



OCEANUS GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)
61 Robinson Road, #10-01 Robinson Centre, Singapore 068893
Tel: +65 6837 0568 Fax: +65 6837 2660

**2014 LOAN AND WARRANTS,
EXISTING LOAN AND WARRANTS RESTRUCTURING
AND FINANCING SHAREHOLDER LOANS AND WARRANTS**

*Capitalised terms used but not defined herein shall have the definitions ascribed to them in **Appendix B** of this Announcement, unless otherwise stated or the context otherwise requires.*

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of the Company refers to the announcements by the Company dated 27 June 2014 (the “**Term Sheet Announcement**”), 29 June 2014 and 4 September 2014 in relation to the Proposed Restructuring.
- 1.2 Further to the Term Sheet Announcement, the Board wishes to announce that the Company has on 31 October 2014 entered into certain definitive agreements with:
- 1.2.1 Ocean King Group Limited (“**Ocean King**”), in respect of the 2014 Loan and Warrants;
 - 1.2.2 each of Ocean Wonder International Limited (“**OWIL**”), BW Investment Limited (“**BWIL**”) and Full Horizon Investment Limited (“**FHIL**”), in respect of the Existing Loans and Warrants Restructuring;
 - 1.2.3 each of Financing Shareholders, in respect of Financing Shareholders Loans and Warrants; and
 - 1.2.4 OWIL, BWIL, FHIL and Advance Opportunities Fund (“**Option Holder**”), in respect of the Call Options.
- 1.3 The completion of the (i) the 2014 Loan and Warrants, (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants is conditional upon, *inter alia*, the approval of the Shareholders being obtained at an EGM to be convened by the Company in due course.
- 1.4 Further information on the salient terms of the Proposed Restructuring is set out in the relevant sections below.

2. 2014 LOAN AND WARRANTS

2.1 The Company has entered into:

2.1.1 a facility agreement dated 31 October 2014 (“**Ocean King Facility Agreement**”) with Ocean King, pursuant to which Ocean King has agreed to grant to the Company a loan for a principal amount of S\$30,000,000 (“**S\$30 million Facility**”) in accordance with the terms and conditions of the Ocean King Facility Agreement; and

2.1.2 a subscription agreement dated 31 October 2014 (including warrant instrument and warrant certificate) (“**Ocean King Subscription Agreement**”) with Ocean King, pursuant to which Ocean King has agreed to subscribe for and the Company has agreed to allot to Ocean King 2,307,692,308 new warrants (“**New Warrants**”), each exercisable into new one (1) new Share at the exercise price of S\$0.013 per Share (“**Exercise Price**”),

(collectively, the “**2014 Loan and Warrants**”).

2.2 The Exercise Price of S\$0.013 for each Share:

2.2.1 is equal to the volume weighted average price of S\$0.013 of the Shares traded on the SGX-ST on 31 October 2014, being the full market day on which the 2014 Loan and Warrants Agreements were entered into; and

2.2.2 represents approximately 1.72% premium to the volume weighted average price of S\$0.01278 of the Shares traded on the SGX-ST for the five (5) market days preceding 31 October 2014, being the full market day on which the 2014 Loan and Warrants Agreements were entered into.

2.3 The S\$30 million Facility has a term of five (5) years commencing from the 1st Drawdown Date, the overall drawdown of which shall be conducted in the following manner:

Drawdown Amount	Drawdown Date
S\$10,000,000	Anytime upon the satisfaction (or waiver) of the conditions precedent of the Ocean King Facility Agreement (“ 1st Drawdown Date ”)
S\$7,000,000	1 st Drawdown Date + 60 calendar days, or such other drawdown date as may be mutually agreed between the Company and Ocean King in writing (“ 2nd Drawdown Date ”)
S\$7,000,000	2 nd Drawdown Date + 60 calendar days, or such other drawdown date as may be mutually agreed between the Company and Ocean King in writing (“ 3rd Drawdown Date ”)
S\$6,000,000	3 rd Drawdown Date + 60 calendar days, or such other drawdown date as may be mutually agreed between the Company and Ocean King in writing.

2.4 The loan under the S\$30 million Facility must be repaid no later than five (5) years from the date of the 1st Drawdown Date (“**Maturity Date**”), provided that an exercise of any part of the New Warrants by Ocean King in accordance with the terms of the New Warrants shall cause a deemed prepayment of the principal amount outstanding in the S\$30 million Facility of up to an

amount equivalent to the aggregate of the Exercise Price multiplied by the number of New Warrants exercised.

2.5 The other salient terms and conditions precedent of the 2014 Loan and Warrants are as set forth in **Appendix A** of this Announcement.

2.6 Bridging Loans:

2.6.1 1st Bridging Loan

In the light of the emergency funding requirement of the Company, Ocean King had prior to the date of this Announcement, and at the request of the Company, granted to the Company a bridging loan ("**1st Bridging Loan**") for an aggregate amount of S\$5,000,000 ("**1st Bridging Loan Amount**"), which shall form part of the S\$30 million Facility.

The Company and Ocean King agreed that, in consideration of the provision of the 1st Bridging Loan by Ocean King to the Company, on the Restructuring Effective Date:

- (a) the 1st Bridging Loan Amount shall be deemed duly and fully disbursed by Ocean King to the Company, and that the total loan amount under the S\$30 million Facility shall be reduced by an amount equal to the 1st Bridging Loan Amount; and
- (b) the 1st Bridging Loan Amount shall be deemed fully settled and repaid by the Company without any further obligation to Ocean King in respect of the 1st Bridging Loan.

