Dated 24 January 2017**") with the ICD Creditors, the Other DE Conversion Persons and the Directors, in respect of the Proposed Restructuring. All debt owing to the ICD Creditors, the Other DE

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Conversion Persons and the Directors will be converted into DE Conversion Shares at the DE Conversion Price of SGD0.0395 leaving an outstanding amount of SGD20,000,000 owing by the Company to the ICD Creditors (the “**ICD Remaining Debt**”) and the ICD Warrants. The Subscription Price of SGD0.00395 was also agreed between the parties in the Term Sheet Dated 24 January 2017.

After 24 January 2017, the Company and the ICD Creditors had further negotiations on the repayment of the ICD Remaining Debt and how to resolve the ICD Warrants. On 26 July 2017, the Company entered into the Restructuring Framework Agreement with the ICD Creditors, the Other DE Conversion Persons and the Directors to amend the terms of the Proposed Restructuring under the Term Sheet Dated 24 January 2017. The Company and the ICD Creditors agreed that the ICD Remaining Debt will be repaid by cash, and ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price of SGD0.004. Concurrently, the ICD Warrants shall be cancelled.

As set out in the Restructuring Framework Agreement, the financial aspect of the Proposed Restructuring will be implemented through the following four (4) components:

(a) **Creditors’ Rebalancing Exercise**

The ICD Creditors, the Other DE Conversion Persons and the Directors will assign a part of its outstanding debt owing by the Company to the New Investors (the “**Creditors’ Rebalancing Exercise**”). This will involve:

- (i) an assignment of an aggregate of SGD31,872,585 of the ICD Creditors Existing Debt to the New Investors;
- (ii) an assignment of an aggregate of SGD57,854 of the Other DE Conversion Persons Existing Debt to the New Investors; and
- (iii) an assignment of an aggregate of SGD29,599 of the Directors Existing Debt to the New Investors.

(b) **DE Conversion by Key Creditors**

Following the Creditor’s Rebalancing Exercise, the ICD Creditors, the Other DE Conversion Persons and the Directors will convert all or part of its outstanding debt owing by the Company to equity in the following manner:

- (i) the ICD Creditors will convert the ICD Creditors Converted Debt (i.e. SGD 29,565,492) into DE Conversion Shares at the DE Conversion Price (i.e. SGD0.00395).
- (ii) the Other DE Conversion Persons will convert the Other DE Conversion Persons Converted Debt (i.e. SGD2,779,560) into DE Conversion Shares at the DE Conversion Price (i.e. SGD0.00395); and
- (iii) the Directors will convert the Directors Converted Debt (i.e. SGD360,188) into DE Conversion Shares at the DE Conversion Price (i.e. SGD0.00395).

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Following the Creditors' Rebalancing Exercise and the DE Conversion, the only remaining substantial liability will be the ICD Remaining Debt.

(c) **Repayment and Conversion of the ICD Remaining Debt**

(i) The ICD Remaining Debt of SGD20,000,000 shall be repaid in full by (i) payment of an aggregate of SGD12,828,452 and (ii) the remaining ICD Remaining Debt of SGD7,171,548 shall be converted into ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price (i.e. SGD0.004). The Company will fund the payment of SGD12,828,452 from the proceeds that the Company will receive from the Gulei Disposal.

(ii) As there is no longer any debt owing to the ICD Creditors, the ICD Warrants shall be cancelled and the Secured Assets shall be discharged, released and reassigned to the Group.

(d) **Subscription by the New Investors**

The Company will issue up to 1,518,987,342 Subscription Shares to the New Investors at the Subscription Price (i.e. SGD0.00395) to raise SGD6,000,000. Of the 1,518,987,342 Subscription Shares, 1,265,822,785 will be issued to third party New Investors to raise SGD5,000,000, 227,848,101 Subscription Shares will be issued to Peter Koh Heng Kang, the CEO of the Company for consideration of SGD900,000 and 25,316,456 Subscription Shares will be issued to Robert Koh, the brother of Peter Koh Heng Kang, and who was appointed by the Company's Board of Directors to manage the Company's operations in China for consideration of SGD100,000. The SGD6,000,000 has been or will be used for the Company's general corporate purposes and ongoing working capital requirements.

3.3 Entry into Definitive Agreements

Subsequently, on 26 July 2017, the Company entered into the following conditional definitive agreements ("**Definitive Agreements**") to give effect to the terms of the Proposed Restructuring as set out previously in Section 3.2 of this Circular:

(a) **Creditors Rebalancing Exercise Deed of Assignment**

The Company, the ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors entered into the Creditors Rebalancing Exercise Deed of Assignment to undertake the Creditors Rebalancing Exercise, involving *inter alia*, an assignment of part of the ICD Creditors Existing Debt, the Other DE Conversion Persons' Existing Debt and the Directors Existing Debt in an aggregate amount of SGD31,960,038 to the New Investors on the terms and subject to the conditions set out in the Creditors Rebalancing Exercise Deed of Assignment.

(b) **DE Conversion and Shares Subscription Agreement**

The Company, the ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors entered into the DE Conversion and Shares Subscription Agreement, involving *inter alia*:

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- (i) a conversion of part of the ICD Creditors Existing Debt, the Other DE Conversion Persons Existing Debt and the Directors Existing Debt and the debt owing to the New Investors in an aggregate amount of SGD64,665,278 into 16,370,956,473 DE Conversion Shares at the DE Conversion Price (i.e. SGD0.00395) under the terms and subject to the conditions of the DE Conversion and Shares Subscription Agreement; and
- (ii) a subscription of up to 1,518,987,342 Subscription Shares by the New Investors for consideration of SGD6,000,000 at the Subscription Price (i.e. SGD0.00395) under the terms and subject to the conditions of the DE Conversion and Shares Subscription Agreement.

Following the consummation of the Creditors' Rebalancing Exercise and the DE Conversion in respect of the ICD Creditors, the ICD Remaining Debt will be repaid in full by the Company in the following manner:

- (i) an aggregate amount of SGD12,828,452 will be paid to BWIL and OWIL; and
- (ii) the remainder of the ICD Remaining Debt, that is SGD7,171,548, will be converted into 1,792,887,038 ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price.

Pursuant to the DE Conversion and Shares Subscription Agreement, the ICD Creditors, the Other DE Conversion Persons and the Directors shall release all claims against the Company in connection with the debt owing by the Company to the ICD Creditors, the Other DE Conversion Persons and the Directors.

(c) **Deed of Cancellation of Warrants**

The ICD Warrants will be cancelled in accordance to the terms and subject to the conditions of the Deed of Cancellation of Warrants. No additional consideration is payable for the cancellation of the ICD Warrants.

(d) **Deed of Termination and Release**

The Company, OAG, OAC China, the ICD Creditors and the Security Trustee have agreed to terminate the Intercreditor Deed and release the Secured Assets in accordance with the terms and subject to the conditions of the Deed of Termination and Release.

The Definitive Agreements are subject to the satisfaction, fulfilment or waiver of the Conditions Precedent set out in Section 5 of this Circular.

Shareholders are advised that the Proposed Restructuring is subject to the Conditions Precedent, as set out at Section 5 of this Circular, and there is no certainty or assurance as at the Latest Practicable Date that the Proposed Restructuring will be completed.

4. POST-RESTRUCTURING

4.1 Working Capital

As at the Latest Practicable Date, the New Investors have invested SGD6,000,000 into the Company for the purposes of subscribing for up to 1,518,987,342 Subscription Shares.

The SGD6,000,000 together with any surplus proceeds from the Gulei Disposal will be used for working capital purposes and to finance the Company's pursuit of new business directions.

4.2 Move towards New Business Opportunities

The Company has adopted and will implement a two-pronged approach to its post-restructuring business operations by (i) revamping its operations under its new business model, as well as (ii) sourcing for new business opportunities.

(a) New Model Abalone Farming

The Company will be employing a new business model that allows the Group to work in collaboration with sea-based abalone farmers to achieve a stable supply of abalones. The Group plans to:

- (i) grow abalone juveniles in its abalone hatcheries, which will be situated on the Fotan Property;
- (ii) supply the sea-based abalone farmers with abalone juveniles; and
- (iii) subsequently re-purchase the full-grown abalones from the sea-based abalone farmers for processing and redistribution to customers.

This approach will mitigate the high risks the Group current faces from its land-based farming operations, in particular the mortality rates of abalones and the high-risk involved in breeding abalones to maturity due to external environmental factors such as typhoons and other difficult environmental conditions.

