

GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy Restructures its Oil and Gas Business

- **Group to sell entire shareholdings in Cepu Sakti Energy Pte Ltd (“CSE”) to PT Megah Kharisma Lestari (the “Purchaser”)**
- **Following the completion of this transaction, Group expects a positive net book gain to be registered**
- **Group to receive rights to all the old wells currently held by CSE in the Trembul area, Indonesia, from PT MKL**

Singapore, 31 May 2016 – GSS Energy Investment Holdings Limited (the “**Vendor**”), a wholly-owned subsidiary of GSS Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has entered into a sale and purchase agreement (the “**Agreement**”) to sell its entire shareholding interest in all the issued and paid-up ordinary shares of CSE to the Purchaser for a consideration of S\$1.00.

Under the terms of the Agreement, the Purchaser shall transfer any rights to all of the old wells in the Trembul area, Indonesia, currently held by CSE or its subsidiaries, to the Vendor for a consideration of 1,000 Indonesian Rupiah.

On 16 July 2015, the Company was informed by CSE’s subsidiary, PT Cepu Sakti Energy (“**PT CSE**”), that they were notified by Village Cooperative (Koperasi Unit Desa) Sumber Pangan (“**KUD SP**”) that PT Pertamina EP (“**PEP**”) had terminated the Production of Oil from Old Wells Agreement dated 31 October 2012 entered into between PEP and KUD SP, and as such, KUD SP would no longer require the services of PT CSE for the management of old wells in Dandangilo-Wonocolo, and accordingly, KUD SP would be terminating the Cooperation Agreement dated 25 March 2013 entered into between KUD SP and PT CSE for the management of old wells at Dandangilo-Wonocolo and Ngrayong Fields in Kedewan-Bojonegoro, East Java (the “**Cooperation Agreement**”).

Following the termination of the Cooperation Agreement, the Group has made full provision of its investment in CSE, and CSE and its subsidiaries have made full provision of its assets. Accordingly, the sale of CSE would result in a net book gain of S\$3.2 million for the Group.

Following the sale of CSE, the Group will explore oil fields around the region for Kerja Sama Operasi (“**KSO**”) contracts. KSO contracts possess various key advantages such as cost recovery function, longer shelf life of rights and flexibility of drill areas etc.

Commenting on the sale of CSE and the outlook for the Group, Mr. Sydney Yeung, CEO of the Company, commented,

“Following the disposal of CSE, our Group is very pleased to secure the old well rights to the Trembul region and would continue to restructure and enhance our oil and gas operations. Since state-owned PT Pertamina EP (“PEP”) terminated the production of oil from the Old Wells Agreement dated 31 October 2012 with KUD SP, KUD SP no longer requires the services of PT CSE for the management of old wells at Dandangilo-Wonocolo and Ngrayong fields.

Our Group is working very closely with authorities in Indonesia to explore oil field projects with the aim of securing KSO contracts and will make further announcements to update our shareholders accordingly. In addition, our Group would actively seek for other oil and gas opportunities in the region as well.

On the other hand, our Precision Engineering Business has continued to perform well. With a new production facility in Changzhou expected to be completed in the first half of 2017, our Group would be able to secure larger contracts with existing and new customers to increase our revenue and improve our profit margins.

Barring any unforeseen circumstances, our Group expects the operating environment to improve and to remain profitable going forward.”

ABOUT GSS ENERGY LIMITED (Bloomberg Ticker: GSSE SP EQUITY)

GSS Energy has two core operating businesses: Oil and Gas (“O&G”) Business and Precision Engineering (“PE”) Business. O&G Business is engaged in oil production in Indonesia, and PE Business is engaged in precision engineering, with a presence in Singapore, Indonesia and China.

GSS Energy officially started trading on SGX on February 12, 2015. Pursuant to a scheme of arrangement under Section 210 of the Companies Act, undertaken by Giken Sakata, Giken Sakata became a wholly-owned operating subsidiary of GSS Energy. Giken Sakata had been listed on SGX since 1993 and its listing status was transferred to GSS Energy with effect from February 12, 2015.

For more information, please visit www.gssenergy.com.sg

Issued for and on behalf of GSS Energy Limited

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by 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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