2.6.2 2nd Bridging Loan

In the light of the emergency funding requirement of the Company, Mr. Yadi, an existing shareholder of the Company had, prior to the date of this Announcement, and at the request of the Company, granted to the Company a bridging loan ("**2nd Bridging Loan**") for an aggregate amount of S\$2,000,000 ("**2nd Bridging Loan Amount**"), which shall form part of the facility to be granted by Ocean King to the Company pursuant to the S\$30 million Facility.

Pursuant to an agreement dated 29 October 2014 between the Company, Mr. Yadi, Dr. Ng and Ocean King, the parties thereto agreed that, in consideration of the provision of the 2nd Bridging Loan by Mr. Yadi to the Company:

- (a) Dr. Ng shall create a mortgage on 100,000,000 Shares held by him (whether directly or indirectly) ("**Mortgaged Shares**") in favour of Mr. Yadi by transferring to Mr. Yadi the Mortgaged Shares (with a right to redeem as specified under Paragraph 2.6.2(c)(i) below) to secure the Company's repayment obligation of the 2nd Bridging Loan (including any interest accrued and payable by the Company);
- (b) the total loan to be granted by Ocean King under the S\$30 million Facility shall be reduced by an amount equivalent to the amount of the 2nd Bridging Loan;
- (c) where the Proposed Restructuring materialises within six (6) months from the granting of the 2nd Bridging Loan by Mr. Yadi to the Company, whereupon New

Warrants are issued to Ocean King:

- (i) Mr. Yadi shall without demand and at its own cost release and discharge the Mortgaged Shares by transferring the Mortgaged Shares free from all encumbrances back to Dr. Ng concurrently with the issuance of the New Warrants or in any event no later than 30 business days after the date of the issuance of the New Warrants ("**Release of Security**"); and
- (ii) subject to the Release of Security, Mr. Yadi shall receive such number of new warrant from either the Company or Ocean King, as the case may be, the number of which shall be calculated based on the similar terms of the 2014 Loan and Warrants Agreements.

3. EXISTING LOANS AND WARRANTS RESTRUCTURING

3.1 On 31 October 2014, the Company has entered into:

3.1.1 in respect of OWIL, a restructuring deed dated 31 October 2014 with OWIL, which sets out, *inter alia*:

- (a) the agreed form of the amended and restated facility agreement ("**OWIL Amended and Restated Facility Agreement**") which restates in its entirety the facility agreement dated 15 April 2012 made between OWIL and the Company in respect of a loan for a principal amount of S\$38,883,069.27 ("**OWIL Original Loan**") granted by OWIL to the Company; and
- (b) the agreed form of the amended and restated subscription agreement (including the warrant instrument and warrant certificate) ("**OWIL Amended and Restated Subscription Agreement**") which restates in its entirety, the subscription agreement dated 15 April 2012 made between OWIL and the Company, pursuant to which:
 - (i) the existing 615,145,515 Existing Warrants, each exercisable into one (1) new Share at the exercise price of S\$0.0632 per Share, currently held by OWIL, shall be cancelled; and
 - (ii) the Company shall issue and OWIL (or its nominee) shall subscribe for 1,794,327,147 Restructuring Warrants, each exercisable into one (1) new Share at the exercise price of S\$0.02167 per Share ("**Restructuring Exercise Price**"), in accordance with the terms and conditions of the OWIL Amended and Restated Subscription Agreement; and

both of which shall take effect on the Restructuring Effective Date ("**OWIL Existing Loan and Warrants Restructuring**");

3.1.2 in respect of BWIL and FHIL, a restructuring deed dated 31 October 2014 with BWIL and FHIL, which sets out, *inter alia*:

- (a) in respect of BWIL:
- (i) the agreed form of the amended and restated facility agreement (“**BWIL Amended and Restated Facility Agreement**”) which restates in its entirety the facility agreement dated 15 April 2012 made between Hupomone Capital Partners Singapore Pte. Ltd. (“**Hupomone**”) and the Company¹ (“**BWIL Original Loan**”), in respect of a loan for a principal amount of S\$22,500,000 granted by BWIL to the Company; and
 - (ii) the agreed form of the amended and restated subscription agreement (including the warrant instrument and warrant certificate) (“**BWIL Amended and Restated Subscription Agreement**”) which restates in its entirety, the subscription agreement dated 15 April 2012 made between Hupomone and the Company, pursuant to which:
 - (1) the existing 355,958,888 Existing Warrants currently held by the nominees of BWIL shall be cancelled; and
 - (2) the Company shall issue and BWIL (or its nominee) shall subscribe for 1,038,301,800 Restructuring Warrants, each exercisable into one (1) Share at the Restructuring Exercise Price per Share, in accordance with the terms and conditions of the BWIL Amended and Restated Subscription Agreement,both of which shall take effect on the Restructuring Effective Date (“**BWIL Existing Loan and Warrants Restructuring**”); and
- (b) in respect of FHIL:
- (i) the agreed form of the new facility agreement (“**FHIL Facility Agreement**”) in respect of an unsecured loan for a principal amount of S\$3,000,000 granted by FHIL to the Company; and
 - (ii) the agreed form of the subscription agreement (including the warrant instrument and warrant certificate) (“**FHIL Subscription Agreement**”), pursuant to which:
 - (1) the existing 47,461,184 Existing Warrants currently held by FHIL, shall be cancelled; and
 - (2) the Company shall issue and FHIL (or its nominee) shall subscribe for 138,440,240 Restructuring Warrants, each exercisable into one (1) Share at the Restructuring Exercise

¹ Further to a deed of assignment dated 20 December 2013 entered into between Hupomone and BWIL, (i) Hupomone had fully assigned to BWIL all its rights, title, benefit and interest, present and future, in respect of, *inter alia*, the original loan for a principal amount of S\$25,500,000 and the 403,420,072 Existing Warrants held by Hupomone (“**Original Hupomone Loan and Warrants**”); and (ii) BWIL assumes and had agreed to assume the obligations of Hupomone under, *inter alia*, the Original Hupomone Loan and Warrants, the terms and implementation of which have been agreed by the Company. It was also agreed and confirmed between FHIL and BWIL that FHIL shall be a sub-participant of the Original Hupomone Loan and Warrants assigned to BWIL in respect of a principal amount of S\$3,000,000 with effect from 5 April 2012.

