

GIKEN SAKATA (S) LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197903879W)

THE PROPOSED ACQUISITION OF SHARES IN CEPU SAKTI ENERGY PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**”) of Giken Sakata (S) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 11 April 2014 (the “**MOU Announcement**”) in relation to the entry of a memorandum of understanding for the proposed acquisition of the shares of Cepu Sakti Energy Pte. Ltd. (the “**Target**”) by the Company from Java Petral Energy Pte Ltd (“**JPEL**”).

Further to the MOU Announcement, the Company has entered into a sale and purchase agreement dated 31 May 2014 (the “**Agreement**”) with Giken Sakata Investment Holdings Limited (“**GSIHL**”) and JPEL, pursuant to which GSIHL shall acquire 624,079 ordinary shares in the capital of the Target representing approximately 53.6842% of the issued share capital of the Target (the “**Sale Shares**”) from JPEL for an aggregate consideration of up to S\$48.0 million (the “**Proposed Acquisition**”).

GSIHL is a wholly-owned subsidiary of the Company, which was incorporated as part of the Company’s ongoing business development. For further details, please refer to the Company’s announcement dated 7 May 2014.

- 1.2 In connection with the Proposed Acquisition, the Directors wish to announce that subject to the approval of the shareholders of the Company (“**Shareholders**”), the Company intends to diversify into the new business of oil and gas services sector (the “**Proposed Diversification**”).
- 1.3 The Company intends to convene an extraordinary general meeting (the “**EGM**”) to seek approval of the Shareholders for, amongst others, the Proposed Acquisition and the Proposed Diversification.

2. THE PROPOSED DIVERSIFICATION

The Group’s existing business comprises (a) manufacturing of microshafts and plastic injection moulding parts; (b) assembly of mechanisms and printed circuit board assembly used in a range of electronic products; and (c) sourcing and marketing of component parts for the electronics industry.

The Proposed Diversification, being a diversification into oil and gas services sector, represents a diversification of the existing business scope and the risk profile of the Group. As such, the Company intends to seek Shareholders’ approval for the Proposed Diversification.

3. INFORMATION ON THE TARGET AND JPEL

3.1 Information on the Target

The Target is the corporate headquarter of the Target Group (comprising the Target and PT Cepu (as defined below)), and was incorporated in Singapore in 2002. The Target owns 95% of the issued and paid-up share capital of PT Cepu Sakti Energy (“**PT Cepu**”), while the remaining 5% of the issued and paid-up share capital of PT Cepu is equally owned by Muhammad Saleh and Ario Djoko Damar, who are also shareholders of JPEL.

PT Cepu holds the exclusive rights to cooperate in conducting operations for extracting oil from two (2) oilfields in Tungkul and Trumbul fields in Blora, Central Java, and the Dandangilo, Wonocolo and Ngrayong fields in Bojonegoro, East Java, Indonesia, with a total of 148 oil wells (the “**Oil Fields**”) pursuant to certain cooperation agreements (the “**Cooperation Agreements**”). As at the date of this announcement, the Oil Fields are producing a minimum of 300 barrels of crude oil per day.

Based on the unaudited consolidated financial statements of the Target Group for the period ended 28 February 2014, the net asset value of the Target Group as at 28 February 2014 is S\$3,756,090.

3.2 Information on JPEL

JPEL is an investment holding company which was incorporated in Singapore in 2013. The shareholders of JPEL (the “**JPEL Shareholders**”) and their respective shareholdings in JPEL are as follows:

JPEL Shareholder	Number of shares held in JPEL	Approximate percentage shareholding in JPEL
Blue Water Engineering Pte Ltd ⁽¹⁾	280,000	30.4%
Howard James Smith	46,000	5.0%
Lee Kok Wah	161,000	17.5%
Ong Chin Yew	49,000	5.3%
Yaw Chee Siew	175,000	19.0%
Muhammad Saleh	105,000	11.4%
Ario Djoko Damar	105,000	11.4%
Total	921,000	100%

Note:

(1) Blue Water Engineering Pte Ltd (“**Blue Water**”) is an investment holding company which is equally owned by Charles Madhavan and Anthony Clive Reudavey (collectively, the “**Blue Water Shareholders**”).

