

**PROPOSED DEBT RESTRUCTURING OF THE COMPANY**

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**1. INTRODUCTION**

1.1. The Board of Directors (“**Board**”) of Oceanus Group Limited (the “**Company**”) wishes to announce that the Company has on 24 January 2017 entered into an amended and restated binding term sheet (the “**Term Sheet**”), in respect of the proposed debt restructuring (the “**Proposed Restructuring**”) of the Company with the following parties:

(a) BW Investment Limited (“**BWIL**”);

(b) Ocean Wonder International Limited (“**OWIL**”);

(c) Ocean King Group Limited (“**OKGL**”);

((a) to (c), collectively, the “**ICD Creditors**”)

(d) Dr Ngiam Tong Tau, Stephen Lee, Chua Seng Kiat, Yeo Kan Yen, Kee Poir Mok, Peter Koh Heng Kang, Jason Kardachi, Wong Ann Chai and Ng Cher Yew (the “**Creditor Directors**”);

(e) Morgan Lewis Stamford LLC (“**MLS**”);

((d) to (e), collectively, the “**Other DE Conversion Persons**”)

1.2. The Term Sheet sets out broadly the salient terms and conditions of the Proposed Restructuring, which will form the basis of the definitive agreements relating to the Proposed Restructuring (the “**Definitive Agreements**”). Further details will be announced in the event the Definitive Agreements are entered into by the Company.

1.3. Capitalised words which are not defined in this announcement shall carry the same meanings ascribed to them in the announcement dated 8 September 2016 (the “**Announcement**”).

1.4. The Board wishes to advise shareholders of the Company (the “**Shareholders**”) to read this announcement in its entirety, in particular, the trading caution set out in paragraph 12 of this announcement.

**2. SALIENT TERMS OF THE TERM SHEET**

**2.1. Creditors’ Debt Rebalancing Exercise**

The ICD Creditors and the Other DE Conversion Persons shall transfer, assign and/or novate an aggregate amount of SGD 31,960,038 of their debt to the investors of the New Funds (as defined in paragraph 2.6 below) (the “**New Investors**”) on terms satisfactory to such parties (the “**Creditors’ Debt Rebalancing Exercise**”).

**2.2. Debt to Equity Conversion by the ICD Creditors**

The background on the ICD Creditors is as set out in the Announcement.

After the Creditors’ Rebalancing Exercise, the Company and the ICD Creditors have agreed to convert part of the outstanding debt owing by the Company to the ICD Creditors as at 30 June 2016 into new ordinary shares in the capital of the Company (“**Shares**”) at a conversion price of SGD 0.00395 per Share (the “**Conversion Price**”). The aggregate new Shares to be issued to the ICD Creditors shall be 7,484,934,745 new Shares (the “**New DE Conversion Shares**”).

**Following the consummation of the Creditors' Rebalancing Exercise** and such debt to equity conversions in respect of the ICD Creditors, the number of New DE Conversion Shares to be issued to the ICD Creditors and the total remaining debt balance due to the ICD Creditors will be as follows:

<b>ICD Creditors</b>	<b>Outstanding amount of debt balance (S\$ million)</b>	<b>Amount subject to the Creditors' Rebalancing Exercise (S\$ million)</b>	<b>Amount to be converted into new ICD Creditors Conversion Shares (S\$ million)</b>	<b>Remaining debt due to the ICD Creditors (S\$ million)</b>	<b>Number of New DE Conversion Shares to be issued to the ICD Creditors</b>
<b>OWIL</b>	43.39	15.32	17.41	10.66	4,408,602,594
<b>BWIL</b>	28.46	10.05	11.42	6.99	2,891,216,384
<b>OKGL</b>	9.58	6.50	0.73	2.35	185,115,767
<b>Total</b>	81.44	31.87	29.57	20.00	7,484,934,745

### **2.3. Debt to Equity Conversion by the Other DE Conversion Persons**

In respect of the director fees due to the Creditor Directors and the professional services fees due to MLS as at 31 December 2016, and subject to the Creditors' Rebalancing Exercise, all such debt will be converted at the Conversion Price into an aggregate of 794,872,888 New DE Conversion Shares.