Price per Share, in accordance with the terms and conditions of the FHIL Subscription Agreement,

both of which shall take effect on the Restructuring Effective Date ("**FHIL Existing Loan and Warrants Restructuring**").

3.2 In addition, under the Existing Loans and Warrants Restructuring, the Company has agreed to the following additional payment obligations:

3.2.1 in respect of OWIL, the Company shall pay to OWIL an aggregate amount of S\$4,238,193.11, being certain interest accrued and owing by the Company under the OWIL Original Loan in two (2) equal tranches, where:

- (a) Tranche 1 shall be payable by the allotment and issuance of 163,007,427 Shares ("**OWIL Interest Shares**") at the Exercise Price per Share; and
- (b) Tranche 2 shall be payable in cash by 31 December 2014 or such other date as parties may otherwise agree;

3.2.2 in respect of BWIL, the Company shall pay to BWIL an aggregate amount of S\$2,452,464.44, being certain interest accrued and owing by the Company under the BWIL Original Loan in two (2) equal tranches, in which:

- (a) Tranche 1 shall be payable by the allotment and issuance of 94,325,555 Shares ("**BWIL Interest Shares**") at the Exercise Price per Share; and
- (b) Tranche 2 shall be payable in cash by 31 December 2014 or such other date as parties may otherwise agree; and

3.2.3 in respect of FHIL, the Company shall pay to FHIL an agreed additional sum of S\$326,995.26 in two (2) equal tranches, in which:

- (a) Tranche 1 shall be payable by the allotment and issuance of 12,576,741 Shares ("**FHIL Agreed Shares**") at the Exercise Price per Share; and
- (b) Tranche 2 shall be payable in cash by 31 December 2014 or such other date as parties may otherwise agree.

4. FINANCING SHAREHOLDERS LOANS AND WARRANTS

4.1 In connection with (i) the proposed provision of a loan for an aggregate principal amount of S\$2,500,000 ("**Financing Shareholders Loan**") by the Financing Shareholders to the Company; and (ii) the issue by the Company to the Financing Shareholders of an aggregate 192,307,693 New Warrants, each exercisable into new one (1) Share at the Exercise Price ("**Financing Shareholders Loans and Warrants**"), the Company has on 31 October 2014 entered into:

4.1.1 with Mr. Thomas Chan Ho Lam:

- (a) a loan agreement in respect of an unsecured loan for a principal amount of S\$750,000; and

(b) a subscription agreement in respect of the issuance of 57,692,308 New Warrants by the Company to Mr. Thomas Chan Ho Lam,

(collectively, "**TC Loan and Warrants Agreements**"); and

4.1.2 with Mr. Yadi:

(a) a loan agreement in respect of an unsecured loan for a principal amount of S\$1,750,000; and

(b) a subscription agreement in respect of the issuance of 134,615,385 New Warrants by the Company to Mr. Yadi,

(collectively, "**Yadi Loan and Warrants Agreements**").

4.2. Subject to satisfaction or waiver (as applicable) of all the conditions precedent, the Financing Shareholders Loan shall be disbursed to the Company in full on 1 November 2014, or on such other date as may be agreed between the Company and the Financing Shareholders ("**Financing Shareholders Loan Drawdown Date**").

4.3 The Financing Shareholders Loan is unsecured and is for a period of 60 months after the Financing Shareholders Loan Drawdown Date. It shall carry an interest of:

4.3.1 8.00% per annum of the outstanding principal amount prior to the issuance of the New Warrants by the Company; and

4.3.2 5.00% per annum of the outstanding principal amount subsequent to the issuance of the New Warrants by the Company.

4.4 The Financing Shareholders shall only be entitled to the warrant redemption premium which will enable the Financing Shareholders to derive an internal rate of return of 15% per annum of the aggregate exercise price of S\$2,500,000 in proportion to the unexercised New Warrants (calculated from the date of issuance of the New Warrants), in the event that OWIL and/or BWIL request/requests that their respective existing warrant redemption premium right provided under their respective existing warrant instrument be exercised.

5. **CALL OPTIONS**

5.1 The Company has entered into a conditional call option agreement dated 31 October 2014 ("**Call Option Agreement**") with OWIL, BWIL, FHIL and the Option Holder, pursuant to which each of the Existing Warranholders has granted to the Option Holder call options in respect of the Restructuring Warrants to be held by them upon completion of the Proposed Restructuring on terms and conditions set out therein, including:

5.1.1 **1st Call Option**, which entitles the Option Holder to, at any time and from time to time during the 1st Option Period, serve such number of call option notices ("**1st Call Option Notice**") to the Existing Warranholders and the Company, pursuant to which:

(i) the Option Holder shall, subject to the respective Existing Warranholder's certain withdrawal right, exercise in aggregate not more than 40% of the

Restructuring Warrants owned by the Existing Warranholders on the Restructuring Effective Date on a pro rata basis; and

- (ii) the Company shall issue the corresponding Shares pursuant to such exercise in favour of the Option Holder, provided that each 1st Call Option Notice delivered by the Option Holder to the Existing Warranholders shall be accompanied by the full amount of the aggregate exercise price for the number of Restructuring Warrants to be exercised in accordance with the relevant 1st Call Option Notice, calculated at an exercise price of **S\$0.0260** per Restructuring Warrant;