4. RATIONALE AND BENEFITS

The Group is currently engaged in the (a) manufacturing of microshafts and plastic injection moulding parts; (b) assembly of mechanisms and printed circuit board assembly used in a range of electronic products; and (c) sourcing and marketing of component parts for the electronics

industry. The Proposed Acquisition offers an opportunity for the Group to diversify into the oil and gas services sector and to expand its earnings base.

5. THE PROPOSED ACQUISITION

5.1 Consideration

5.1.1 Subject to paragraph 5.1.2 below, the aggregate consideration for the Proposed Acquisition shall be the sum of S\$48,000,000 (the “**Consideration**”) to be satisfied by GSIHL and the Company in the following manner upon completion of the Proposed Acquisition (the “**Completion**”):

- (a) S\$25,200,000 of the Consideration shall be satisfied in cash (the “**Cash Consideration**”); and
- (b) \$22,800,000 shall be satisfied by the issue and allotment of 76,000,000 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to JPEL at the issue price of S\$0.30 per Consideration Share (the “**Issue Price**”), all of which shall rank *pari passu* with the existing issued ordinary shares of the Company.

The Issue Price represents a discount of approximately 20.9% to the volume weighted average price (the “**VWAP**”) of S\$0.3793 of the ordinary shares of the Company (the “**Shares**”) for trades done on the SGX-ST on 30 May 2014 (being the last full market day on which the Shares were traded prior to the date the Agreement was signed).

5.1.2 The Cash Consideration shall be payable to JPEL on the following dates by way of electronic transfer to such bank account(s) as designated by JPEL and notified to GSIHL in writing no later than five (5) business days before the due date of payment (or by such other method as the parties may agree in writing):

- (a) S\$15,000,000 on the date of Completion (the “**First Tranche**”); and
- (b) S\$10,200,000 (the “**Second Tranche**”) upon evidence being provided to GSIHL’s satisfaction of the renewal of the Production of Oil from Old Wells Agreement between PT Pertamina EP⁽¹⁾ and PT Sarana Patra Jateng⁽²⁾ dated 3 November 2010 (the “**Master Agreement**”) for an additional 5-year term from the expiry date (the “**Evidence of Renewal**”), to be paid within:
 - (i) (if approval is not required by Shareholders for the raising of capital) 30 days of the Evidence of Renewal being provided; and
 - (ii) (if approval is required by Shareholders for the raising of capital) 90 days of the Evidence of Renewal being provided.

For the avoidance of doubt, if the Master Agreement is not renewed for an additional 5-year term from the expiry date, the Second Tranche shall not be payable by GSIHL. The Target Group has informed the Company that it will continue to explore and evaluate other oil field projects to cooperate in conducting operations for extracting oil, irrespective of whether the Master Agreements are renewed.

Notes:

- (1) The Vendor has informed the Company that PT Pertamina EP is an Indonesian national oil major who holds the rights to operate and produce oil in the relevant Oil Fields.
- (2) The Vendor has informed the Company that PT Sarana Patra Jateng has been granted a right from PT Pertamina EP to operate the old wells at Tungkul and Trumbul fields in Blora, Central Java.

The Consideration was determined at arm's length on a willing-buyer willing-seller basis, and after taking into consideration the anticipated rate of production and the anticipated recoverable reserves of the Oil Fields, as well as the report prepared by Senergy Oil & Gas (Singapore) Pte. Ltd. and dated 26 May 2014 (the "QPR").

Based on the QPR, a summary of the estimated oil reserves for the Target-operated areas in the Dandingilo, Wonocolo and Tungkul fields is as follows:

Summary of Oil Reserves Dandingilo-Wonocolo and Tungkul Fields (Operated Wells only), Java As of 30 April 2014		
	Gross attributable to License	Net (80%) Attributable to Issuer
Oil (MMstb)⁽¹⁾		
1P⁽²⁾	5.6	4.4
2P⁽²⁾	9.6	7.6
3P⁽²⁾	13.2	10.4

Notes:

- (1) MMstb means millions of stock tank barrels.
- (2) 1P: Proved; 2P: Proved + Probable; 3P: Proved + Probable + Possible.