Following the consummation of the Creditors' Debt Rebalancing Exercise and such debt to equity conversions in respect of the Other DE Conversion Persons, the number of New DE Conversion Shares to be issued to the Other DE Conversion Persons will be as follows:

<b>No.</b>	<b>Name</b>	<b>Amount of Claim (SGD)</b>	<b>Amount subject to the Creditors' Rebalancing Exercise (SGD)</b>	<b>Number of new Shares<sup>(3)</sup></b>
1.	Dr Ngiam Tong Tau	94,758.90	87,563.47	22,167,967
2.	Stephen Lee	56,000.00	51,747.69	13,100,681
3.	Chua Seng Kiat	12,964.38	11,979.94	3,032,897
4.	Yeo Kan Yen	220,557.53	203,809.69	51,597,390
5.	Kee Poir Mok	47,906.85	44,269.08	11,207,363
6.	Peter Koh Heng Kang	17,145.21	15,843.30	4,010,962
7.	Jason Kardachi	24,087.67	22,258.60	5,635,087
8.	Wong Ann Chai	24,087.67	22,258.60	5,635,087
9.	Dr Ng Cher Yew	245,196.45	226,577.68	57,361,437

10. MLS	2,484,496.07	2,453,439.87	621,124,017
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#### 2.4. Remaining Debt under the ICD Facilities

Following the debt to equity conversions in respect of the ICD Facilities as set out in Paragraph 2.2 above, the remaining debt balance under the ICD Facilities would be approximately SGD 20 million (the “**ICD Remaining Debt**”). No interest shall accrue on the ICD Remaining Debt. The ICD Creditors and the holders of the warrants in the Company issued to the ICD Creditors (and/or other parties) (the “**Warrants**”) pursuant to the subscription agreements between the ICD Creditors and the Company (the “**ICD Subscription Agreements**”) shall release the Company in respect of any redemption premium, make-whole amount, or adjustment rights under the ICD Facilities and the Warrants.

The ICD Remaining Debt will not be repayable until 31 December 2018. The Company’s liabilities to the ICD Creditors shall remain secured against the properties as set out in the Intercreditor Deed dated 2 September 2015 (as amended, restated, varied or supplemented from time to time) entered into between, inter alia, the ICD Creditors and the Company.

The termination date under the ICD Facilities shall be extended from 31 December 2016 to 31 December 2018, and interest under each of the ICD Facilities shall cease to accrue on and from 1 July 2016.

#### 2.5. Revision of Warrants Strike Price

Upon the occurrence of the debt to equity conversion as described in paragraphs 2.2 and 2.3 above, subject to applicable law and regulation, and with effect from the later of: (i) the date on which the scheme of arrangement to be proposed by the Company in connection with the Proposed Restructuring (the “**Scheme**”) (if the Proposed Restructuring is to be implemented by way of a Scheme) takes effect in accordance with section 210(5) of the Companies Act (Chapter 50) of Singapore; or (ii) the date of issuance of the New DE Conversion Shares (the “**Restructuring Effective Date**”), the outstanding Warrants which have been issued to OWIL, BWIL and the other warrant holders pursuant to the ICD Subscription Agreements will be revised in conjunction with the ICD Remaining Debt. The new warrant strike price in respect of the Warrants will be SGD 0.004 (the “**New Warrant Strike Price**”). This will apply irrespective of the original strike price of each of such Warrants.

The ICD Creditors and the Company will negotiate and agree the relevant steps required to implement the revision of the ICD Warrants, including but not limited to the current holders of the Warrants issued under the Subscription Agreement entered into between OKGL and the Company, assigning their Warrants to OKGL (the “**Warrant Adjustment Steps**”).

For the avoidance of doubt, it is intended that there will be no adjustment to the existing strike price of warrants issued under the amended and restated subscription agreements dated 30 July 2015 and entered into between the Company, Thomas Chan Ho Lam and Xu Shun Cheng @ Perman Yadi (collectively, the “**Financing Shareholders Subscription Agreements**”).

