



GSS ENERGY LIMITED

(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

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- (I) **USE OF PROCEEDS FROM THE PLACEMENT OF 80,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF GIKEN SAKATA (S) LIMITED**
- (II) **PROPOSED PLACEMENT OF UP TO 102,540,000 NEW ORDINARY SHARES IN THE CAPITAL OF GSS ENERGY LIMITED**
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1. **USE OF PROCEEDS FROM THE PLACEMENT OF 80,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF GIKEN SAKATA (S) LIMITED**

The board of directors (the “**Directors**”) of GSS Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the previous announcements issued by Giken Sakata (S) Limited (“**GSS**”) dated 11 July 2014, 28 August 2014, 1 September 2014 and 10 September 2014, its circular to shareholders dated 7 August 2014 (the “**Circular**”) and its offer information statement dated 1 September 2014 relating to the placement of 80,000,000 new ordinary shares in the capital of GSS (the “**2014 Placement**”).

Unless otherwise defined, all capitalised terms used in this Paragraph 1 of this announcement shall have the same meanings as ascribed to them in the Circular.

On 10 November 2014, GSS and the Company commenced a restructuring exercise by way of a scheme of arrangement, pursuant to which the Company replaced GSS as the listed company. GSS and the Company undertook a scheme of arrangement under Section 210 of the Companies Act (Chapter 50 of Singapore) (the “**Scheme**”) following which the Company acquired all the shares in GSS, in exchange for new ordinary shares in the capital of the Company, which were issued to all shareholders of GSS on a one (1) for one (1) basis (the “**Restructuring Exercise**”).

The Directors wish to update shareholders on the utilisation of the net proceeds from the 2014 Placement which amounted to approximately S\$22,700,000 (after deducting estimated expenses relating to the 2014 Placement of approximately S\$1,300,000) as follows:

Use of Proceeds	Percentage Allocation	Amount utilised as at the date of this announcement	Percentage Utilisation	Balance
First Tranche of the Cash Consideration in respect of the Acquisition	Approximately 60% to 66%	S\$15,000,000	Approximately 66%	-
Shareholder's Loan	Approximately 20% to 28%	S\$6,250,000	Approximately 28%	-
General working capital of the Group	Approximately 6% to 20%	S\$1,450,000	Approximately 6%	-

Following the above mentioned utilisation, the net proceeds from the 2014 Placement have been fully utilised. The utilisation of the net proceeds from the 2014 Placement is consistent with the intended uses as disclosed in the Circular.

2. PROPOSED PLACEMENT OF UP TO 102,540,000 NEW ORDINARY SHARES IN THE CAPITAL OF GSS ENERGY LIMITED

2.1. Introduction to the Proposed Placement

The Directors wish to also announce that the Company has, on 21 December 2015 entered into a placement agreement ("**Placement Agreement**") with Religare Capital Markets (Singapore) Pte. Limited and RHB Securities Singapore Pte Ltd (the "**Joint Placement Agents**", and each, a "**Joint Placement Agent**") pursuant to which the Company shall issue up to 102,540,000 new ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of not less than S\$0.079 per Placement Share (the "**Placement Price**"), amounting to an aggregate amount of up to S\$8,100,660 (assuming 102,540,000 Placement Shares are issued at the minimum Placement Price of S\$0.079 per Placement Share) (the "**Placement**"). The Joint Placement Agents and the Company may agree on a Placement Price which is higher than the minimum Placement Price of S\$0.079 per Placement Share.

Assuming that the Placement Shares are fully subscribed, the Placement Shares represent approximately 21.7% of the total number of issued shares in the capital of the Company as at the date of this announcement, being 472,618,657 ordinary shares ("**Shares**"). There are currently no treasury shares held by the Company. Immediately after completion of the Placement and assuming that no further Shares are issued prior thereto, the Placement will increase the issued and paid-up share capital of the Company to 575,158,657 Shares and the Placement Shares represent approximately 17.8% of the enlarged issued and paid-up share capital of the Company.

It should also be noted that the Company had on 27 November 2015 obtained approval from the shareholders of the Company (the "**Shareholders**") to carry out a selective capital reduction exercise pursuant to which the Company will be cancelling 76,000,000 Shares which had been issued and allotted to Java Petral Energy Pte. Ltd. (the "**Proposed Selective Capital Reduction**"). The Proposed Selective Capital Reduction will be completed only after the completion of the Placement, and immediately after completion of the Proposed Selective Capital Reduction and assuming that no further shares are issued or cancelled prior thereto, the Company will have an issued and paid-up share capital of 499,158,657 Shares and the Placement Shares represent approximately 20.54% of the post-reduction issued and paid-up share capital of the Company.