Based on the QPR, the project net present value using a discount rate of 10% ("NPV10") for the low, best and high cases is as follows:

	NPV10 (Million US\$) through to Mother Agreements expiry in 2020/2022	NPV10 (Million US\$) through to Cooperation Agreements expiry in March 2028
Low	96	101
Best	195	222
High	281	335

Information in this announcement that is derived or reproduced from the QPR is qualified in its entirety by reference to such report.

In connection with the Proposed Acquisition, the Company intends to undertake a placement of 80,000,000 new Shares to, amongst others, partially fund the Cash Consideration (the "Placement"). The Company will make further announcements on the details of the Placement in compliance with the requirements of the Listing Manual in due course.

Upon completion of the Proposed Acquisition, the interests of JPEL, Blue Water, Charles Madhavan and Anthony Clive Reudavey in the enlarged share capital of the Company will be as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
JPEL	76,000,000	16.1	-	-
Blue Water	-	-	76,000,000 ⁽¹⁾	16.1
Charles Madhavan	-	-	76,000,000 ⁽²⁾	16.1
Anthony Clive Reudavey	-	-	76,000,000 ⁽²⁾	16.1

Note:

- (1) Blue Water holds 30.4% of the shares in the capital of JPEL and is deemed interested in the 76,000,000 Shares to be held by JPEL by virtue of section 7 of the Companies Act (Cap. 50).
- (2) Each of Charles Madhavan and Anthony Clive Reudavey holds 50% of the shares in the capital of Blue Water. Each of Charles Madhavan and Anthony Clive Reudavey is deemed interested in the 76,000,000 Shares to be held by JPEL by virtue of section 7 of the Companies Act (Cap. 50).
- (3) Based on an enlarged issued share capital of the Company of 472,618,657 Shares, comprising of the existing issued share capital of 315,018,657 Shares, the 76,000,000 Consideration Shares, the 1,600,000 Introducer Shares (as defined below) and the 80,000,000 new Shares pursuant to the Placement, and assuming none of JPEL, Blue Water, Charles Madhavan and Anthony Clive Reudavey subscribe for new Shares pursuant to the Placement.

5.2 Conditions Precedent

Completion is conditional upon, *inter alia*, the following conditions being fulfilled (unless expressly waived by the relevant parties):

- (a) the completion by GSIHL of the legal, financial, operational, tax and other due diligence on the affairs of the Target and its subsidiaries (the “**Target Group**”) and the results of such due diligence being satisfactory in the opinion of GSIHL;
- (b) in relation to the Sale Shares:
 - (i) the receipt by GSIHL of such waivers or consents as may be necessary to enable GSIHL to be registered as holder of any and all of the Sale Shares; and
 - (ii) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and/or to give effect to the transactions contemplated thereunder (including without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which JPEL or the Target is a party or by which JPEL or the Target or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to GSIHL;

- (c) the completion of the Placement;
- (d) the completion of a qualified person's report (made in accordance with Rule 1014(2) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Listing Manual**")) of the crude oil reserves and resources of the Oil Fields which shall be addressed to the Company and GSIHL and in a form reasonably acceptable to the Company and GSIHL, and such report stating that the Oil Fields have a gross and net entitlement of oil reserves of not less than approximately 10,000,000 barrels of recoverable reserves and a net present value of not less than US\$100,000,000;
- (e) there being no change to the prospects, operations, financial and/or business conditions of JPEL, the Target Group and/or the Oil Fields from the date of the Agreement and up to and including the date of the Completion (the "**Completion Date**") that could constitute a material adverse effect on or material adverse change in the condition (financial or otherwise), results of operations, assets, prospects, liabilities or business of the Target and/or the Target Group as a whole;
- (f) JPEL having performed all of the covenants and undertakings required to be performed by it under the Agreement on or before the Completion Date;
- (g) receipt of the listing and quotation notice from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Consideration Shares and the Introducer Shares on the Catalist board of the SGX-ST, and such listing and quotation notice not being revoked, rescinded or cancelled prior to Completion;
- (h) there being no delisting or suspension of the existing Shares on the Catalist board of the SGX-ST on or before the Completion Date;
- (i) the approval of the Shareholders of the Company being obtained at an extraordinary general meeting to be held (or any adjournment thereof) in respect of:
 - (i) the Proposed Acquisition;
 - (ii) the Placement; and
 - (iii) the diversification of business in relation to the Proposed Acquisition;
- (j) the Target, Muhammad Saleh and Ario Djoko Damar being collectively the legal and beneficial owners of the entire issued and paid-up share capital of PT Cepu, holding 95%, 2.5% and 2.5% respectively of the issued and paid-up share capital of PT Cepu;
- (k) PT Cepu holding the exclusive rights:
 - (i) to cooperate in conducting operations for extracting oil from the Oil Fields; and
 - (ii) to have access to, make use of, and perform all other activities in, the Oil Fields that may be necessary or convenient in connection with (i) above;