Upon the conversion of the Warrants based on the New Warrant Strike Price by the ICD Creditors and subject to the consummation of the Warrant Adjustment Steps, the ICD Remaining Debt will be reduced and extinguished by a corresponding amount of the ICD Remaining Debt owed by the Company to the relevant converting Warrant holder.

Such conversion shall be conditional upon the entry into of a definitive agreement between a third party and each of the ICD Creditors to purchase the new Shares to be converted from the outstanding warrants (the “**New Warrant Conversion Shares**”) on, *inter alia*, the following terms:

- (a) one third of the New Warrant Conversion Shares to be purchased by the third party at the price of SGD 0.004 per Share or higher;
- (b) one third of the New Warrant Conversion Shares to be purchased by the third party at the price of SGD 0.005 per Share or higher; and

- (c) one third of the New Warrant Conversion Shares to be purchased by the third party at the price of SGD 0.006 per Share or higher.

For the avoidance of doubt, unless required by applicable law and regulation, it is intended that OWIL, BWIL and the other existing warrant holders, including but not limited to the holders of warrants issued under the Financing Shareholders Subscription Agreements, will waive any redemption premium, make-whole amount, or adjustment rights arising as a result of the transactions contemplated under the Proposed Restructuring, in respect of the existing outstanding warrants held by them in the Company.

## **2.6. Injection of New Funds by value investors and management**

To assist with the general corporate purposes and the ongoing working capital requirements of the Company, the Company has procured or will procure that new investors and management inject new funds of up to SGD 6 million (the “**New Funds**”). Subject to the Creditors’ Rebalancing Exercise, it is intended that the conversion and/or subscription price in respect of the New Funds will be SGD 0.00395. It is further intended that the New Funds will comprise SGD 5 million from new value investors and SGD 1 million from management of the Company.

## **2.7. New DE Conversion Shares**

The New DE Conversion Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the Shares), except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the issuance of the New DE Conversion Shares.

## **2.8. Conversion Price**

The Conversion Price was agreed between the Company, the ICD Creditors and the Other DE Conversion Persons on a willing-buyer and willing-seller basis taking into consideration the current share price of the Company and volatility in the market. The Conversion Price represents a discount of approximately 29% to the three-month volume weighted average price of approximately S\$0.00557 for trades done on the shares of the Company on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 23 January 2017 (being the preceding market day where trading was done before the Term Sheet was signed).

## **2.9. Restrictions on Disposition of the New DE Conversion Shares**

The ICD Creditors and the Other DE Conversion Persons shall not sell, grant options over, transfer, charge, pledge or dispose of or enter into any agreement to dispose of any of the New DE Conversion Shares for a period of six (6) months, starting from the Restructuring Effective Date.

## **3. RATIONALE FOR THE PROPOSED RESTRUCTURING**

The rationale of the Proposed Restructuring is to reduce the debt burden of the Company, eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Company, provide for some level of stability to the Company and alleviate pressures faced by the Company on its cash flow.

## **4. CONDITIONS PRECEDENT**

The Proposed Restructuring is conditional upon the fulfilment of certain conditions precedent on or prior to the date falling 12 months after the date on which the Term Sheet is signed, including but without limitation to the following:

- 4.1** if the Proposed Restructuring is to be implemented by way of the Scheme, the approval of the Scheme by the requisite majority of creditors of the Company at a duly convened Court meeting and the approval of the Scheme by the Court;
- 4.2** the approval-in-principle of the SGX-ST for the listing and quotation of the New DE Conversion Shares and the other new Shares to be issued pursuant to the implementation of

the Proposed Restructuring (together, the “**New Shares**”) on the Official List of the Mainboard of the SGX-ST having been obtained from the SGX-ST and not being revoked or amended, and where such approval is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before the Restructuring Effective Date, they are so fulfilled;