5.1.2 **2nd Call Option**, which entitles the Option Holder to, at any time and from time to time during the 1st Option Period, serve such number of call option Notices ("**2nd Call Option Notice**") to the Existing Warranholders and the Company, pursuant to which:

- (i) the Option Holder shall, subject to the respective Existing Warranholder's certain withdrawal right, exercise in aggregate not more than 40% of the Restructuring Warrants owned by the Existing Warranholders on the Restructuring Effective Date on a pro rata basis; and
- (ii) the Company shall issue the corresponding Shares pursuant to such exercise in favour of the Option Holder, provided that each 2nd Call Option Notice delivered by the Option Holder to the Existing Warranholders shall be accompanied by the full amount of the aggregate exercise price for the number of Restructuring Warrants to be exercised in accordance with the relevant 2nd Call Option Notice, calculated at an exercise price of **S\$0.0303** per Restructuring Warrant; and

5.1.3 **3rd Call Option**, which entitles the Option Holder to, at any time and from time to time during the period commencing from the Restructuring Effective Date until the expiry of the full tenure of the existing loans granted by the Existing Warranholders (as restructured under the Proposed Restructuring), serve such number of Call Option Notices ("**3rd Call Option Notice**") to the Existing Warranholders and the Company, pursuant to which:

- (i) the Option Holder shall, subject to the respective Existing Warranholder's certain withdrawal right, exercise in aggregate not more than 20% of the Restructuring Warrants owned by the Existing Warranholders on the Restructuring Effective Date on a pro rata basis; and
- (ii) the Company shall issue the corresponding Shares pursuant to such exercise in favour of the Option Holder, provided that each 3rd Call Option Notice delivered by the Option Holder to the Existing Warranholders shall be accompanied by the full amount of the aggregate exercise price for the number of Restructuring Warrants to be exercised in accordance with each 3rd Call Option Notice, calculated at an exercise price of **S\$0.0401** per Restructuring Warrant,

(collectively, the "**Call Options**").

5.2 In the event that the Option Holder exercises any of the Call Options, the outstanding amount of the loans granted by the Existing Warranholder to the Company shall, on the date of issuance of the relevant Shares by the Company to the Option Holder, be correspondingly reduced or extinguished by an amount equal to the relevant number of Restructuring Warrants exercised multiplied by the Restructuring Exercise Price.

- 5.3 The Call Option Agreement is conditional upon the fulfilment, satisfaction or waiver of the following:
- 5.3.1 the 2014 Loan and Warrants taking effect in accordance with the terms and conditions of the 2014 Loan and Warrants Agreement;
 - 5.3.2 the Existing Loans and Warrants Restructuring taking effect in accordance with the terms and conditions of the Existing Loans and Warrants Restructuring Agreements; and
 - 5.3.3 the trading of the issued Shares not being suspended by the SGX-ST (other than a suspension and/or trading halt on a temporary basis requested by the Company) or the issued Shares not having been delisted.

6. OCEAN KING AND THE INTRODUCER

- 6.1 Ocean King, being an affiliated entity of Cap One and a special purpose vehicle incorporated in Samoa, is a corporate investor desirous of providing the S\$30 million Facility to the Company and subscribing for the New Warrants for investment purposes. Ocean King is a privately held investment holding whose primary objective is to invest in undervalued companies which have the potential to deliver attractive returns for the its private investors. To date, it has investments in various food and aquaculture, oil and gas equipment, medical, property and lifestyle businesses across the Asian and China region.
- 6.2 Ocean King was introduced to the Company by NeuAsia Holdings Limited (“**Introducer**”). The Introducer is a company principally engaged in business consultancy activities and business brokering services for Corporate, effectively utilizing its vast network throughout the region to secure appropriate and strategic business partners in ASEAN and Greater China.
- 6.3 In consideration thereof, the Company has agreed to pay to the Introducer a commission fee which is equivalent to 3% of the principal amount of S\$30 million Facility. The commission fee shall be paid in four (4) tranches on each Drawdown Date, with each tranche equivalent to 3% of the Drawdown Amount.
- 6.4 To the best knowledge of the Directors, each of Ocean King and the Introducer is not related to the Company, the Directors or the substantial shareholders of the Company, and is not a person to whom the Company is prohibited from issuing Shares to, as provided for under Rule 812 of the Listing Manual of the SGX-ST.

7. OTHER KEY TERMS OF THE PROPOSED RESTRUCTURING

- 7.1 Security
- 7.1.1 The Company shall secure the payment by the Company of all amounts outstanding pursuant to the 2014 Loan and New Warrants, by granting to Ocean King exclusive first charge security over certain properties of the Company, including without limitation, certain land and buildings (which shall include plant and machinery) of the Company (the “**Lender’s Security Asset**”) on terms and conditions agreed, provided that such security shall only be enforceable by Ocean King in the event of a default under the Ocean King Facility Agreement. The

maximum loan to value ratio (“LTV”) of the Lender’s Security Assets shall at all times be 0.53 to 1.

7.1.2 Ocean King will have the exclusive right to appoint and instruct a valuer of its choice, at the Company’s cost, to carry out a valuation of the Lender’s Security Assets at any time, but in any case not exceeding once per year, for testing the LTV covenant. The Company shall not be held liable nor shall an event of default be triggered under any Proposed Loan and New Warrants Agreements, unless the LTV increases beyond 0.65 to 1 at any time during the tenure of the Loan, upon which the Company shall top up the Lender’s Security Assets such that the LTV will be not more than 0.50 to 1.