- (l) JPEL, GSIHL and the Company having obtained all third party consents and approvals (including, if applicable, the approval of the SGX-ST and the Company's Sponsor) as may be necessary in connection with the transactions contemplated by the Agreement, and where any such third party consents and approvals are subject to conditions, such conditions being satisfactory to the parties in their reasonable discretion and being in full force and effect and not having been withdrawn, suspended, amended or revoked, on or before Completion; and
- (m) each of Charles Madhavan, Muhammad Saleh and Ario Djoko Damar having entered into a service agreement with the Company, the Target or PT Cepu (as the case may be), on terms satisfactory to GSIHL.

5.3 Right to Appoint Directors

On or after Completion:

- (a) the Company shall have the right to appoint directors (and if applicable, commissioners) in all the Target Group companies, and shall have control of the Target Group in a manner that allows the Company to consolidate the Target Group's financials in accordance with Singapore Financial Reporting Standards; and
- (b) For so long as JPEL holds not less than 15% of the issued share capital of the Company, JPEL shall have the right to nominate two (2) directors to the board of directors of the Company for the Nominating Committee's consideration (such consideration shall be in good faith), and in the event that the Nominating Committee does not recommend the appointment of any of the nominees of JPEL to the board of directors of the Company, JPEL shall have the right to continue nominating alternative individuals for the Nominating Committee's consideration; and
- (c) the remuneration of the directors and commissioners of the companies within the Target Group shall be subject to the prior approval of GSIHL.

5.4 Introducer Shares

Subject to and upon Completion, the Company shall issue and allot 1,600,000 new Shares (the "**Introducer Shares**") at the issue price of S\$0.30 per Introducer Share to Tam Siew Foong (which represents a discount of approximately 20.9% to the VWAP of S\$0.3793 of the Shares for trades done on the SGX-ST on 30 May 2014 (being the last full market day on which the Shares were traded prior to the date the Agreement was signed), as consideration for her services for introducing the Company and GSIHL to the Target in respect of the Proposed Acquisition.

5.5 Moratorium

JPEL has undertaken not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of its Consideration Shares for the period commencing from the Completion Date and up to the later of (i) one (1) year from the Completion Date; or (ii) 30 November 2015 (the "**Moratorium Period**").

Each of the JPEL Shareholders will on Completion be giving a moratorium undertaking not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of its shares in JPEL (the “**JPEL Shares**”) during the Moratorium Period (the “**JPEL Shares Moratorium**”).

Each of the Blue Water Shareholders will on Completion be giving a moratorium undertaking not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of its shares in Blue Water (the “**Blue Water Shares**”) during the Moratorium Period (the “**Blue Water Shares Moratorium**”).

The Introducer will on Completion be giving a moratorium undertaking not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of her Introducer Shares during the Moratorium Period (the “**Introducer Moratorium**”).

The JPEL Shares Moratorium, the Blue Water Shares Moratorium and the Introducer Moratorium shall not apply to any transfer made during the Moratorium Period by the relevant entity to its immediate family member or to a wholly-owned company (the “**Permitted Transferee**”) provided that such Permitted Transferee executes a deed of undertaking in favour of the Company and GSIHL to abide by the moratorium prior to the completion of such transfer.

5.6 Adjustment Mechanism

The relative shareholding of JPEL and GSIHL in the Target shall be adjusted in the event that any one of the Production of Oil from Old Wells Agreement between (i) PT Pertamina EP and PT Sarana Patra Jateng dated 3 November 2010 or; (ii) the Production of Oil from Old Wells Agreement between PT Pertamina EP and KUD Sumber Pangan dated 31 October 2012 (collectively, the “**Mother Agreements**”), is (a) not renewed beyond its current term for another five (5) years; or (b) terminated prior to the expiry of the current term (each, an “**Adjustment Event**”).