- 4.3 the issue of the New Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Term Sheet by any legislative, executive or regulatory body or authority of Singapore or elsewhere;
- 4.4 all applicable clearances and waivers being obtained from the Securities Industry Council of Singapore (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 (the “**Whitewash Waiver**”) and where such waiver is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before the Restructuring Effective Date, they are so fulfilled;
- 4.5 the approval of the requisite majority of Shareholders at a general meeting of the Company for (among other things):
  - (a) the allotment and issuance of the New Shares pursuant to the terms of any definitive agreement executed in connection with the Proposed Restructuring;
  - (b) the Whitewash Waiver (if required); and
  - (c) (as may be required under applicable laws and regulations, the SGX-ST and the SIC) the transactions contemplated by the Proposed Restructuring and any definitive agreement executed in connection with the Proposed Restructuring;
- 4.6 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 on or before the Restructuring Effective Date, they are so fulfilled;
- 4.7 the consummation of the Creditors’ Rebalancing Exercise;
- 4.8 the consummation of the Warrant Adjustment Steps;
- 4.9 the execution of the relevant document(s) in a form acceptable to the Company, OWIL and BWIL, in relation to the New Funds and the conversion of such New Funds into equity; and
- 4.10 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.

## 5. SHAREHOLDING

	Scenario One: Prior to the Restructuring Effective Date and the issuance of New Warrant Conversion Shares		Scenario Two: Immediately after the Restructuring Date and before the issuance of New Warrant Conversion Shares		Scenario Three: Immediately after the Restructuring Effective Date and after the issuance of all the New Warrant Conversion Shares			
	Shares issued	%	Shares issued	%	Shares issued	Warrants	Total	%
1. OWIL	-	0.0%	4,408,602,594	19.6%	4,408,602,594	2,664,284,394	7,072,886,988	25.7%
2. BWIL	-	0.0%	2,891,216,384	12.9%	2,891,216,384	1,747,270,825	4,638,487,209	16.9%
3. OKGL	-	0.0%	185,115,767	0.8%	185,115,767	588,444,782	773,560,549	2.8%
4. MLS	-	0.0%	621,124,017	2.8%	621,124,017	-	621,124,017	2.3%
5. Creditor Directors	-	0.0%	173,748,873	0.8%	173,748,873	-	173,748,873	0.6%
6. New Investors	-	0.0%	6,864,382,985	30.6%	6,864,382,985	-	6,864,382,985	25.0%
7. New Investors (Management)	-	0.0%	2,745,753,194	12.2%	2,745,753,194	-	2,745,753,194	10.0%
8. Existing Shareholders	4,566,852,832	100.0%	4,566,852,832	20.3%	4,566,852,832	47,237,779	4,614,090,611	16.8%
<b>TOTAL</b>	<b>4,566,852,832</b>	<b>100%</b>	<b>22,456,796,647</b>	<b>100%</b>	<b>22,456,796,647</b>	<b>5,047,237,779</b>	<b>27,504,034,426</b>	<b>100%</b>

### Notes:

- (1) The table above is prepared on the basis that the current shareholding of the existing shareholders comprise shareholding of the ICD Creditors and the Other DE Conversion Persons in the Company as at the date of this Term Sheet is not reflected.
- (2) The table is prepared on the assumption that the Creditors' Rebalancing Exercise has been consummated and that the current holders of the Warrants issued under the OKGL Subscription Agreement have assigned their Warrants to OKGL.
- (3) The 47,237,779 warrants held by the Existing Shareholders are warrants issued to Thomas Chan Ho Lam and Xu Shun Cheng @ Perman Yadi pursuant to the Financing Shareholders Subscription Agreements.

## 6. FINANCIAL EFFECTS OF THE ISSUANCE OF THE NEW DE CONVERSION SHARES

### 6.1. Illustrative Nature of Financial Effects

For illustrative purposes only, the financial effects of the issuance of the New DE Conversion Shares 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 nine months ended 30 September 2016, are set out below.