7.1.3 The Company will also grant (in addition to the security currently granted in favour of OWIL and BWIL) exclusive first charge security over certain properties of the Company (including without limitation certain land and buildings), to secure the payment by the Company of the existing loans. In the event that Ocean King converts any part of the Loan into Shares pursuant to the terms of the Proposed Loan and New Warrants Agreements, the Lender’s Security Assets in excess of the LTV of 0.50 to 1 shall be released and such released Lender’s Security Assets shall be provided as security to BWIL and OWIL as top up security until the loan to value ratio in favour of BWIL and OWIL collectively does not exceed 0.65 to 1.

7.2 Board of Directors

7.2.1 Pursuant to the Proposed Restructuring, the Parties have agreed to the reconstitution of the Board to take effect from the Restructuring Effective Date, including without limitation:

- (a) the appointment of one person nominated by Ocean King to the Board of the Company at the election of Ocean King;
- (b) the appointment of one person nominated by BWIL as Non-Executive Director of the Company to (i) the Board of the Company; (ii) Remuneration Committee, Nominating Committee and the Audit Committee of the Company; (iii) the Board of certain key operating subsidiaries of the Company;
- (c) retention of the following Directors as members of the Company’s Board:-
 - (i) Dr Ng Cher Yew (Executive Chairman and Chief Executive Officer);
 - (ii) Mr Stephen Lee (Non-Executive Director);
 - (iii) Alvin Yeo (Chairman of Audit Committee);
 - (iv) Mr Kee Poir Mok (Independent Director); and
 - (v) Mr Peter Koh (Independent Director).

7.2.2 The appointments and positions of further directors are to be approved by the Company, the Existing Warrantholders and Ocean King.

8. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

For illustrative purposes only, based on the audited full year results of the Company as at 31 December 2013, the proforma financial effects of the Proposed Restructuring are calculated based on the following assumptions:-

- (a) for the purpose of computing the EPS of the Group after the completion of the (i) 2014 Loan and Warrants; (ii) Existing Loans and Warrants Restructuring; and (iii) Financing Shareholder Loans and Warrants, it is assumed that such three (3) events were completed concurrently on 1 January 2013; and
- (b) for the purpose of computing the NTA/NTL and gearing of the Group, it is assumed that the (i) 2014 Loan and Warrants; (ii) Existing Loans and Warrants Restructuring; and (iii) Financing Shareholders Loans and Warrants, were completed concurrently on 31 December 2013.

8.1.1 Share Capital

<u>Share Capital</u>	<u>Number of Shares</u>	<u>Issued share capital</u> <u>(S\$'000)</u>
Before (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(a)	3,637,941,547	466,936
After completion of (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(b)	9,378,920,158 ^(b)	567,328

Notes:

- (a) For the purposes of computation, it is assumed that all Existing Warrants issued to the Existing Warranholders are fully converted ("**Assumption 1**").
- (b) For the purposes of computation, it is assumed that on the Restructuring Effective Date:
 - (i) the 2014 Loan and Warrants Restructuring, the Existing Loans and Warrants Restructuring and the Financing Shareholders Loans and Warrants take place concurrently;
 - (ii) all Existing Warrants issued to the Existing Warranholders are cancelled;
 - (iii) the following are issued and allotted by the Company:
 - (1) 2,307,692,308 New Warrants to Ocean King (which shall be inclusive of the New Warrants to be issued pursuant to the 2nd Bridging Loan);

- (2) 192,307,693 New Warrants to Financing Shareholders;
 - (3) 1,794,327,147 Restructuring Warrants to OWIL;
 - (4) 1,038,301,800 Restructuring Warrants to BWIL;
 - (5) 138,440,240 Restructuring Warrants to FHIL;
 - (6) 163,007,427 OWIL Interest Shares to OWIL;
 - (7) 94,325,555 BWIL Interest Shares to BWIL; and
 - (8) 12,576,741 FHIL Agreed Shares to FHIL,
- (collectively, “**Aggregate Warrants**”); and
- (iv) the Aggregate Warrants are fully converted into Shares,
- (collectively, the “**Assumption 2**”)

8.1.2 EPS

<u>Earnings Per Share</u>	<u>Loss after Tax (S\$'000)</u>	<u>Weighted average number of fully- paid ordinary shares</u>	<u>S\$ cents</u>
Before (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(a)	92,336	3,637,941,547	2.54
After completion of (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(b)	92,336	9,378,920,158	0.98

Note:

- (a) Calculated based on Assumption 1; and
- (b) Calculated based on Assumption 2.

8.1.3 NTA

<u>Net Tangible Assets</u>	<u>NTA</u> <u>(S\$'000)</u>	<u>Weighted average</u> <u>number of fully-</u> <u>paid ordinary</u> <u>shares</u>	<u>S\$ cents</u>
Before (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(a)	11,913	3,637,941,547	0.33
After completion of (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(b)	112,305	9,378,920,158	1.2

Note:

(a) Calculated based on Assumption 1; and

(b) Calculated based on Assumption 2.

8.1.4 Gearing

<u>Gearing</u>	<u>Total borrowings</u> <u>(S\$'000)</u>	<u>Shareholders'</u> <u>funds (S\$'000)</u>	<u>Gearing</u>
Before (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(a)	2,492	11,913	0.21
After completion of (i) the 2014 Loan and Warrants; (ii) the Existing Loans and Warrants Restructuring; and (iii) the Financing Shareholder Loans and Warrants^(b)	207	112,305	0.002

Note:

- (a) Calculated based on Assumption 1; and
- (b) Calculated based on Assumption 2.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 9.1 Each of Ocean King, the Existing Warranholders and the Financing Shareholders is not under the control or influence of any of the Company's Directors or substantial shareholders.
- 9.2 Save as disclosed, none of the Directors or substantial shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Restructuring.