To this extent, the Company will be scaling back the use of its land-based farms for abalone farming. These existing land farms will be redeployed to support the Company's other joint business ventures. The Company has since begun the initial stages of sea cucumber farming as well as exploring the viability of shrimp farming on the Fotan Property.

(b) OEM Distribution - BNY Trading Pty Ltd

On 19 May 2015, the Company signed an agreement with BNY Trading Pty Ltd, a leading seafood processor based in Queensland, Australia, to distribute the Group's canned and dried abalone products in Australia. Pursuant to the Distributorship Agreement, BNY Trading Pty Ltd was the exclusive distributor of the canned and

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dried abalone products under the “Oceanus” brand in Australia. The Group also has the exclusive right to sell, distribute and manage BNY Trading Pty Ltd’s canned and dried abalone products in all countries outside Australia.

Since then, the Company has managed to secure sales orders amounting to SGD204,000 in the fourth quarter of the financial year 2015 and SGD909,992.23 during the period from January 2016 to December 2016.

The Company will continue to look out for new business opportunities and will make further announcements at the appropriate juncture.

5. CONDITIONS PRECEDENT

The completion of the Proposed Restructuring shall be conditional upon the satisfaction, fulfilment or waiver of the following conditions precedent prior to or on the Long Stop Date:

- (a) the approval-in-principle of the SGX-ST for the listing and quotation of the New Shares to be issued pursuant to the implementation of the Proposed Restructuring on the Official List of the Mainboard of the SGX-ST having been obtained from the SGX-ST and being not revoked or amended, and where such approval is subject to conditions, to the extent that any such conditions are required to be fulfilled, they are so fulfilled;
- (b) the issue of the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Restructuring Framework Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere;
- (c) all applicable clearances and waivers being obtained from the SIC including (if required) a waiver in writing from the SIC waiving the requirement of any creditor of the Company to make a mandatory takeover offer under Rule 14 of the Code of Takeovers and Mergers of Singapore arising from the issuance of the New Shares (“**Whitewash Waiver**”) and where such waiver is subject to conditions, to the extent that any such conditions are required to be fulfilled, they are so fulfilled;
- (d) the approval of the requisite majority of Shareholders at a general meeting of the Company for (among other things);
- (e) the allotment and issuance of the New Shares pursuant to the terms of any definitive agreement executed in connection with the Proposed Restructuring;
- (f) all other approvals and consents that are necessary or desirable for the implementation of the Proposed Restructuring having been obtained by the Company and/or each creditor of the Company under all applicable laws and regulations and under any agreement to which the Company or the relevant creditor is a party (as the case may be), and where such approvals and consents are subject to conditions, to the extent that any such conditions are required to be fulfilled, they are so fulfilled; and

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

6. ISSUE OF DE CONVERSION SHARES

6.1 Creditors' Rebalancing Exercise & DE Conversion

As set out in Section 3.2(a) of this Circular, the Creditors' Rebalancing Exercise involves an assignment of existing debt held by the ICD Creditors, the Other DE Conversion Persons and the Directors to the New Investors. The Creditors' Rebalancing Exercise shall be carried out in the following manner:

Assignors	Outstanding Amount of Debt Balance (SGD)	Amount subject to the Creditors Rebalancing Exercise (SGD)
<u>ICD Creditors</u>		
OWIL	43,394,840	15,323,722
BWIL	28,458,875	10,049,487
OKGL	9,584,362	6,499,376
<u>Other DE Conversion Persons</u>		
Dr Ngiam Tong Tau	94,759	7,195
Chua Seng Kiat	12,964	984
Dr Ng Cher Yew	245,196	18,619
MLS	2,484,496	31,056
<u>Directors</u>		
Stephen Lee	56,000	4,252
Yeo Kan Yen	220,558	16,748
Kee Poir Mok	47,907	3,638
Peter Koh Heng Kang	17,145	1,302
Jason Kardachi	24,088	1,829
Wong Ann Chai	24,088	1,829

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Assignors	Outstanding Amount of Debt Balance (SGD)	Amount subject to the Creditors Rebalancing Exercise (SGD)
TOTAL	84,665,278	31,960,037

Following the consummation of the Creditors' Rebalancing Exercise, the DE Conversion exercise as set out in this Section 6.2 to 6.5 of this Circular will be carried out.

There is no consideration paid by the New Investors to the ICD Creditors, the Other DE Conversion Persons and the Directors for the assignment of existing debts. The purpose of the assignment of existing debts is to achieve the commercially agreed shareholding structure on a fully diluted basis post-restructuring where New Investors would own approximately 40% of the post-restructuring issued share capital of the Company as envisaged under the Term Sheet dated 27 May 2016.

The Company, the ICD Creditors, the Other DE Creditors and the Directors have agreed to assign this portion of their debts to New Investors in order to attract new investment into the Company. These creditors are also forgoing the debts assigned to the New Investors.

Further, the Company, the ICD Creditors, the Other DE Conversion Persons and the Directors agreed that in order to attract critical and immediate funding to allow continuity of the business, the Company needed to provide New Investors the assignment of debt and a discount on the Subscription Price to commensurate with the risks faced by the New Investors in respect of their new investment. Without such incentive, the Company would not be able to obtain any such critical funding.

6.2 DE Conversion by ICD Creditors

Under the terms of the Restructuring Framework Agreement, the ICD Creditors have agreed to convert an aggregate of SGD29,565,492 ("**ICD Creditors Converted Debt**") of the ICD Creditors Existing Debt into 7,484,934,745 DE Conversion Shares at the DE Conversion Price of SGD0.00395.

- (a) In respect of the facilities granted under the OWIL Loan Agreement, SGD17,413,980 will be converted into an aggregate of 4,408,602,594 DE Conversion Shares.
- (b) In respect of the facilities granted under the BWIL Loan Agreement, SGD11,420,305 will be converted into an aggregate of 2,891,216,384 DE Conversion Shares.
- (c) In respect of the facilities granted under the OKGL Loan Agreement, SGD731,207 will be converted into an aggregate of 185,115,767 DE Conversion Shares.

Following the consummation of the Creditors' Rebalancing Exercise and the DE Conversion, the number of DE Conversion Shares to be issued to the ICD Creditors will be as follows:

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ICD Creditors	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to the ICD Creditors
OWIL	17,413,980	4,408,602,594
BWIL	11,420,305	2,891,216,384
OKGL	731,207	185,115,767
TOTAL	29,565,492	7,484,934,745

The ICD Creditors agree that, in consideration for the issuance and allotment of the 7,484,934,745 DE Conversion Shares by the Company to the ICD Creditors:

- (a) the 7,484,934,745 DE Conversion Shares shall be deemed to be repayment of the ICD Creditors Converted Debt by the Company to the ICD Creditors, and the Company shall have no further obligations and/or liability in connection with the ICD Creditors Converted Debt.
- (b) the ICD Creditors shall release, irrevocably waive and forever discharge, all and/or any actions, claims, rights, demands and set-offs, whether in this jurisdiction or any other, whether or not presently known to the parties or to the law, and whether in law or equity, that they ever had, may have or hereafter can, shall or may have against the Company and/or its officers, employees and advisors, arising out of:
 - (i) any agreement between the ICD Creditors and the Company; and
 - (ii) any other matter arising out of and connected with any relationship between the ICD Creditors and the Company.

6.3 DE Conversion by Other DE Conversion Persons

In respect of the former director fees and the professional services fees due to the Other DE Conversion Persons as at 31 December 2016, the Other DE Conversion Persons have agreed under the DE Conversion and Shares Subscription Agreement that upon the consummation of the Creditors' Rebalancing Exercise, an aggregate of SGD2,779,560 ("**Other DE Conversion Persons Converted Debt**") of the Other DE Conversion Persons Existing Debt shall be converted at the DE Conversion Price of SGD0.00395 into an aggregate of 703,686,318 DE Conversion Shares in the following manner:

Name	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to Other DE Conversion Persons
Dr Ngiam Tong Tau	87,563	22,167,967
Chua Seng Kiat	11,980	3,032,897
Dr Ng Cher Yew	226,578	57,361,437

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Name	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to Other DE Conversion Persons
MLS	2,453,440	621,124,017
TOTAL	2,779,561	703,686,318

The Other DE Conversion Persons agree that, in consideration for the issuance and allotment of the 703,686,318 DE Conversion Shares by the Company to the Other DE Conversion Persons:

- (a) the 703,686,318 DE Conversion Shares shall be deemed to be repayment of the Other DE Conversion Persons Converted Debt by the Company to the Other DE Conversion Persons in full, and the Company shall have no further obligations and/or liability in connection with the Other DE Conversion Persons Converted Debt.
- (b) the Other DE Conversion Persons shall release, irrevocably waive and forever discharge, all and/or any actions, claims, rights, demands and set-offs, whether in this jurisdiction or any other, whether or not presently known to the parties or to the law, and whether in law or equity, that they ever had, may have or hereafter can, shall or may have against the Company and/or its officers, employees and advisors, arising out of:
 - (i) any agreement between the Other DE Conversion Persons and the Company; and
 - (ii) any other matter arising out of or connected with any relationship between the Other DE Conversion Persons and the Company.