### 6.2. Share Capital

	Before issuance of the New DE Conversion Shares	After issuance of the New DE Conversion Shares
Number of Shares (excluding treasury shares)	4,566,852,832	22,456,796,647

### 6.3. NTA

Assuming the issuance of the New DE Conversion Shares had been effected on 30 September 2016 (being the latest unaudited consolidated financial statements of the Company for the nine months ended 30 September 2016), the effects of the issuance of the New DE Conversion Shares on the NTA per Share as at 30 September 2016 would be as follows:

	Before issuance of the New DE Conversion Shares	After issuance of the New DE Conversion Shares
NTA (S\$'000)	(62,860)	(62,860)
NTA per Share (Singapore dollars)	(0.0138) <sup>(1)</sup>	(0.0028) <sup>(2)</sup>

#### Notes:

(1) Based on 4,566,852,832 Shares as at 30 September 2016.

(2) Based on pro forma number of Shares i.e. 22,456,796,647 Shares, assuming the issuance of the New DE Conversion Shares had been effected on 30 September 2016.

### 6.4. EPS

Assuming the issuance of the New DE Conversion Shares had been effected on 30 September 2016 (being the latest unaudited consolidated financial statements of the Company for the nine months ended 30 September 2016), the effects of the issuance of the New DE Conversion Shares on the EPS for the nine months ended 30 September 2016 would be as follows:

	Before issuance of the New DE Conversion Shares	After issuance of the New DE Conversion Shares
Loss attributable to shareholders (S\$'000)	(9,851)	(9,851)
Weighted average no. of Shares – Basic and Diluted ('000)	4,566,853	22,456,797

EPS (Singapore cents) (0.00216) (0.00044)  
– Basic and Diluted

## 7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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 announcement.

## 8. EXTRAORDINARY GENERAL MEETING

### 8.1. Shareholders' Approval

- (a) Pursuant to Rule 803 of the Mainboard of the Listing Manual (the “**Mainboard Rules**”) of the SGX-ST, an issuer must not issue securities to transfer a controlling interest without prior approval of Shareholders in general meeting. The Proposed Restructuring may result in a transfer of controlling interest in the Company, for which specific Shareholders' approval, if applicable, shall be sought at an extraordinary general meeting of the Company (the “**EGM**”) to be convened.
- (b) Pursuant to Rule 805 of the Mainboard Rules, except as provided in Rule 806 of the Mainboard Rule, the Company must obtain prior shareholder approval in general meeting for the issue of the New DE Conversion Shares.
- (c) Rule 812(1) and (2) of the Mainboard Rules provide as follows:
  - (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%; or*
    - (e) *any person who, in the opinion of the Exchange, falls within category (a) to (d).*
  - (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.*

Stephen Lee, Yeo Kan Yen, Kee Poir Mok, Peter Koh Heng Kang, Jason Kardachi, Wong Ann Chai and Ng Cher Yew, are Directors of the Company, and therefore in accordance with Rule 812(2) of the Mainboard Rules, specific approval from the Shareholders is required for the issuance of the New DE Conversion Shares.

- (d) In view of the above, the Company will be seeking the approval of Shareholders' for the Proposed Restructuring at an EGM to be convened. A circular to Shareholders setting out, amongst others, further information on the Proposed Restructuring, together with a notice of the EGM to be convened, will be despatched to Shareholders in due course.

## 9. APPLICATION TO THE SGX-ST

The Company will apply to SGX-ST for the admission of the New DE Conversion Shares to the Official List of the SGX-ST and for the listing of and quotation for the New DE Conversion Shares on the Mainboard of the SGX-ST.



**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Term Sheet is 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 announcement.

**11. DISCONTINUANCE OF SUIT NO. 684 OF 2016**

The Company and OKGL have agreed to discontinue their claims and counterclaims against each other in Suit No. 684 of 2016 (“**Suit 684**”), which is the action commenced by OKGL in the High Court of the Republic of Singapore (the “**High Court**”) and announced by the Company on 4 July 2016 and 2 September 2016. A notice of discontinuance in respect of the claims and counterclaims in Suit 684 was filed on 14 December 2016 and accepted by the High Court on 15 December 2016.

**12. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares in the Company. The Proposed Restructuring is subject to certain conditions and 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 as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt as to the actions they should take.

**BY ORDER OF THE BOARD**

Peter Koh Heng Kang  
Executive Director and Chief Executive Officer  
25 January 2017