10. RATIONALE FOR THE PROPOSED RESTRUCTURING

The proceeds from the 2014 Loan and Warrants are to be utilised by the Company to:

- (a) satisfy its general corporate and working capital purposes, including, *inter alia*, upgrade and maintenance of infrastructure and expansion of operations; and
- (b) repay the accrued interests owing by the Company to the Existing Warranholders under the existing loans granted by the Existing Warranholders to the Company.

The Board is therefore of the view that the Proposed Restructuring is in the best interests of the Company.

11. EGM AND CIRCULAR TO SHAREHOLDERS

A circular to Shareholders setting out further information on the Proposed Restructuring and containing the notice of EGM, for the purpose of seeking Shareholders' approval for the Proposed Restructuring, will be despatched to Shareholders in due course.

12. APPLICATION TO SGX-ST

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Shares to be issued pursuant to the Proposed Restructuring, as applicable. The Company will make the necessary announcements once the approval-in-principle for such application has been obtained from the SGX-ST.

13. DOCUMENTS FOR INSPECTION

The Restructuring Agreements may be inspected at the registered office of the Company at 61 Robinson Road, #10-01 Robinson Centre, Singapore 068893 for a period of 3 months from the date of this Announcement.

14. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading in any material respect.

15. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The completion of the Proposed Restructuring is subject to numerous conditions. There is no certainty or assurance as at the date of this Announcement that the Proposed Restructuring will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Restructuring. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Dr. Ng Cher Yew
Executive Chairman

31 October 2014

APPENDIX A – KEY TERMS OF THE 2014 LOAN AND WARRANTS

(I) Key Terms of the 2014 Loan and Warrants

(1) Interest Rate and Payments

The S\$30 million Facility bears an interest rate of 5 per cent per annum on principal (“**Interest**”) commencing from the Drawdown Date, and accrued on a daily basis on drawn funds only. Interest shall become due and repayment shall take place semi-annually on 30 June and 30 December every year until the full amount under the S\$30 million Facility is fully repaid.

(2) New Warrants Issue and Exercise Price

The Company shall issue non-listed and transferable New Warrants to Ocean King, denominated in Singapore dollars, exercisable at any time prior to the Maturity Date. Ocean King shall be entitled to, at any time and from time to time on or prior to the Maturity Date, convert all or any of the New Warrants into one new Share for every New Warrant at the Exercise Price per Share.

Any unexercised New Warrants shall be mandatorily converted into Shares on the Maturity Date at the Exercise Price. The number of New Warrants and the Exercise Price shall be subject to customary anti-dilutive adjustment provisions. The Shares issued pursuant to exercise of the New Warrants shall rank *pari passu* in all respects with all other existing Shares and shall be listed on the SGX-ST.

(3) Exercise of Warrants and Repayment of the Loan

Payment for the aggregate Exercise Price in respect of an exercise of any number of New Warrants converted from time to time shall be satisfied by extinguishing an amount equivalent to the aggregate of the Exercise Price multiplied by the number of New Warrants exercised by Ocean King out of the S\$30 million Facility amount then outstanding. Such payment shall be treated as prepayment of the loan under the S\$30 million Facility (or part thereof).

(4) Compensation

If the conditions precedent for the issuance of New Warrants (as set out in Section II below) are not fulfilled within 120 days of the signing of 2014 Loan and Warrants Agreements (“**Initial Period**”), or such other date as may be agreed between the Company and Ocean King in writing, then the Company shall be entitled to an additional two (2) months (“**Extended Period**”) to procure the fulfilment of the conditions and the issuance of the New Warrants. If the Company fails to issue the New Warrants within the Extended Period, the obligations of the Company and Ocean King with regards to the New Warrants shall cease and determine thereafter, whereupon the Company shall repay the loan under the S\$30 million Facility in full, including any accrued interest, to Ocean King within 30 days from the expiry of the Extended Period, failing which Ocean King shall have the right to exercise its claims against the Lender’s Security Assets.

(5) Ocean King's Warrant Redemption Premium

Subject to certain warrant redemption exceptions as agreed between the Company and Ocean King, in the event that OWIL and/or BWIL request/requests that their respective existing warrant redemption premium right provided under their respective existing warrant instrument be exercised, notwithstanding that the Maturity Date has not passed, Ocean King shall have the right to, at its sole discretion, request that the Company redeems the unexercised New Warrants at a redemption premium equal to an amount that will enable the Ocean King to derive an internal rate of return of 15% per annum of the aggregate Exercise Price of S\$30,000,000 (calculated with effect from the date of issuance of the New Warrants) in proportion to the unexercised New Warrants (exclusive of any taxes and interest payments).

II. Conditions Precedent for the Disbursement of the loan under the S\$30 million Facility

The disbursement of the loan under the S\$30 million Facility will be conditional upon the satisfaction of certain conditions precedent on or before the 1st Drawdown Date, which shall include without limitation the following:

- (a) written confirmation or agreement being procured from each of the Existing Warranholders that it agrees:
 - (i) to extend the term of its outstanding loan and warrants expiration date to 31 December 2016;
 - (ii) the exercise price of the warrants to be issued to them pursuant to the Proposed Restructuring in accordance with the respective amended and restated subscription agreements will be revised to S\$0.02167 per Share;
 - (iii) that the existing warrant redemption premium right provided under the existing loans and warrants shall be waived and will only be payable by the Company to the Existing Warranholders in agreed circumstances stated in the respective amended and restated subscription agreements; and
 - (iv) to the terms of the Restructuring Agreements;
- (b) the Existing Warranholders agreeing to grant certain call options and subject themselves (each in relation to itself) to mandatory conversion, on a *pro rata* basis, of their outstanding Restructuring Warrants in the manner as set out in the Call Option Agreement;
- (c) the Existing Warranholders to agree that in the event the Company proposes to enter into any agreement(s) to raise new funding (either by way of equity or equity linked instruments, or through loans) which sole purpose is to repay in full the entire outstanding amount on the existing loans of the Existing Warranholders (including any interest and/or warrant redemption premium as may be applicable) prior to the revised expiry date, the Existing Warranholders shall waive all restrictions on the Company to raise such refinancing (including its anti-dilution rights);
- (d) Ocean King being satisfied with the results of its legal due diligence investigations of the Company; and

- (e) Ocean King having obtained all necessary external and internal consents and approvals for the transaction and all relevant regulatory, shareholders' and government approvals, if necessary.