6.4 DE Conversion by the Directors

The Company had been experiencing cash flow problems and had been unable to meet its operating expenses. To ease the cash flow of the Company, the Directors agreed to defer the receipt of their director fees. Subsequently, the Directors agreed under the DE Conversion and Shares Subscription Agreement that upon the consummation of the Creditors' Rebalancing Exercise, an aggregate of SGD360,188 ("**Directors Converted Debt**") of the Directors Existing Debt shall be converted at the DE Conversion Price into an aggregate of up to 91,186,570 DE Conversion Shares.

Name	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to the Directors
Stephen Lee	51,748	13,100,681
Alvin Yeo Kan Yen	203,810	51,597,390

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Name	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to the Directors
Kee Poir Mok	44,269	11,207,363
Peter Koh Heng Kang	15,843	4,010,962
Jason Kardachi	22,259	5,635,087
Wong Ann Chai	22,259	5,635,087
TOTAL	360,188	91,186,570

6.5 DE Conversion by the New Investors

It was commercially agreed between the ICD Creditors and the Company during the commencement of the negotiations in the first quarter of 2016 that the New Investors would own approximately 40% of the issued share capital of the Company on a fully diluted basis post-restructuring. Based on the Subscription Price of SGD0.00395, the investment of SGD6 million by the New Investor will result in subscription of approximately 7% shareholding on a fully diluted basis post-restructuring. The purpose of the Creditor Rebalancing Exercise is to achieve the commercial objective of the New Investors holding approximately 40% of the issued share capital of the Company on a fully diluted basis post-restructuring and the amount of debts assigned to each of the New Investors was determined on a pro-rata basis (i.e. based on the amount invested by each of the New Investors in comparison to the total amount invested by all of the New Investors). The breakdown of the respective Subscription Amounts for the New Investors is set out at Section 8.1 of this Circular.

The New Investors have agreed, under the DE Conversion and Shares Subscription Agreement, to convert the debt assigned by the ICD Creditors, the Other DE Conversion Persons and the Directors to the New Investors pursuant to the Creditor Rebalancing Exercise of an aggregate of SGD31,960,038 ("**New Investors Converted Debt**") to 8,091,148,837 DE Conversion Shares in the manner set out as follows:

Name	Amount to be converted into DE Conversion Shares (SGD)	Number of DE Conversion Shares to be issued to New Investors
Assetraise Ltd	8,602,468	2,177,839,918
Tan Pern Yeen	88,457	22,394,241
Ying Wei Hsien	442,286	111,971,204
Goh Lay Hua	884,573	223,942,409
Tan Wang Cheow	1,149,944	291,125,130

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Neo Bee Hong	1,326,859	335,913,612
Essentrade Ltd	2,786,403	705,418,585
Li Jin	442,286	111,971,204
Chen Yong Shun	884,573	223,942,409
Sigma Shares Ltd	2,852,746	722,214,266
Arravale Ltd	2,653,718	671,827,224
Peter Koh Heng Kang	8,861,153	2,243,329,774
Robert Koh	984,573	249,258,864
TOTAL	31,960,038	8,091,148,837

The New Investors agree that, in consideration for the allotment and issuance of the 8,091,148,837 DE Conversion Shares at the DE Conversion Price of SGD0.00395 by the Company to the New Investors:

- (a) the 8,091,148,837 DE Conversion Shares shall be deemed to be repayment of the New Investors Converted Debt by the Company to the New Investors in full, and the Company shall have no further obligations and/or liability in connection with the New Investors Converted Debt.
- (b) the New Investors shall release, irrevocably waive and forever discharge, all and/or any actions, claims, rights, demands and set-offs, whether in this jurisdiction or any other, whether or not presently known to the parties or to the law, and whether in law or equity, that they ever had, may have or hereafter can, shall or may have against the Company and/or its officers, employees and advisors, arising out of:
 - (i) any agreement between the New Investors and the Company; and
 - (ii) any other matter arising out of or connected with any relationship between the New Investors and the Company.

6.6 Basis upon which the DE Conversion Price is determined

The DE Conversion Price was agreed between the Company, the ICD Creditors, the Other DE Conversion Persons and the Directors on a willing-buyer and willing-seller basis taking into consideration the Company's share price during the commencement of the negotiations in the first quarter of 2016 and volatility in the market. The DE Conversion Price of SGD0.00395 represents a discount of approximately 56.1% to the weighted average price of approximately SGD0.009 for trades done on the shares of the Company on the SGX-ST on 25 July 2017 (being the preceding market day where trading was done before the DE Conversion and the Share Subscription Agreement was signed). Although the discount appears to be substantial, it should be noted that pursuant to the terms of the Proposed Restructuring agreed with the ICD Creditors at the time the Term Sheet Dated 24 January 2017 was entered into on 24 January 2017. The DE Conversion Price of SGD0.00395

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represents a discount of approximately 29% to the three-month volume weighted average price of approximately SGD0.00557 for trades done on the shares of the Company on the SGX-ST on 23 January 2017 (being the preceding market day where trading was done before the Term Sheet Dated 24 January 2017 was signed).

When negotiations commenced in the first quarter of 2016, the trading price per Share was around SGD0.003 to SGD0.004, which was reflective of the DE Conversion Price (i.e. 0.00395). The trading price per Share on (i) 26 May 2016 (which was the preceding market day before the Term Sheet Dated 27 May 2016 was signed) was SGD0.003; (ii) 7 September 2016 (which was the preceding market day before the Term Sheet Dated 8 September 2016 was signed) was SGD0.003; and (iii) 9 December 2016 (which was the preceding market day before the Term Sheet Dated 12 December 2016 was signed) was SGD0.004. Based on the trading price of SGD0.003 and SGD0.004, the DE Conversion Price (i.e. SGD0.00395) represents a premium of 3.2% and discount of 1.2% respectively.

Further, given that the traded prices for the Shares are relatively low, any fluctuation to the Share prices would translate to an amplified change to the discount percentage. In this regard, while the 29% discount appears substantial, the DE Conversion Price was, in absolute terms, only at a discount SGD0.00162 to the traded price of 0.00557 on 23 January 2017.

6.7 Restrictions on disposal of DE Conversion Shares

The ICD Creditors, the Other DE Conversion Persons, the Directors and the New Investors shall not sell, grant options over, transfer, charge, pledge or dispose of or enter into any agreement to dispose of any of the DE Conversion Shares for a period of six (6) months from the date the DE Conversion Shares are admitted to the Mainboard of the SGX-ST.

7. ISSUE OF ICD REMAINING DEBT CONVERSION SHARES

7.1 Following the consummation of the Creditors' Rebalancing Exercise and the DE Conversion in respect of the ICD Creditors, the total remaining debt balance due to the ICD Creditors is the ICD Remaining Debt, of which:

- (a) SGD10,657,138 is due and payable to OWIL. The Company shall pay OWIL SGD7,747,527 and the remaining balance of SGD2,909,610 shall be converted into 727,402,593 ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price;
- (b) SGD6,989,083 is due and payable to BWIL. The Company shall pay BWIL SGD5,080,925 and the remaining balance of SGD1,908,159 shall be converted into 477,039,663 ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price; and
- (c) SGD2,353,779 is due and payable to OKGL and shall be converted into 588,444,782 ICD Remaining Debt Conversion Shares at the ICD Remaining Debt Conversion Price.

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- 7.2 For illustrative purposes, the repayment of the ICD Remaining Debt under the terms of the Restructuring Framework Agreement will be as set out in the table below:

ICD Creditors	Repayment of ICD Remaining Debt in Cash (SGD)	Amount to be converted into ICD Remaining Debt Conversion Shares (SGD)	No. of ICD Remaining Debt Conversion Shares
OWIL	7,747,527	2,909,610	727,402,593
BWIL	5,080,925	1,908,159	477,039,663
OKGL	-	2,353,779	588,444,782
TOTAL	12,828,452	7,171,548	1,792,887,038

7.3 **Basis upon which the ICD Remaining Debt Conversion Price is determined**

The ICD Remaining Debt Conversion Price was agreed between the Company and the ICD Creditors on a willing-buyer and willing-seller basis taking into consideration the Company's share price during the commencement of the negotiations in the first quarter of 2016 and volatility in the market. The ICD Remaining Debt Conversion Price of SGD0.004 represents a discount of approximately 55.6% to the volume weighted average price of approximately SGD0.009 for trades done on the shares of the Company on the SGX-ST on 25 July 2017 (being the preceding market day where trading was done before the DE Conversion and the Share Subscription Agreement was signed).