Upon the occurrence of an Adjustment Event, the shareholding proportion of JPEL and GSIHL in the Target shall be adjusted such that the value of the GSIHL’s 53.6842% shareholding in the Target as measured by its proportion of the Target Group’s consolidated net tangible assets on the relevant date of such Adjustment Event is equivalent to an aggregate of not less than: the Cash Consideration already paid by GSIHL to JPEL and plus S\$22,800,000 plus 10% internal rate on such amount of the Cash Consideration already paid (the “**Benchmark**”). In the event the value of GSIHL’s shareholding in the Target is less than the Benchmark, JPEL undertakes and agrees to transfer such number of shares in the Target to GSIHL such that the Benchmark is satisfied, or agrees to GSIHL seeking additional recourse from JPEL to cover the shortfall. For the avoidance of doubt, no adjustments to the shareholding proportion of JPEL and GSIHL in the Target is required if the Benchmark is satisfied.

As security for the obligations of JPEL in respect of the Adjustment Event, JPEL agrees to grant a first priority interest over all of the shares owned by it in the Target, which total an aggregate of 538,421 shares (the “**Pledged Shares**”) in favour of GSIHL, and to enter into a share pledge (in a form acceptable to GSIHL) to effect this on the Completion Date. In the event that (a) the

Pledged Shares are insufficient to discharge JPEL's obligations; and (b) the Target issues new shares which are subscribed for by JPEL, such shares in the Target will similarly be subject to a share pledge in favour of GSIHL, as security for the obligations of JPEL in respect of the Adjustment Event.

5.7 Transfer of Target's Shares

For so long as any of the Mother Agreements have not been renewed for an additional 5-year term from each of their respective expiry dates, JPEL shall not (directly or indirectly) offer, sell, transfer or otherwise dispose of any or all of its remaining shares in the Target otherwise than in accordance with the Agreement.

On or after the date of renewal of both the Mother Agreements for an additional 5-year term from each of their respective expiry dates, if JPEL intends to (directly or indirectly) offer, sell, transfer or otherwise dispose of any or all of its remaining shares in the Target, JPEL shall first offer such shares to GSIHL by notifying GSIHL in the terms set out in the Agreement.

5.8 Shareholder's Loan

On the Completion Date, GSIHL shall extend to the Target a shareholder's loan of S\$6,250,000 for a period of three (3) years at an interest rate of 5% per annum (subject to withholding tax gross-up if applicable) (the "**Shareholder's Loan**") in order that the Target may extend to PT Cepu the equivalent amount as the shareholder's loan to be applied by PT Cepu as working capital. The Shareholder's Loan is immediately repayable to GSIHL upon demand if either of the Mother Agreements is not renewed for an additional 5-year term from their respective expiry dates.

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition set out below have been prepared based on:

- (a) the audited Consolidated Statement of Comprehensive Income of the Group for the financial year ended 31 August 2013;
- (b) the audited Statement of Financial Position of the Group as at 31 August 2013;
- (c) the unaudited consolidated statements of the Target for the financial year ended 31 December 2013;
- (d) the completion of the Placement of 80,000,000 new Shares at S\$0.30 per new Share; and
- (e) for the purposes of computing the financial effects in this announcement, it is assumed that the Second Tranche will not be funded by an issuance of new Shares.

The pro forma financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Acquisition.

Earnings per Share

Assuming that the Proposed Acquisition has been completed on 1 September 2012, the effect on the earnings per share (“EPS”) of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated Profit after tax and minority interests (S\$'000)	450	119
Weighted Average Number of Shares	131,509,657	289,109,657
Consolidated Profit per Share (cents)	0.34	0.04

Net Tangible Assets

Assuming that the Proposed Acquisition has been completed on 31 August 2013, the effect on the net tangible assets (“NTA”) per share of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA attributable to Shareholders (S\$'000)	8,268	57,522
Number of Shares	131,509,657	289,109,657
Consolidated NTA per Share attributable to Shareholders (cents)	6.29	19.90