III. Conditions Precedent for the Issuance of the New Warrants

The issuance of the New Warrants to Ocean King will be conditional upon, *inter alia*, the following occurring or being confirmed, fulfilled or procured (as the case may be):

- (a) the 2014 Loan and Warrants Agreements and any other related agreements being duly executed;
- (b) the approval of the board of directors of the Company being obtained for the appointment of a person nominated by Ocean King to the board of directors of the Company (which shall be at the election of the Ocean King);
- (c) approval-in-principle for the listing and quotation of the Shares to be issued in respect of the exercise of the New Warrants being obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions pertaining to and are to be complied with by Ocean King, such conditions being reasonably acceptable to the Company and Ocean King;
- (d) the approval of the Shareholders (where required) for (i) the issuance of the New Warrants; (ii) the warrants redemption premium, and where such approval is subject to conditions, such conditions being acceptable to the Company and Ocean King; and
- (e) completion of the Existing Loans and Warrants Restructuring in accordance with the terms and conditions of the Existing Loans and Warrants Restructuring Agreements.

If the conditions precedent are not met by the Extended Period, the compensation provisions described in Section I(4) (*Compensation*) above shall apply.

APPENDIX B - DEFINITIONS

DEFINITIONS:

- "1st Call Option Notice"** Has the meaning ascribed to it in Paragraph 5.1.1 of the Announcement;
- "1st Option Period"** : A period of 12 months commencing from the 1st Drawdown Date;
- "2nd Call Option Notice"** Has the meaning ascribed to it in Paragraph 5.1.2 of the Announcement;
- "2014 Loan and Warrants"** : Has the meaning ascribed to it in Paragraph 2.1 of the Announcement;
- "2014 Loan and Warrants Agreements"** : The Ocean King Loan Agreement and the Ocean King Subscription Agreement;
- "2nd Bridging Loan"** : Has the meaning ascribed to it in Paragraph 2.6.2 of this Agreement;
- "2nd Bridging Loan Amount"** : Has the meaning ascribed to it in Paragraph 2.6.2 of this Agreement;
- "3rd Call Option Notice"** Has the meaning ascribed to it in Paragraph 5.1.3 of the Announcement;
- "Board" or "Directors"** : Has the meaning ascribed to it in Paragraph 1.1 of this Agreement;
- "BWIL"** : Has the meaning ascribed to it in Paragraph 1.2.2 of this Announcement;
- "BWIL Amended and Restated Facility Agreement"** : Has the meaning ascribed to it in Paragraph 3.1.2(a)(i) of this Announcement;
- "BWIL Amended and Restated Subscription Agreement"** : Has the meaning ascribed to it in Paragraph 3.1.2(a)(ii) of this Announcement;
- "BWIL Existing Loan and Warrants Restructuring"** : Has the meaning ascribed to it in Paragraph 3.1.2 of this Announcement;
- "BWIL Existing Loan and Warrants Restructuring Agreements"** : BWIL Amended and Restated Facility Agreement and BWIL Amended and Restated Subscription Agreement.
- "BWIL Interest Shares"** : Has the meaning ascribed to it in Paragraph 3.2.2(a) of this Announcement;

“BWIL Original Loan”	:	Has the meaning ascribed to it in Paragraph 3.1.2(a)(i) of this Announcement;
“Call Option Agreement”	:	Has the meaning ascribed to it in Paragraph 5.1 of this Announcement;
“Call Options”	:	Has the meaning ascribed to it in Paragraph 5.1 of this Announcement;
“Cap One”	:	Cap One Financial Limited, the contracting party to the Term Sheet;
“Company”	:	Oceanus Group Limited;
“Drawdown Amount”	:	Has the meaning ascribed to it in Paragraph 2.3 of the Announcement;
“Drawdown Date”	:	Has the meaning ascribed to it in Paragraph 2.3 of the Announcement;
“Dr. Ng”	:	Dr. Ng Cher Yew, the Executive Chairman of the Company for the time being;
“EGM”	:	Extraordinary general meeting of the Company;
“EPS”	:	earnings per Share;
“Exercise Price”	:	Has the meaning ascribed to it in Paragraph 2.1.2 of the Announcement;
“Existing Loans and Warrants Restructuring”	:	Collectively: <ul style="list-style-type: none"> (i) OWIL Existing Loan and Warrants Restructuring; (ii) BWIL Existing Loan and Warrants Restructuring; and (iii) FHIL Existing Loan and Warrants Restructuring.
“Existing Loan and Warrants Restructuring Agreements”	:	Collectively: <ul style="list-style-type: none"> (i) OWIL Existing Loan and Warrants Restructuring Agreements; (ii) BWIL Existing Loan and Warrants Restructuring Agreements; and (iii) FHIL Existing Loan and Warrants Restructuring Agreements.
“Existing Warrants”	:	The existing Warrants held by the Existing Warrantholders prior to the Existing Loans and Warrants Restructuring, each exercisable into one (1) new Share at an exercise price of S\$0.0632 per Share;