When negotiations commenced in the first quarter of 2016, the trading price per Share was SGD0.003 to SGD0.004, which was reflective of the ICD Remaining Debt Conversion Price (i.e. 0.004). The trading price per Share on (i) 26 May 2016 (which was the preceding market day before the Term Sheet Dated 27 May 2016 was signed) was SGD0.003; (ii) 7 September 2016 (which was the preceding market day before the Term Sheet Dated 8 September 2016 was signed) was SGD0.003; and (iii) 9 December 2016 (which was the preceding market day before the Term Sheet Dated 12 December 2016 was signed) was SGD0.004. Based on the trading price of SGD0.003, the ICD Remaining Debt Conversion Price (i.e. SGD0.004) represents a premium of 33.3%. It was commercially agreed during the commencement of the negotiations in the first quarter of 2016 where the trading price per share was SGD0.003 to SGD0.004 that all debt owing to the ICD Creditors would be converted at SGD0.004. This term has remained until the ICD Creditors, Other DE Conversion Persons and Directors entered into the Term Sheet Dated 24 January 2017.

Further, given that the traded prices for the Shares are relatively low, any fluctuation to the Share prices would translate to an amplified change to the discount percentage. In this regard, while the 55.6% discount appears substantial, the DE Conversion Price was, in absolute terms, only at a discount SGD0.00505 to the traded price of 0.009 on 25 July 2017.

7.4 **Restrictions on disposal of ICD Remaining Debt Conversion Shares**

The ICD Creditors shall not sell, grant options over, transfer, charge, pledge or dispose of or enter into any agreement to dispose of any of the ICD Remaining Debt Conversion Shares for

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a period of six (6) months from the date the ICD Remaining Debt Conversion Shares are admitted to the Mainboard of the SGX-ST.

8. SUBSCRIPTION BY THE NEW INVESTORS AND DIRECTOR

8.1 Subscription by the New Investors and Director

The New Investors have agreed to invest an aggregate of SGD6,000,000 (the “**Subscription Amount**”) to the Company by subscribing for an aggregate of up to 1,518,987,342 Subscription Shares at the Subscription Price, in the following manner:

Name	Subscription Amount (SGD)	Number of Subscription Shares to be issued to New Investors
Assetraise Ltd	1,945,000	492,405,063
Tan Pern Yeen	20,000	5,063,291
Ying Wei Hsien	100,000	25,316,456
Goh Lay Hua	200,000	50,632,911
Tan Wang Cheow	260,000	65,822,785
Neo Bee Hong	300,000	75,949,367
Essentrade Ltd	630,000	159,493,671
Li Jin	100,000	25,316,456
Chen Yong Shun	200,000	50,632,911
Sigma Shares Ltd	645,000	163,291,139
Arravale Ltd	600,000	151,898,734
Peter Koh Heng Kang	900,000	227,848,101
Robert Koh	100,000	25,316,456
TOTAL	6,000,000	1,518,987,342

Peter Koh Heng Kang, an Executive Director and CEO of the Company, and Robert Koh, who is Peter Koh Heng Kang’s brother and having being appointed by the Company’s Board of Directors to manage the Company’s operations in China, are part of the New Investors group who have agreed to subscribe for the Subscription Shares. Further details are set out in Section 13 of this Circular.

8.2 Amount and Use of Proceeds from New Investors

The total amount of proceeds to be raised from the issuance of Subscription Shares to the New Investors will be SGD6,000,000.

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The proceeds will be applied towards the repayment of existing debts of the Company and to assist with the ongoing working capital requirements of the Company as set out in the table below:

Use of Proceeds from New Investors	Amount (SGD)	Percentage
Working capital requirements	4,950,000	82.5%
Repayment of existing debt	1,050,000	17.5%
TOTAL	6,000,000	100%

8.3 Identities of the New Investors

As no placement agent has been appointed by the Company, the identities of the New Investors and the number of Subscription Shares placed to each of the New Investors have been set out in Section 8.1 of this Circular.

Name	Description
Assetraise Consultants Limited	An investment holding company incorporated in the British Virgin Islands whose ultimate beneficial shareholder is Yadi Perman. It is subscribing for shares in the Company as an investment. Yadi Perman is an existing shareholder (not substantial shareholder) of the Company and Assetraise is not an existing shareholder of the Company. Assetraise Consultants Limited has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Tan Pern Yeen	An individual investor who is subscribing for shares in the Company as a personal investment. She has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Ying Wei Hsein	An individual investor who is subscribing for shares in the Company as a personal investment. He has no connection (including business relationships) with the Company, its Directors and substantial shareholders.

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Goh Lay Hua	An individual investor who is subscribing for shares in the Company as a personal investment. She has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Tan Wang Cheow	An individual investor who is subscribing for shares in the Company as a personal investment. He has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Neo Bee Hong	An individual investor who is subscribing for shares in the Company as a personal investment. She has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Essentrade Ltd	An investment holding company incorporated in Hong Kong whose ultimate beneficial shareholder is Yeap Gim Chye. It is subscribing for shares in the Company as an investment. Both Essentrade Ltd and Yeap Gim Chye have no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Li Jin	An individual investor who is subscribing for shares in the Company as a personal investment. He has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Chen Yong Shun	An individual investor who is subscribing for shares in the Company as a personal investment. He has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Sigma Shares Ltd	An investment holding company incorporated in the British Virgin Islands whose ultimate beneficial shareholder is Low Junrui. It is subscribing for shares in the Company as an investment. Both Sigma Shares Ltd and Low Junrui and has no connection (including business relationships) with the Company, its Directors and substantial shareholders.
Arravale Ltd	An investment holding company incorporated in the British Virgin Islands whose ultimate beneficial shareholder is Kelvin Kwok Ying Choy. It is subscribing for shares in the Company as an investment. Arravale Ltd and Kelvin Kwok Ying Choy has no connection (including business relationships) with the Company, its Directors and substantial shareholders.

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Peter Koh Heng Kang	He is an Executive Director and CEO of the Company. He is subscribing for shares in the Company as a personal investment.
Robert Koh	He is the brother of Peter Koh Heng Kang and who was appointed by the Company's Board of Directors to manage the Company's operations in China. He is subscribing for shares in the Company as a personal investment.

8.4 Rationale for placing to New Investors

The New Investors (other than Peter Koh Heng Kang and Robert Koh) were introduced by the CEO of the Company. No introducer fees were paid or are payable to the CEO for introducing the New Investors to the Company. The New Investors are subscribing for shares in the Company for their own account.

The rationale for the Proposed Subscription is to increase resources available to the Company for general working capital purposes where the Company intends to pursue business opportunities as part of its strategic objectives as and when they arise.

In respect of the proposed placement to Peter Koh Heng Kang and Robert Koh, when negotiations commenced in the first quarter of 2016, SGD1,000,000 worth of Shares were intended to be placed to the Company's management, which at the relevant time comprised Peter Koh Heng Kang and Robert Koh, both of whom have put in substantial effort to turnaround the business of the Company. This proposed placement was intended for a two-fold purpose. First, the proposed placement would give comfort and assurance to the Company's creditors that Peter Koh Heng Kang and Robert Koh would be committed to ensuring the success of the Proposed Restructuring and the turnaround of the business of the Company. Second, the proposed placement would incentivise and reward Peter Koh Heng Kang and Robert Koh for enabling the Proposed Restructuring and the turnaround of the business of the Company.

When negotiations commenced in the first quarter of 2016, the trading price per Share was around SGD0.003 to SGD0.004. As the Subscription Price (i.e. 0.00395) was much higher than the trading price per Share, combined with the Company's difficult financial condition, there were doubts if there would be any interest by the public to invest in the Company if the Company undertook a rights issue. Consequently, the Company sought to raise the SGD6,000,000 from the New Investors who were known to the Company in order to attract funding that is critical to the Company's business.