Subject to the terms and conditions of the Placement Agreement, the Company has agreed to issue, and the Joint Placement Agents have agreed to procure subscriptions on a commercially reasonable efforts basis for, the Placement Shares, at a Placement Price of not less than S\$0.079 per Placement Share.

The Placement is not underwritten and will be undertaken pursuant to Section 272B of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**").

2.2. Restructuring and Authority to Issue the Placement Shares

Upon the Scheme becoming effective in accordance with its terms and the completion of the Restructuring Exercise, the Company adopted a new share issue mandate to authorise the Directors to allot and issue Shares and/or convertible securities pursuant to Section 161 of the Companies Act and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") on the terms of such mandate (the "**General Mandate**"). The General Mandate was granted by the Company's Shareholders at the extraordinary general meeting of the Company held on 18 December 2014 to approve the Scheme and the Restructuring Exercise.

Further details of the Scheme and the Restructuring Exercise can be found in the scheme document issued by GSS on 3 December 2014, which is available at www.sgx.com.

The Placement Shares will be allotted and issued pursuant to the General Mandate and undertaken pursuant to Section 272B of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

Under the General Mandate, the Directors are authorised to allot and issue new Shares provided that the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing Shareholders does not exceed fifty per cent. (50%) of the total number of issued Shares immediately after completion of the Scheme (excluding treasury shares) (the “**Relevant Time**”), after adjusting for, *inter alia*, new shares arising from the conversion or exercise of any instruments.

The total number of issued Shares (excluding treasury shares) in the capital of the Company as at the Relevant Time was 472,618,657. As at the date of this announcement, the Company has not issued any Shares under the General Mandate, and no event has occurred which would result in any adjustment in the number of Shares on which the General Mandate is based¹. As such, the maximum number of shares that may be issued pursuant to the General Mandate other than on a *pro-rata* basis to existing shareholders is 236,309,000 Shares.

2.3. Placement Price

The minimum Placement Price of S\$0.079 per Placement Share represents a discount of approximately 5.0% to the volume weighted average price (the “**VWAP**”) of S\$0.0832 for trades done on the Shares on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 16 December 2015 (being the full market day on which Shares were traded prior to the signing of the Placement Agreement).

The Issue Price was commercially agreed between the Company and the Joint Placement Agents, after taking into consideration, *inter alia*, the historical trading prices and volume of the Shares on the Catalist board of the SGX-ST.

2.4. Terms of the Placement

The Placement Shares will be sold free from any and all mortgages, charges, claims, securities, pledges, liens, equities, encumbrances or any other interests whatsoever and shall rank in all respects *pari passu* with the Shares existing at the date of the issue of the Placement Shares, save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Placement Shares.

The Placement Shares will not be offered for sale to, nor will subscriptions be procured from, nor will any invitation be made for subscription for or sale of the Placement Shares to, any person who is a director or substantial shareholder of the Company or other persons specified in Rule 812(1) of the Catalist Rules save for such persons falling within the exceptions specified in Rule 812(3).

¹ As announced by the Company on 23 October 2015, the Company intends to undertake a selective capital reduction to cancel 76,000,000 Shares issued and allotted to Java Petral Energy Pte. Ltd. (the “**Capital Reduction**”). Please refer to the Company’s circular to shareholders dated 5 November 2015 for further details on the Capital Reduction. The Capital Reduction was approved by Shareholders on 27 November 2015 but has not been effected yet.

2.5. Conditions

Completion of the Placement is conditional upon:

- (a) the listing and quotation notice being obtained from the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the Catalist board of the SGX-ST in accordance with the terms of the Placement Agreement, and not having been revoked or amended and where such approval is subject to conditions, such conditions being reasonably acceptable to the Joint Placement Agents and to the extent that any conditions to such approval are required to be fulfilled on or before the completion date, they are so fulfilled;
- (b) the allotment and issuance of the Placement Shares not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the SGX-ST)) in Singapore or other jurisdictions which are applicable to the Company or the Joint Placement Agents;
- (c) the determination of the number of Placement Shares for which the Joint Placement Agents have procured subscription and the Placement Price, and the entry into of the pricing supplement on or before the cut-off date of 31 March 2015 (or such other date as Company and the Joint Placement Agents may agree);
- (d) as of the completion date, the trading of the Company's issued Shares on the SGX-ST not being suspended by the SGX-ST (other than a suspension or trading halt on a temporary basis requested by the Company) and the issued Shares not having been delisted from the SGX-ST;
- (e) the representations, warranties and undertakings by the Company in the Placement Agreement remaining true and accurate in all material respects (or where already qualified by materiality, in all respects) from the date of the Placement Agreement up to the completion date;
- (f) the Company having performed in all material respects (or where already qualified by materiality, in all respects) all of its relevant obligations to be performed under the Placement Agreement on or before the completion date;
- (i) there having been, from the date of the Placement Agreement up to the completion date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect (or where already qualified by materiality, in any respect) any of the representations, warranties and undertakings contained in the Placement Agreement; and
- (j) the delivery to the Joint Placement Agents on the completion date of a certificate in the form set out in the Placement Agreement.