“Existing Warrantholders”	:	OWIL, BWIL and FHIL, and “Existing Warrantholder” means each of them;
“FHIL”	:	Has the meaning ascribed to it in Paragraph 1.2.2 of this Announcement;
“FHIL Agreed Shares”	:	Has the meaning ascribed to it in Paragraph 3.2.3(a) of this Announcement;
“FHIL Facility Agreement”	:	Has the meaning ascribed to it in Paragraph 3.1.2(b)(i) of this Announcement;
“FHIL Subscription Agreement”	:	Has the meaning ascribed to it in Paragraph 3.1.2(b)(ii) of this Announcement;
“FHIL Existing Loan and Warrants Restructuring”	:	Has the meaning ascribed to it in Paragraph 3.1.3 of this Announcement;
“FHIL Existing Loan and Warrants Restructuring Agreements”	:	FHIL Facility Agreement and FHIL Subscription Agreement.
“Financing Shareholders”	:	Mr. Yadi and Mr. Thomas Chan Ho Lam, and “Financing Shareholder” means each one of them;
“Financing Shareholders Loan”	:	Has the meaning ascribed to it in Paragraph 4.1 of the Announcement;
“Financing Shareholders Loans and Warrants”	:	Has the meaning ascribed to it in Paragraph 4.1 of the Announcement;
“Financing Shareholders Loans and Warrants Agreements”	:	TC Loan and Warrants Agreements and Yadi Loan and Warrants Agreements;
“Financing Shareholders Loan Drawdown Date”	:	Has the meaning ascribed to it in Paragraph 4.2 of this Announcement;
“Group”	:	The Company and its subsidiaries;
“Lender’s Security Asset”	:	Has the meaning ascribed to it in Paragraph 7.1.1 of this Announcement;
“LTV”	:	Has the meaning ascribed to it in Paragraph 7.1.1 of this Announcement;
“Maturity Date”	:	Has the meaning ascribed to it in Paragraph 2.4 of this Announcement;
“Mortgaged Shares”	:	Has the meaning ascribed to it in Paragraph 2.6.2(a) of this Announcement;

“Mr. Yadi”	:	Mr. Perman Yadi;
“New Warrants”	:	Has the meaning ascribed to it in Paragraph 2.1.2 of this Announcement;
“NTA”	:	Net tangible asset;
“Ocean King”	:	Has the meaning ascribed to it in Paragraph 1.2.1 of this Announcement;
“Ocean King Facility Agreement”	:	Has the meaning ascribed to it in Paragraph 2.1.1 of this Announcement;
“Ocean King Subscription Agreement”	:	Has the meaning ascribed to it in Paragraph 2.1.2 of this Announcement;
“Option Holder”	:	Has the meaning ascribed to it in Paragraph 1.2.4 of this Announcement;
“OWIL”	:	Has the meaning ascribed to it in Paragraph 1.2.2 of this Announcement;
“OWIL Amended and Restated Facility Agreement”	:	Has the meaning ascribed to it in Paragraph 3.1.1(a) of this Announcement;
“OWIL Amended and Restated Subscription Agreement”	:	Has the meaning ascribed to it in Paragraph 3.1.1(b) of this Announcement;
“OWIL Existing Loan and Warrants Restructuring”	:	Has the meaning ascribed to it in Paragraph 3.1.1 of this Announcement;
“OWIL Existing Loan and Warrants Restructuring Agreements”	:	OWIL Amended and Restated Facility Agreement and OWIL Amended and Restated Subscription Agreement.
“OWIL Interest Shares”	:	Has the meaning ascribed to it in Paragraph 3.2.1(a) of this Announcement;
“OWIL Original Loan”	:	Has the meaning ascribed to it in Paragraph 3.1.1(a) of this Announcement;
“Proposed Restructuring”	:	The 2014 Loan and Warrants, the Existing Loans and Warrants Restructuring, the Financing Shareholders Loans and Warrants and the Call Option, collectively; and
“Release of Security”	:	Has the meaning ascribed to it in Paragraph 2.6.2(c)(i) of this Announcement;
“Restructuring Agreements”	:	Collectively: (i) the 2014 Loan and Warrants Agreements;

- (ii) the Existing Loan and Warrants Restructuring Agreements;
 - (iii) the Financing Shareholders Loans and Warrants Agreements; and
 - (iv) the Call Option Agreement.
- “Restructuring Effective Date”** : The date on which the Proposed Restructuring becomes effective in accordance with the terms and conditions of the Restructuring Agreements;
- “Restructuring Exercise Price”** : Has the meaning ascribed to it under Paragraph 3.1.1(b)(ii) of this Announcement;
- “Restructuring Warrants”** : The new Warrants to be issued to the Existing Warranholders pursuant to the Existing Loans and Warrants Restructuring, each exercisable into one (1) Share at the Restructuring Exercise Price per Share;
- “SGX-ST”** : Singapore Exchange Securities Trading Limited;
- “Shareholders”** : Shareholders of the Company;
- “S\$30 million Facility”** : Has the meaning ascribed to it in Paragraph 2.1.1 of this Announcement;
- “Term Sheet Announcement”** : Has the meaning ascribed to it in Paragraph 1.1 of this Announcement;
- “TC Loan and Warrants Agreements”** : Has the meaning ascribed to it in Paragraph 4.1.1 of this Announcement;
- “Term Sheet”** : The term sheet dated 27 June 2014 executed between the Company, BWIL, OWIL and Cap One (as amended and supplemented by a letter agreement dated 27 August 2014);
- “Warrants”** : Any or all of the Existing Warrants and the Restructuring Warrants, as the case may be, which give the holder thereof a right to subscribe for Shares pursuant to the terms and conditions thereof; and
- “Yadi Loan and Warrants Agreements”** : Has the meaning ascribed to it in Paragraph 4.12 of this Announcement.