8.5 Basis upon which the Subscription Price is determined

The Subscription Price was agreed between the Company and the New Investors on a willing-buyer and willing-seller basis taking into consideration the Company's share price during the commencement of the negotiations in relation to the investment of SGD6,000,000 by new investors and volatility in the market. The Subscription Price of SGD0.00395 represents a discount of approximately 56.1% to the volume weighted average price of approximately SGD0.009 for trades done on the shares of the Company on the SGX-ST on 25 July

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2017 (being the preceding market day where trading was done before the DE Conversion and Shares Subscription Agreement was signed). Although the discount appears to be substantial, it should be noted that pursuant to the terms of the Proposed Restructuring agreed with the ICD Creditors under the Term Sheet Dated 24 January 2017, the Company had agreed to procure new investors to invest funds up to SGD6,000,000 into the Company, to which the Subscription Price in respect of such investment would be SGD0.00395 per Share. SGD0.00395 represents a discount of approximately 29% to the three-month volume weighted average price of SGD0.00557 for trades done in the shares of the Company on the Main Board of the SGX-ST for the preceding market day, 23 January 2017 (being the preceding market day where trading was done before the Term Sheet Dated 24 January 2017 was signed).

With respect to the difference between the Subscription Price (i.e. SGD0.00395) and the ICD Remaining Debt Conversion Price (i.e. SGD 0.004), the Subscription Price and the ICD Remaining Debt Conversion Price were agreed to with the New Investors and the ICD Creditors respectively based on commercial considerations. The Subscription Price was agreed to with the New Investors to facilitate the aggregate investment of SGD6,000,000 into the Company. The ICD Remaining Debt Conversion Price was commercially agreed between the ICD Creditors and the Company during the commencement of the negotiations in the first quarter of 2016 when trading price per Share was around SGD0.003 to SGD0.004 that all debt owing to the ICD Creditors would be converted at SGD0.004. This term has remained consistent through the restructuring process, including the Term Sheet Dated 24 January 2017 and the DE Conversion and Shares Subscription Agreement.

The Company, the ICD Creditors, the Other DE Conversion Persons and the Directors agreed that in order to attract critical and immediate funding to allow continuity of the Company's business, the Company needed to provide New Investors with a discount and also the Creditors' Rebalancing Exercise set out in Section 6.1 of this Circular to commensurate with the risks faced by the New Investors in respect of their investment. Without such incentive, the Company would not be able to obtain such critical funding.

8.6 **Other Key Terms of the DE Conversion and Shares Subscription Agreement**

The other key terms governing the issue of DE Conversion Shares and the Subscription Shares are as follows:-

(a) **No prospectus or Offer Information Statement**

The DE Conversion and the Subscription will be undertaken by way of a private placement in accordance with Section 272B of the SFA. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore and/or on SGX-ST OPERA in connection with the Subscription.

(b) **Other Salient Terms under the DE Conversion and Shares Subscription Agreement**

Price : SGD0.00395 per DE Conversion Share or
Subscription Share.

SGD0.004 per ICD Remaining Debt Conversion

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Share.

- Status of Shares : The DE Conversion Shares, ICD Remaining Debt Conversion Shares and the Subscription Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the completion of the Proposed Restructuring.
- Listing : The Company shall make an application, at the Company's expense, for the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares to be admitted to the Official List of the Mainboard of the SGX-ST.
- Termination : If any of the Conditions Precedent (set forth in Section 5 of this Circular) is not satisfied on or before the Long Stop Date (or such later date as the parties to the DE Conversion and Shares Subscription Agreement hereto may agree), the ICD Creditors, Other DE Conversion Persons, Directors and New Investors shall, subject as mentioned below, thereupon be entitled to terminate the DE Conversion and the Subscription and shall be released and discharged from their respective obligations hereunder provided that the ICD Creditors, Other DE Conversion Persons, Directors and New Investors may at its discretion (and subject to such conditions as it may impose) waive compliance with any of the Conditions Precedent.
- Governing Law : Singapore Law

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9. CHANGES IN SHAREHOLDING

	Scenario One: Shareholdings before the issue of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares			Scenario Two: Shareholdings immediately after the issue of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares		
	Direct	%	Deemed	Direct	%	Deemed
Directors						
1. Stephen Lee	0	0	387,065,804	13,100,681	0.1	5,523,070,991
2. Kee Poir Mok	175,234,975	3.8	0	186,442,338	0.8	0
3. Peter Koh Heng Kang	0	0	0	2,475,188,837	10.2	0
4. Alvin Yeo Kan Yen	0	0	0	51,597,390	0.2	0
5. Jason Kardachi	0	0	0	5,635,087	0.0	0
6. Wong Ann Chai	0	0	0	5,635,087	0.0	0
Other DE Conversion Persons						
7. Ng Cher Yew	123,312,227	2.7	100,000,000	180,673,664	0.7	100,000,000
8. Ngiam Tong Tau	0	0	0	22,167,967	0.1	0

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9.	Chua Seng Kiat	0	0	0	0	0	0	0	0	0	0	0	0
10.	MLS	0	0	0	0	0	0	621,124,017	0	0	0	2.6	0
The ICD Creditors													
11.	OWIL	387,065,804	8.4	0	0	0	0	5,523,070,991	0	0	0	22.7	0
12.	BWIL	265,398,890	5.8	0	0	0	0	3,633,654,937	0	0	0	15.0	0
13.	OKGL	0	0	0	0	0	0	773,560,549	0	0	0	3.2	0
New Investors													
14.	Assetraise Ltd (including the Shares held by Yadi Perman) ¹	120,000,068	2.6	0	0	0	0	2,790,245,049	0	0	0	11.5	0
15.	Tan Pern Yeen	0	0	0	0	0	0	27,457,532	0	0	0	0.1	0
16.	Ying Wei Hsien	0	0	0	0	0	0	137,287,660	0	0	0	0.6	0
17.	Goh Lay Hua	0	0	0	0	0	0	274,575,320	0	0	0	1.1	0
18.	Tan Wang Cheow	29,919,000	0.6	0	0	0	0	386,866,915	0	0	0	1.6	0

¹ The ultimate beneficial shareholder of Assetraise Limited is Yadi Perman. Yadi Perman is an existing shareholder of the Company but is not a substantial shareholder of the Company. Assetraise is not an existing shareholder of the Company.

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19.	Neo Bee Hong	1,200,000	0.0	0	0	413,062,979	1.7	0	0	0
20.	Essentrade Ltd	0	0	0	0	864,912,256	3.6	0	0	0
21.	Li Jin	0	0	0	0	137,287,660	0.6	0	0	0
22.	Chen Yong Shun	0	0	0	0	274,575,320	1.1	0	0	0
23.	Sigma Shares Ltd	0	0	0	0	885,505,405	3.6	0	0	0
24.	Arravale Ltd	0	0	0	0	823,725,958	3.4	0	0	0
25.	Robert Koh	0	0	0	0	274,575,320	1.1	0	0	0
Shareholders										
26.	Other Shareholders	3,511,959,647	76.1	0	0	3,511,959,647	14.4	0	0	0
	TOTAL	4,614,090,611	100.0%	487,065,804	10.6%	24,296,921,463	100.0%	5,623,070,991		23.1%

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10. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

10.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Restructuring as set out below are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Company after completion of the Proposed Restructuring. The financial effects of the Proposed Restructuring on the Share Capital, the net tangible assets (“**NTA**”) per Share and earnings per Share (“**EPS**”), prepared based on the latest unaudited consolidated financial statements of the Company for the twelve months ended 31 December 2016 are set out below.

10.2 Share Capital

Financial Effects	Before the issuance of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares	After the issuance of the DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares
Number of Shares (excluding treasury shares)	4,614,090,611	24,296,921,463

10.3 NTA

Financial Effects	Before the issuance of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares	After the issuance of the DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares
NTA (SGDmillion)	(99,283,189)	(93,283,189)
Number of shares ('000)	4,614,090,611	24,296,921,463
NTA per ordinary share (SGD)	(0.02)	(0.004)

10.4 EPS

Financial Effects	Before the issuance of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares	After the issuance of the DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares
Profit attributable to shareholders (SGDmillion)	(21,260,321)	(21,260,321)

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Financial Effects	Before the issuance of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares	After the issuance of the DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares
Weighted average no. of ordinary shares – Basic ('000)	4,614,090,611	24,296,921,463
EPS (SGD) - Basic	(0.005)	(0.001)

11. SHAREHOLDER APPROVAL FOR THE PROPOSED ALLOTMENT AND ISSUE OF DE CONVERSION SHARES, ICD REMAINING DEBT CONVERSION SHARES AND SUBSCRIPTION SHARES

The Proposed Restructuring involves:

- (a) an issue of an aggregate of up to **16,279,769,903** DE Conversion Shares to the ICD Creditors, the Other DE Conversion Persons and the New Investors;
- (b) an issue of an aggregate of up to **91,186,570** DE Conversion Shares to the Directors;
- (c) an issue of an aggregate of up to **1,792,887,038** ICD Remaining Debt Conversion Shares to the ICD Creditors;
- (d) an issue of an aggregate of up to **1,291,139,241** Subscription Shares to the New Investors (excluding Mr. Peter Koh Heng Kang); and
- (e) an issue of an aggregate of up to **227,848,101** Subscription Shares to Mr. Peter Koh Heng Kang;

Therefore, the Company may issue an aggregate number of up to 19,682,830,853 New Shares pursuant to the Proposed Restructuring comprising (i) the DE Conversion Shares, (ii) the ICD Remaining Debt Conversion Shares, and (iii) the Subscription Shares, which represent approximately 427% of the total issued and paid-up share capital of the Company as at the Latest Practicable Date.

