

4 SEPTEMBER 2014

ASX ANNOUNCEMENT – OPUS GROUP LIMITED (ASX Code: OPG)

EQUITY RECAPITALISATION AND CAPITAL RAISING

OPUS ANNOUNCES EQUITY RECAPITALISATION WITH 1010 PRINTING GROUP AND CAPITAL RAISING

OPUS Group Limited (“OPUS”) (ASX:OPG) is pleased to announce that it has reached agreement with Bookbuilders BVI Limited, a wholly owned subsidiary of 1010 Printing Group Limited (HKG:1127), collectively “1010 Group”, for the implementation of an equity financing to recapitalise OPUS, so as to provide it with a strong balance sheet and capital structure to enable it to stabilise its business, address certain parts of its cost structure and pursue a strategy to grow the business.

The terms of the proposed recapitalisation, under which all ordinary shares in OPUS will be issued at a post 1 for 10 proposed consolidation price of \$0.35 and which is subject to compliance with the relevant provisions of the Corporations Act and the ASX Listing Rules, including obtaining the approval of OPUS shareholders, will result in:

1. A share consolidation on the basis of 1 new share for every 10 existing shares currently held.
2. 1010 Group converting \$20.88 million of its loan to OPUS into 59,657,143 ordinary shares at \$0.35 per share, and being issued 20 million options to subscribe for ordinary shares in OPUS exercisable at an issue price of \$0.35 at any time before 30 September 2017;
3. An issue to entities associated with Richard Celarc, an executive director, of 8,571,429 ordinary shares at \$0.35 per share, in OPUS to raise \$3 million;
4. A placement of 11,428,571 ordinary shares at \$0.35 per share, in OPUS to professional and sophisticated investors to raise \$4 million managed by Wilson HTM Corporate Finance Limited; and
5. A Share Purchase Plan to raise a maximum of \$1.05 million through the issue of 3 million ordinary shares in OPUS (with shareholders registered at 7pm on the business day immediately before the date of this announcement able to participate).

The proposed recapitalisation is the final stage in the financial restructuring of OPUS following the acquisition by 1010 Group of the debt due by OPUS to the Commonwealth Bank of Australia ("CBA"). At that time, 1010 Group entered into a Standstill Agreement with OPUS, the applicable interest rate was reduced for a three months period and a working capital facility was provided by 1010 to provide OPUS with financial accommodation for the period through to completion of the proposed recapitalisation. The working capital facility has been utilised to implement a rationalisation programme during August. 1010 Group has proposed an increase in the limit of the working capital facility to \$7 million and to extend the term by two years subject to completion of the proposed recapitalisation.

OPUS considers that it was in the best interests of all the Company's stakeholders to put OPUS onto a sound financial footing as quickly as possible. Once implemented, the proposed recapitalisation will enable the business to move forward on a strong and fully funded basis.

The funds raised as part of the proposed recapitalisation will be utilised by OPUS to undertake a range of operational initiatives, to augment working capital and to meet costs associated with the proposed recapitalisation.

After completion of the above, OPUS will have approximately 97.8 million shares on issue of which 1010 Group will own 61% (prior to dilution for options and assuming full subscription to the Share Purchase Plan). The market capitalisation at the post 1 for 10 consolidation share offer price of 35 cents will be \$34.2 million.

All elements of the proposed recapitalisation will be put to shareholders with full details and comprehensive explanatory material. If the recapitalisation is approved by shareholders, 1010 Group will forgive the balance of the debt which was novated from CBA. The only debt (excluding \$2.6m of finance leases) that OPUS will have remaining is an unsecured promissory note owed to CBA for \$1.9 million, repayable on 31 July 2015 and the working capital facility referred to above which is currently drawn to \$3.5 million being the funding which was required to effect the rationalisation programme.

On approval of the proposed recapitalisation by shareholders, it is proposed that Mr CK Lau will join the Board of OPUS. The OPUS chairman, Mr Bill Mackarell, said "We look forward to welcoming CK to the Board and to a long and successful association with 1010 as a major shareholder in OPUS. On behalf of all stakeholders I would like to thank 1010 for its support to date".

OPUS intends to propose the required resolutions to a shareholder meeting expected to be held in late October to approve the placement of shares to 1010 arising out of the debt/equity conversion, the issue of options to 1010, the placements of shares and the share consolidation. Further details will be provided as soon as possible, including a notice of meeting and an explanatory memorandum, which will be accompanied by an independent expert report by Lonergan Edwards who were appointed by the Board for that purpose.

It is the intention of all the directors to recommend that shareholders vote in favour of the resolutions to be put to them and to vote their own shareholdings in favour of the resolutions, in the absence of a superior proposal.

Knox Investment Partners and its associated funds, which are the Company's major Shareholder, have indicated to the Board that they intend to vote in favour of the resolutions, in the absence of a superior proposal.

ABOUT 1010

1010 provides printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies. 1010's printed products consist of illustrated leisure and lifestyle books (including photography books, cookbooks and art books), educational textbooks and learning materials (including primary, secondary and tertiary level school books) and children's books.

In the six months ended 30 June 2014, 1010 had revenue of A\$77.5 million and profit after tax of A\$7.8 million. Its market capitalisation is approximately A\$110 million (converted at A\$1 = HK\$7.22). 1010's co-founder and executive director, Mr Chuk Kin (CK) Lau, and associates have an interest in approximately 39% of 1010.

ABOUT OPUS

OPUS Group is an Asia-Pacific, technology based (Australian headquartered) business services and communication group. Employing a dynamic technology platform, the OPUS Group produces and distributes published content at the speed and scale required by a range of increasingly global customers.

**CONTENT
FASTER
SMARTER**



With a competitive advantage in the ability to deliver innovative solutions for customers across multiple specialist divisions, the OPUS Group has expanded to become one of the leading specialist providers in the Asia-Pacific region. Today, the OPUS Group holds leading positions in the Publishing and Outdoor Media market sectors and maintains strong, long term relationships with customers.

The OPUS Group offering includes a regional end-to-end value chain with facilities in Singapore, Sydney, Maryborough, Canberra and Auckland with further global reach via strategic content distribution alliances in North America, the United Kingdom, Europe, Philippines and China.

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