7. RULE 1006 FIGURES

The relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

Bases in Rule 1006		
(a)	Net asset value of the assets to be disposed	Not applicable ⁽¹⁾
	Net asset value of the Group	-
	Size of relative figure	-
(b)	Net loss ⁽²⁾ attributable to the 53.6842% interest in the Target to be acquired (S\$'000)	(331) ⁽³⁾
	Net profits of the Group (S\$'000)	509 ⁽⁴⁾
	Size of relative figure	-65.03%
(c)	Aggregate value of the consideration (S\$'000) (comprising of the Consideration and the Shareholder's Loan)	54,250
	Market capitalisation ⁽⁵⁾ of the Company (S\$'000)	119,487
	Size of relative figure	45.40%

(d)	Number of equity securities issued for the Proposed Acquisition (comprising of the Consideration Shares and the Introducer Shares)	77,600,000
	Number of shares of the Company in issue	315,018,657
	Size of relative figure	24.63%
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of	Not applicable ⁽⁶⁾
	Aggregate of the group's proved and probable reserves	-
	Size of relative figure	-

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the unaudited consolidated financial statements of the Target for the financial year ended 31 December 2013.
- (4) Based on the audited consolidated financial statements of the Company for the financial year ended 31 August 2013.
- (5) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the VWAP of such shares transacted on 30 May 2014 (being the market day preceding the date of the Agreement).
- (6) This is not applicable as it is not an acquisition of mineral, oil or gas assets.

Notwithstanding that none of the relative figures under Rule 1006 of the Listing Manual exceed 75%, the Company intends to convene the EGM to seek approval of the Shareholders for the Proposed Acquisition.

8. OTHER INFORMATION

8.1 Shareholders' Approval

The Company intends to convene the EGM to seek approval of the Shareholders for the Proposed Acquisition and the Proposed Diversification.

The issuance of Consideration Shares to JPEL and the issuance of the Introducer Shares to the Introducer will be made pursuant to a specific mandate and the Company will be seeking specific Shareholders' approval for the issuance of Consideration Shares to JPEL and the issuance of the Introducer Shares to the Introducer.

Pursuant to Rule 805(1) of the Listing Manual, an issuer is required to obtain the prior specific approval of shareholders in a general meeting for the issue of shares, save where such issue is undertaken pursuant to a general mandate granted by shareholders in a general meeting.

Pursuant to Rules 811(1) and 811(2) of the Listing Manual, as the price of the Consideration Shares and the Introducer Shares represent a discount of more than 10% to the VWAP for trades done on the Shares on the SGX-ST on 30 May 2014 (being the last full market day on which the Shares were traded prior to the date the Agreement was signed), Shareholders' approval will be sought at the EGM.

Pursuant to Rule 803 of the Listing Manual, as the issuance of Consideration Shares to JPEL will result in a transfer of a controlling interest in the Company, Shareholders' approval will be sought at the EGM.

The issue price of the Consideration Shares and the Introducer Shares were determined on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the NAV of the Group as at 30 May 2014.

8.2 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 Consideration Shares and the Introducer Shares on the Catalist board of the SGX-ST.

8.3 Consideration Shares and Introducer Shares

The Consideration Shares and the Introducer Shares represents approximately 24.1% and 0.5% respectively of the existing issued share capital of the Company.

On Completion, assuming the allotment and issuance of the Consideration Shares, the Introducer Shares and the 80,000,000 new Shares pursuant to the Placement, the Consideration Shares and the Introducer Shares represents approximately 16.1% and 0.3% respectively of the enlarged share capital of the Company.

The Consideration Shares and the Introducer Shares shall rank *pari passu* with the existing issued Shares. For the avoidance of doubt, neither the Consideration Shares nor the Introducer Shares will rank for any dividend, right, allotment or other distributions declared, the record date for which falls on or before the date of issue of the Consideration Shares and/or the Introducer Shares (as applicable).

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of (i) the Agreement; and (ii) the QPR will be made available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this announcement.

10. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

11. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

A circular containing information in connection with, amongst others, the Proposed Diversification and the Proposed Acquisition will be despatched to the Shareholders in due course. The Company will make further announcements relating to the Proposed Diversification and the Proposed Acquisition as and when necessary. As there is no assurance that the aforementioned transactions 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
GIKEN SAKATA (S) LIMITED

Ng Say Tiong
Chief Financial Officer

1 June 2014

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 Company's 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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