This Section 11 outlines the shareholder approvals required for the proposed allotment and issue of the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares.

11.1 Shareholder approval under Rule 803 of the Listing Manual

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(a) **Rule 803 of the Listing Manual**

Rule 803 states:

An issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

A controlling interest is defined in the Listing Manual as:-

The interest of the controlling shareholder(s)

A controlling shareholder is defined in the Listing Manual as:-

a person who:-

(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The Exchange may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(b) in fact exercises control over a company

(b) **Proposed Transfer of Controlling Interest to OWIL and BWIL**

- (i) OWIL holds 387,065,804 Shares representing 8.4% of the total issued Shares as at the Latest Practicable Date.

Under the Restructuring Framework Agreement, OWIL will convert outstanding debt of SGD17,413,980 owed by the Company to OWIL into 4,408,602,594 DE Conversion Shares and will convert part of the ICD Remaining Debt of SGD2,909,610 into 727,402,593 ICD Remaining Debt Conversion Shares.

As a result, OWIL may potentially increase its equity interest to 22.7% of the enlarged issued share capital of the Company and thereby acquiring a controlling interest in the Company upon the completion of the Proposed Restructuring. Shareholder approval is sought for the Company to allot and issue up to 4,408,602,594 DE Conversion Shares and 727,402,593 ICD Remaining Debt Conversion Shares to OWIL, to the extent that such allotment and issue constitutes a transfer of controlling interest in the Company to OWIL.

Further, OWIL has confirmed that it is not acting in concert with any of the others to consolidate control of the Company.

- (ii) BWIL holds 265,398,890 Shares representing 5.8% of the total issued Shares as at the Latest Practicable Date.

Under the Restructuring Framework Agreement, BWIL will convert outstanding debt of SGD11,420,305 owed by the Company to BWIL into 2,891,216,384 DE Conversion Shares and will convert part of the ICD

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Remaining Debt of SGD1,908,159 into 477,039,663 ICD Remaining Debt Conversion Shares.

As a result, BWIL may potentially increase its equity interest to 15.0% of the enlarged issued share capital of the Company and thereby acquiring a controlling interest in the Company upon the completion of the Proposed Restructuring. Shareholder approval is sought for the Company to allot and issue up to 2,891,216,384 DE Conversion Shares and 477,039,663 ICD Remaining Debt Conversion Shares to BWIL, to the extent that such allotment and issue constitutes a transfer of controlling interest in the Company to BWIL.

Further, BWIL has confirmed that it is not acting in concert with any of the others to consolidate control of the Company.

11.2 Shareholder approval under Rule 805 of the Listing Manual and Section 161 of the Companies Act

(a) Rule 805 of the Listing Manual

Rule 805 states:

Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:—

(1) The issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer; or

(2) If a principal subsidiary of an issuer issues shares or convertible securities or options that will or may result in:—

(a) the principal subsidiary ceasing to be a subsidiary of the issuer; or

(b) a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary. For example, if the issuer has a 70% interest in a principal subsidiary, shareholders' approval will be required for any issue of shares in the principal subsidiary reducing the issuer's equity interest to 56%.

(b) Section 161 of the Companies Act

Section 161(1) states:

Notwithstanding anything in a company's constitution, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

(c) Shareholder approval for allotment and issuance of DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares

Pursuant to Section 161 of the Companies Act and Rule 805 of the Listing Manual, the Company is seeking Shareholder approval for the issuance of the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares at the EGM.

11.3 Shareholder approval under Rule 811 of the Listing Manual

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(a) **Rule 811 of the Listing Manual**

Rule 811 states:

(1) An issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed.

(2) An issue of company warrants or other convertible securities is subject to the following requirements:—

(a) if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement.

(b) if the conversion price is based on a formula, any discount in the price-fixing formula must not be more than 10% of the prevailing market price of the underlying shares before conversion.

(3) Rule 811(1) and (2) is not applicable if specific shareholder approval is obtained for the issue of shares, company warrants or other convertible securities.

(4) Where specific shareholders' approval is sought, the circular must include the following:—

(a) Information required under Rule 810; and

(b) The basis upon which the discount was determined.

(b) **Shareholder approval for allotment and issuance of discounted DE Conversion Shares, ICD Remaining Debt Conversion Shares and Subscription Shares**

The DE Conversion Price represents a discount of approximately 29% to the three-month volume weighted average price of approximately SGD0.00557 for trades done on the shares of the Company on the SGX-ST on 23 January 2017 (being the preceding market day where trading was done before the Term Sheet Dated 24 January 2017 was signed).

The ICD Remaining Debt Conversion Price represents a discount of approximately 55.6% to the volume weighted average price of approximately SGD0.009 for trades done on the shares of the Company on the SGX-ST on 25 July 2017 (being the preceding market day where trading was done before the DE Conversion and Subscription Share Agreement was signed).

The Subscription Price represents a discount of approximately 56.1% to the volume weighted average price of approximately SGD0.009 for trades done on the shares of the Company on the SGX-ST on 25 July 2017 (being the preceding market day where trading was done before the DE Conversion and Subscription Share Agreement was signed).

Therefore, in accordance with Rule 811(3), specific approval from the Shareholders is required for the issuance of the DE Conversion Shares, the ICD Remaining Debt Conversion Shares and the Subscription Shares.

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11.4 Shareholder approval under Rule 812 of the Listing Manual

(a) **Rule 812(2) of the Listing Manual**

Rule 812(1) states:

(1) An issue must not be placed to any of the following persons:—

(a) The issuer's directors and substantial shareholders.

(b) Immediate family members of the directors and substantial shareholders.

(c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders.

(d) Corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%.

(e) Any person who, in the opinion of the Exchange, falls within category (a) to (d).

Rule 812(2) states:

(2) Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.

The definition of substantial shareholder in Rule 812(1) follows the definition in Section 81 of the Companies Act:

(1) [...] a person has a substantial shareholding in a company if —

(a) he has an interest or interests in one or more voting shares in the company; and

(b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company

(b) **Shareholders' approval for allotment and issuance of DE Conversion Shares and ICD Remaining Debt Conversion Shares to Substantial Shareholders of the Company**

OWIL is a Substantial Shareholder of the Company holding 387,065,804 Shares, representing 8.4% of the total issued Shares as at the Latest Practicable Date.

BWIL is a Substantial Shareholder of the Company holding 265,398,890 Shares, representing 5.8% of the total issued Shares as at the Latest Practicable Date.

As OWIL and BWIL are Substantial Shareholders of the Company, shareholder approval will be sought for the allotment and issuance of DE Conversion Shares and ICD Remaining Debt Conversion Shares to OWIL and BWIL.

11.5 Shareholders' approval under Rule 804 and Rule 812 of the Listing Manual

(a) **Rule 804 of the Listing Manual – issuance of securities to directors**

Rule 804 states:

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Except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of this Chapter, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter. The notice of meeting must state:—

- (1) the number of securities to be allotted to each director and associate;*
- (2) the precise terms of the issue; and*
- (3) that such directors and associates will abstain from exercising any voting rights on the resolution.*

(b) **Rule 812 of the Listing Manual**

Rule 812(1) states:

(1) An issue must not be placed to any of the following persons:—

- (a) The issuer's directors and substantial shareholders.*
- (b) Immediate family members of the directors and substantial shareholders.*
- (c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders.*
- (d) Corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%.*
- (e) Any person who, in the opinion of the Exchange, falls within category (a) to (d).*

Rule 812(2) states:

(2) Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.