If any of the conditions set forth above is not satisfied on or before 31 March 2015 or such other date as the Company and the Joint Placement Agents may agree, the obligations of the Joint Placement Agents and the Company under the Placement Agreement shall *ipso facto* cease and determine thereafter and in that event the Company and the Joint Placement Agents shall be released and discharged from their respective obligations under the Placement Agreement (except for any liability accruing before or in relation to such termination) and the parties to the Placement Agreement shall (except for Clauses 9 (*Indemnities*), 17 (*Notices*), 18 (*Governing Law and Jurisdiction*) and 20 (*Contracts (Rights of Third Parties) Act*) of the Placement Agreement) be under no further liability or obligation arising out of the Placement Agreement (except for any liability accruing before or in relation to such termination).

3. RATIONALE AND USE OF PROCEEDS

The Company is undertaking the Placement primarily to fund its oil drilling services operations in West Jambi, Sumatra, Indonesia and expansion of its other oil drilling operations in Indonesia. The net proceeds from the Placement after deducting estimated expenses (including commission and/or brokerage fee payable to the Joint Placement Agents of approximately S\$40,000 and professional fees, listing fees and other expenses of S\$40,000) will be approximately S\$8.0 million (the “**Net Proceeds**”). The Net Proceeds will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation
Oil Drilling Services in West Jambi, Sumatra, Indonesia	Approximately 55% to 65%
Expansion of Oil Drilling Services Operations	Approximately 25% to 30%
General working capital of the Group	Approximately 5% to 20%

The Company will make periodic announcements on the use of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company’s half and full year financial statements issued under Rule 705 of the Catalist Rules and in the Company’s annual report. The Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in such announcements and annual reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

The Directors are of the opinion that after taking into consideration (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and (b) the present bank facilities and Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

4. FINANCIAL EFFECTS OF THE PLACEMENT

The *pro forma* financial effects of the Placement set out below are based on the unaudited consolidated financial statements of the Company and the Group for the nine (9) months ended 30 September 2015 and are based on the following assumptions:

- (a) that the Placement was completed on 31 December 2014 for the purpose of calculating the earnings per share (“**EPS**”);
- (b) that the Placement was completed on 1 January 2014 for the purpose of calculating the net tangible assets (“**NTA**”) per Share; and
- (c) the maximum number of 102,540,000 Placement Shares is placed out by the Joint Placement Agents at the Placement Price of S\$0.079 per Placement Share.

The financial effects are only presented for **illustration purposes**, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Placement.

4.1. NTA

Assuming that the Placement was completed on 31 December 2014, the effect on the NTA per Share of the Group will be as follows:

	Before the Placement	After the Placement
Consolidated NTA attributable to Shareholders (S\$'000)	16,096	24,117
Number of Shares	472,618,657	575,158,657
Consolidated NTA per Share attributable to Shareholders (cents)	3.41	4.29

4.2. EPS

Assuming that the Placement was completed on 1 January 2014, the effect on the EPS of the Group will be as follows:

	Before the Placement	After the Placement
Consolidated profit after tax and minority interests (S\$'000)	(27,047)	(27,127)
Weighted Average Number of Shares	472,618,657	575,158,657
Consolidated EPS (cents)	(3.71)	(3.06)

4.3. Gearing

Assuming that the Placement was completed on 31 December 2014, the effect on the Group's gearing ratio will be as follows:

	Before the Placement	After the Placement
Net debt ⁽¹⁾ / (cash) (S\$'000)	(9,410)	(17,216)
Total capital (S\$'000)	43,282	51,303
Gearing (times) ⁽²⁾	(0.22)	(0.34)

Notes:

- (1) Net debt is calculated as borrowings (excluding trade and other payables, due to holding company, due to related companies and provisions) less cash and cash equivalents. Total capital is calculated as total equity plus net debt.
- (2) Gearing is determined based on net debt divided by total capital.

5. APPLICATION TO THE SPONSOR

The Company will be making an application through its sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") to the SGX-ST for the listing of and quotation for the Placement Shares on the Catalist board of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has, any interest, direct or indirect, in the Placement, other than through their respective shareholdings in the Company.

7. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

The Company will make further announcements relating to the Placement as and when necessary.

As there is no assurance that the Placement will be completed, Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

By Order of the Board
GSS ENERGY LIMITED

Ng Say Tiong
Chief Financial Officer

21 December 2015

This announcement has been prepared by the Company and its contents have been reviewed by the company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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