The definition of substantial shareholder in Rule 812(1) follows the definition in Section 81 of the Companies Act:

(1) [...] a person has a substantial shareholding in a company if —

- (a) he has an interest or interests in one or more voting shares in the company; and*
- (b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company.*

(c) **Shareholders' Approval for Issue of DE Conversion Shares to Directors**

The Proposed Restructuring contemplates an allotment and issue of an aggregate up to 91,186,570 DE Conversion Shares to the Directors under the terms and subject to the conditions of the DE Conversion & Share Subscription Agreement. Accordingly, shareholders approval for the proposed allotment and issue of up to 91,186,570 DE Conversion Shares to the Directors would be required under Rule 804 as well as Rule 812(2) of the Listing Manual.

(d) **Shareholders' Approval for Issue of Subscription Shares to Mr. Peter Koh Heng Kang**

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The Proposed Restructuring contemplates an allotment and issue of an aggregate of 227,848,101 Subscription Shares to Mr. Peter Koh Heng Kang under the terms and subject to the conditions of the DE Conversion & Share Subscription Agreement. Accordingly, shareholder approval for the proposed allotment and issue of 227,848,101 Subscription Shares to Mr. Peter Koh Heng Kang would be required under Rule 804 as well as Rule 812(2) of the Listing Manual.

11.6 Shareholders' approval under Chapter 9 of the Listing Manual

(a) **Background**

Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "entity at risk") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purpose of Chapter 9:

(a) an "entity at risk" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(b) an "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles in Chapter 9;

(d) an "interested person" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(e) a "controlling shareholder" is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;

(f) an "associate" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), 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 any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to 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; and

(g) an "interested person transaction" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance,

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the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly.

(b) **Rule 906 of the Listing Manual**

Rule 906 states:

(1) An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:—

(a) 5% of the group's latest audited net tangible assets; or

(b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction, which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

(2) Rule 906(1) does not apply to any transaction below \$100,000.

(c) **Shareholder approval for issue of DE Conversion Shares and Subscription Shares to Directors**

As the Company has a negative net tangible asset value based on its latest audited financial statements, the allotment and issue of DE Conversion Shares and Subscription Shares fall within the ambit of Rule 906 and accordingly, shareholder approval will be sought for the allotment and issue of DE Conversion Shares and Subscription Shares.

(d) **Opinion from the Audit Committee**

As the allotment and issue of the DE Conversion Shares and Subscription Shares to the Directors are a result of the conversion of the directors' fees owing by the Company to the Directors, pursuant to Rule 921(4)(b)(i) of the Listing Manual, the opinion of an independent financial advisor is not required for the allotment and issue of the DE Conversion Shares and Subscription Shares to the Directors.

The Audit Committee is of the opinion that the allotment and issue of DE Conversion Shares and Subscription Shares to the Directors is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

12. APPROVAL IN-PRINCIPLE

On 1 December 2017, the Company received approval in-principle from the SGX-ST for the listing of and quotation for the New Shares on the Official List of the Mainboard of the SGX-ST, subject to the following key conditions:

- (a) compliance with the Listing Manual;
- (b) Shareholders' approval being obtained for the allotment and issue of the New Shares; and

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- (c) a written undertaking from the Company that it will comply with Listing Rule 704(30) and Listing Rule 1207(20) in relation to the use of the proceeds from the proposed issued of the New Shares and where 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.

13. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Directors and Substantial Shareholders of the Company and their respective interests in (a) the issued share capital of the Company, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, and (b) the enlarged issued share capital of the Company, are set out in Section 9 above.

Save as disclosed herein, none of the Directors or Substantial Shareholders of the Company has any interest (other than their respective shareholdings in the Company), direct or indirect, in the Proposed Restructuring set out in this Circular.

14. DIRECTORS' RECOMMENDATIONS

14.1 Ordinary Resolutions 1, 2, 3 and 4

With respect to Ordinary Resolutions 1, 2, 3 and 4, the Directors, having considered, *inter alia*, the rationale for the Proposed Restructuring as set out in Section 3.1 of this Circular, are of the opinion that the Proposed Restructuring is in the best interests of the Company, as it would enable the Group to avoid liquidation and give the Group an opportunity to improve its operations and create value for all stakeholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating thereto to be proposed at the EGM.

14.2 Ordinary Resolution 5

With respect to the allotment and issue of up to 91,186,570 DE Conversion Shares to the Directors, the Directors are deemed to be interested in Ordinary Resolution 5 and accordingly have abstained from making a recommendation on to Shareholders in connection with this Ordinary Resolution 5.

- 14.3 As set out in Section 1, each Resolution is inter-conditional on each other. This means that if any of the Resolutions is not approved by Shareholders, the other Resolutions will not be passed. All the Resolutions are inter-conditional as the purpose of all the Resolutions is to implement the Proposed Restructuring.

- 14.4 Out of the five (5) Resolutions, the Directors are of the view that they have an interest in Ordinary Resolution 5 which is on the allotment and issuance of the DE Conversion Shares to the Directors. Therefore, the Directors will abstain from making recommendations on Ordinary Resolution 5. Save for that, the Directors do not have any interest in the Proposed

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Restructuring (for instance, the allotment and issuance of the DE Conversion Shares to the ICD Creditors who hold a significant amount of debt).

- 14.5 The Directors are also firmly of the view that the Proposed Restructuring presents a very good opportunity for the Company to avoid liquidation. Ultimately, it will be the Shareholders that will have the right to agree to the Proposed Restructuring including the allotment and issuance of new Shares.

15. ABSTENTION FROM VOTING

OWIL and BWIL will abstain from voting in respect of Ordinary Resolution 2 and 3 and undertakes to ensure that its associates will abstain from voting and will not accept appointments as proxies unless specific instructions as to voting are given.

Mr. Peter Koh Heng Kang will abstain from voting in respect of Ordinary Resolution 2 and 4 and undertakes to ensure that its associates will abstain from voting and will not accept appointments as proxies unless specific instructions as to voting are given.

The Directors, including Mr. Peter Koh Heng Kang will abstain from voting in respect of Ordinary Resolution 5 and undertakes to ensure that its associates will abstain from voting and will not accept appointments as proxies unless specific instructions as to voting are given.

All the Resolutions are inter-conditional as the Resolutions relate to the Proposed Restructuring. The Directors are of the view that all persons who are interested in one or more of the Resolutions need not abstain from voting on all the Resolutions as the interest of these persons arises purely from the debt owing by the Company to these persons.

16. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out from page N-1 of the Circular, will be held at **31 Harrison Road, Level 3, Food Empire Building, Singapore 369649 on 22 December 2017 at 11:00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place)** for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM in N-1 of this Circular.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Company's registered office at 31 Harrison Road, #11-03/04 Food Empire Building, Singapore 369649, not less than 72 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked. A proxy need not be a Shareholder.

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A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by the CDP, pursuant to Part IIIAA of the SFA, at least 72 hours before the EGM.

18. 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 Resolutions and the Group, 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.

19. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Term Sheet Dated 24 January 2017;
- (b) the Restructuring Framework Agreement;
- (c) the Creditors Rebalancing Exercise Deed of Assignment;
- (d) the DE Conversion and Share Subscription Agreement;
- (e) the Deed of Cancellation of Warrants; and
- (f) the Deed of Termination and Release.

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

Peter Koh Heng Kang
Executive Director and CEO

APPENDIX

The Other DE Conversion Persons²:

1. Dr Ngiam Tong Tau
2. Chua Seng Kiat
3. Dr Ng Cher Yew
4. Morgan Lewis Stamford LLC

New Investors

1. Assetraise Ltd
2. Tan Pern Yeen
3. Ying Wei Hsien
4. Goh Lay Hua
5. Tan Wang Cheow
6. Neo Bee Hong
7. Essentrade Ltd
8. Li Jin
9. Chen Yong Shun
10. Sigma Shares Ltd
11. Arravale Ltd
12. Peter Koh Heng Kang
13. Robert Koh

² Dr Ngiam Tong Tau, Chua Seng Kiat and Dr Ng Cher Yew are former Directors of the Company.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

OCEANUS GROUP LIMITED

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

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 7 December 2017 issued by Oceanus Group Limited to its shareholders (the "Circular").

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Oceanus Group Limited (the "Company") will be held on **22 December 2017 at 11:00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place)** (or any adjournment thereof) at **31 Harrison Road, Level 3, Food Empire Building, Singapore 369649** for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:-

- (1) the Proposed Restructuring and entry into the Restructuring Framework Agreement and the Definitive Agreements**
- (2) the proposed allotment and issue of up to 16,279,769,903 DE Conversion Shares to the ICD Creditors, the Other DE Conversion Persons and the New Investors at the DE Conversion Price of SGD0.00395;**
- (3) the proposed allotment and issue of up to 1,792,887,038 ICD Remaining Debt Conversion Shares to the ICD Creditors at the ICD Remaining Debt Conversion Price of SGD0.004;**
- (4) the proposed allotment and issue of up to 1,518,987,342 Subscription Shares to the New Investors at the Subscription Price of SGD0.00395; and**
- (5) the proposed allotment and issue of up to 91,186,570 DE Conversion Shares to the Directors at the DE Conversion Price of SGD0.00395.**

ORDINARY RESOLUTION 1: THE PROPOSED RESTRUCTURING AND ENTRY INTO THE RESTRUCTURING FRAMEWORK AGREEMENT AND THE DEFINITIVE AGREEMENTS

THAT contingent upon the passing of Ordinary Resolutions 2, 3, 4 and 5:

- (a) the Proposed Restructuring be and is hereby ratified, confirmed and approved;
- (b) the Company's entering into and execution of the following agreements be and is hereby ratified, confirmed and approved:
 - (i) the Restructuring Framework Agreement;
 - (ii) the Creditors Rebalancing Exercise Deed of Assignment;
 - (iii) the DE Conversion and Shares Subscription Agreement;

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- (iv) the Deed of Cancellation of Warrants; and
 - (v) the Deed of Termination and Release.
- (c) the Directors of the Company be and are hereby authorised to complete and do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the Proposed Restructuring to give effect to this resolution as they think fit and in the interests of the Company.

(collectively, the “**Proposed Restructuring and Entry into the Restructuring Framework Agreement and the Definitive Agreements**”).)

ORDINARY RESOLUTION 2: THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 16,279,769,903 DE CONVERSION SHARES TO THE ICD CREDITORS, THE OTHER DE CONVERSION PERSONS AND THE NEW INVESTORS AT THE DE CONVERSION PRICE OF SGD0.00395

THAT contingent upon the passing of Ordinary Resolutions 1, 3, 4 and 5:

- (a) OWIL, BWIL, Mr. Peter Koh Heng Kang and their associates have abstained from voting in respect of the ordinary resolution;
- (b) authority be and is hereby given to the Directors of the Company to allot and issue up to 16,279,769,903 DE Conversion Shares at the DE Conversion Price of SGD0.00395 to the ICD Creditors, the Other DE Conversion Persons and the New Investors subject to, and in accordance with, the terms of the DE Conversion and Shares Subscription Agreement;
- (c) the Directors of the Company be and are hereby authorised to complete and do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the issue of the DE Conversion Shares and the DE Conversion and Shares Subscription Agreement to give effect to this resolution as they think fit and in the interests of the Company,

(collectively, the “**Issue of the DE Conversion Shares to the ICD Creditors, the Other DE Conversion Persons and New Investors**”).)

ORDINARY RESOLUTION 3: THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 1,792,887,038 ICD REMAINING DEBT CONVERSION SHARES TO THE ICD CREDITORS AT THE ICD REMAINING DEBT CONVERSION PRICE OF SGD0.004

THAT contingent upon the passing of Ordinary Resolutions 1, 2, 4 and 5:

- (a) OWIL and BWIL and their associates have abstained from voting in respect of the ordinary resolution;
- (b) authority be and is hereby given to the Directors of the Company to allot and issue up to 1,792,887,038 ICD Remaining Debt Conversion Shares at the ICD Remaining Debt

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Conversion Price of SGD0.004 to the ICD Creditors subject to, and in accordance with, the terms of the DE Conversion and Shares Subscription Agreement;

- (c) the Directors of the Company be and are hereby authorised to complete and do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the issue of the ICD Remaining Debt Conversion Shares and the DE Conversion and Shares Subscription Agreement to give effect to this resolution as they think fit and in the interests of the Company,

(collectively, the “**Issue of the ICD Remaining Debt Conversion Shares to the ICD Creditors**”).)

ORDINARY RESOLUTION 4: THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 1,518,987,342 SUBSCRIPTION SHARES TO THE NEW INVESTORS AT THE SUBSCRIPTION PRICE OF SGD0.00395

THAT contingent upon the passing of Ordinary Resolutions 1, 2, 3 and 5:

- (a) Mr. Peter Koh Heng Kang and his associates have abstained from voting in respect of the ordinary resolution;
- (b) authority be and is hereby given to the Directors of the Company to allot and issue up to 1,518,987,342 Subscription Shares at the Subscription Price of SGD0.00395 to the New Investors subject to, and in accordance with, the terms of the DE Conversion and Shares Subscription Agreement;
- (c) the Directors of the Company be and are hereby authorised to complete and do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the issue of the Subscription Shares and the DE Conversion and Shares Subscription Agreement to give effect to this resolution as they think fit and in the interests of the Company,

(collectively, the “**Issue of the Subscription Shares to the New Investors**”).

ORDINARY RESOLUTION 5: THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 91,186,570 DE CONVERSION SHARES TO THE DIRECTORS AT THE DE CONVERSION PRICE OF SGD0.00395

That subject to and conditional upon the passing of Ordinary Resolution 1, 2, 3 and 4:

- (a) the Company has agreed, under the terms and subject to the conditions of the DE Conversion and Shares Subscription Agreement, to allot and issue to the Directors, the DE Conversion Shares in respect of the conversion of the directors’ fees owing by the Company to the Directors in the following manner:-
- (i) 13,100,681 DE Conversion Shares to Mr. Stephen Lee (Non-Executive Director)
- (ii) 11,207,363 DE Conversion Shares to Mr. Kee Poir Mok (Independent Director)

NOTICE OF EXTRAORDINARY MEETING

- (iii) 4,010,962 DE Conversion Shares to Mr. Peter Koh Heng Kang (Executive Director and Chief Executive Officer)
 - (iv) 51,597,390 DE Conversion Shares to Mr. Alvin Yeo Kan Yen (Lead Independent Director)
 - (v) 5,635,087 DE Conversion Shares to Mr. Jason Kardachi (Non-Executive Director)
 - (vi) 5,635,087 DE Conversion Shares to Mr. Wong Ann Chai (Independent Director)
- (b) the Directors and their associates have abstained from voting in respect of the ordinary resolution
- (c) the Directors are hereby authorised to allot and issue an aggregate of up to 91,186,570 DE Conversion Shares at the DE Conversion Price of SGD0.00395 per DE Conversion Share, subject to and in accordance with the terms and conditions of the DE Conversion and Shares Subscription Agreement to the Directors, credited as fully paid-up, free from all liens, charges and other encumbrances and ranking pari passu in all respects with the then existing Shares; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all acts and things as they may consider necessary or expedient for the purposes of or in connection with the issue of the DE Conversion Shares and the DE Conversion and Shares Subscription Agreement to give effect to this resolution as they think fit and in the interests of the Company,

(collectively, the “**Issue of DE Conversion Shares to the Directors**”).

**BY ORDER OF THE BOARD
OCEANUS GROUP LIMITED**

Peter Koh Heng Kang
Executive Director and CEO
7 December 2017

PROXY FORM

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

IMPORTANT

1. For investors who have used their CPF monies to buy Oceanus Group Limited's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the EGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

I/We _____ (Name)

of _____ (Address)

being a member/members of Oceanus Group Limited (the "**Company**") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or failing him/her (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting ("**EGM**"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at **31 Harrison Road, Level 3, Food Empire Building, Singapore 369649** on **22 December 2017 at 11:00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place)** and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

The resolution put to the vote of the EGM shall be decided by the way of poll. Please indicate the number of votes as appropriate:

No.	ORDINARY RESOLUTION	Number of votes FOR	Number of votes AGAINST
1.	The Proposed Restructuring and entry into the Restructuring Framework Agreement and the Definitive Agreements		

PROXY FORM

No.	ORDINARY RESOLUTION	Number of votes FOR	Number of votes AGAINST
2.	The proposed allotment and issue of up to 16,279,769,903 DE Conversion Shares to the ICD Creditors, the Other DE Conversion Persons and the New Investors at the DE Conversion Price of SGD0.00395		
3.	The proposed allotment and issue of up to 1,792,887,038 ICD Remaining Debt Conversion Shares to the ICD Creditors at the ICD Remaining Debt Conversion Price of SGD0.004		
4.	The proposed allotment and issue of up to 1,518,987,342 Subscription Shares to the New Investors at the Subscription Price of SGD0.00395		
5.	The proposed allotment and issue of up to 91,186,570 DE Conversion Shares to the Directors of SGD0.00395		

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 31 Harrison Road, #11-03/04 Food Empire Building, Singapore 369649 not less than 72 hours before the time fixed for holding of the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Act.
9. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
11. CPF Investors who buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the EGM to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

Personal data privacy: By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

