

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

THE PROPOSED PLACEMENT OF UP TO 80,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF GIKEN SAKATA (S) LIMITED

1. INTRODUCTION TO THE TRANSACTIONS

- 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, 1 June 2014 and 2 July 2014 (the **"Previous Announcements"**) in relation to the proposed acquisition of 624,079 shares in the capital of Cepu Sakti Energy Pte. Ltd. (the **"Acquisition"**). Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Previous Announcements.
- 1.2 Further to the Previous Announcements, the Directors wish to announce that the Company has, on 11 July 2014 entered into a placement agreement (**"Placement Agreement"**) with Religare Capital Markets (Singapore) Pte. Limited (the **"Placement Agent"**) pursuant to which the Company proposes to issue up to 80,000,000 new ordinary shares in the capital of the Company (the **"Placement Shares"**) at an issue price of not less than S\$0.30 per Placement Share (the **"Placement Price"**), amounting to an aggregate amount of up to S\$24,000,000 (assuming 80,000,000 Placement Shares are issued at the minimum Placement Price of S\$0.30 per Placement Share)(the **"Placement"**). The Placement Agent and the Company may agree on a Placement Price which is higher than the minimum Placement Price of S\$0.30 per Placement Share.
- 1.3 The Company intends to convene an extraordinary general meeting (the **"EGM"**) to seek approval of the shareholders of the Company (**"Shareholders"**) for, amongst others, the Placement.

2. THE PLACEMENT

2.1. Introduction to the Placement

Subject to the terms and conditions of the Placement Agreement, the Company has agreed to issue, and the Placement Agent has agreed, subject to the lodgement by the Company of an offer information statement for the Placement, to procure subscriptions on a commercially reasonable efforts basis for the Placement Shares at not less than S\$0.30 for each Placement Share.

The Placement is not underwritten and will be undertaken pursuant to Section 277 of the Securities and Futures Act (Chapter 289 of Singapore).

2.2 Placement Price

The minimum Placement Price of S\$0.30 for each Placement Share represents a discount of approximately 13.32% to the volume weighted average price (the “**VWAP**”) of S\$0.3461 for trades done on the Shares on the Catalist board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 10 July 2014 (being the full market day on which shares of the Company (“**Shares**”) were traded prior to the signing of the Placement Agreement).

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

As the Placement Price represents a discount of more than 10% to the VWAP, the Company is required under Rule 811(3) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Listing Manual**”) to seek the specific approval of Shareholders for the issuance of the Placement Shares.

2.3 Terms of the Placement

As at the date of this announcement, the Placement Shares represent approximately 25.4% of the current issued share capital of the Company comprising 315,018,657 Shares and will represent approximately 16.9% of the enlarged issued share capital of the Company comprising 472,618,657 Shares on completion (assuming 80,000,000 Placement Shares are issued on completion of the Placement, and 76,000,000 Consideration Shares and 1,600,000 Introducer Shares are issued).

The Placement Shares shall 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 Listing Manual save for such persons falling within the exceptions specified in Rule 812(3).

The Company shall pay to the Placement Agent a commission of 4.0% of the aggregate Placement Price for the Placement Shares for which the Placement Agent has procured subscribers (as determined in the pricing supplement to the Placement Agreement which sets out the number of Placement Shares placed, and the Placement Price).

2.4 Conditions

Completion of the Placement is conditional upon:

- (a) the Sale and Purchase Agreement not having been terminated and no fact, circumstance, event or situation having arisen that would cause the Company to reasonably believe that the Acquisition could not be completed;
- (b) 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 Placement Agent 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;
- (c) 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 Monetary Authority of Singapore ("**MAS**") and the SGX-ST)) in Singapore or other jurisdictions which are applicable to the Company or the Placement Agent;
- (d) the determination of the number of Placement Shares for which the Placement Agent has procured subscription and the Placement Price, and the entry into of the pricing supplement on or before the cut-off date of 31 August 2014 (or such other date as Company and the Placement Agent may agree);
- (e) as of the completion date, the trading of the 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;
- (f) Shareholders' approval for the following being obtained at an extraordinary general meeting of the Company to be convened:
 - (i) the Placement;
 - (ii) the proposed Acquisition;
 - (iii) the proposed issue and allotment of 1,600,000 new Shares to Tam Siew Foong; and
 - (iv) the proposed diversification by the Company into the business of operating and producing oil in the oil fields;
- (g) 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;

- (h) 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;
- (j) the delivery to the Placement Agent on the completion date of a certificate in the form set out in the Placement Agreement; and
- (k) an offer information statement in relation to the Placement in a form and substance reasonably satisfactory to the Placement Agent and which complies as to form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005, having been lodged with and accepted by the SGX-ST, acting as agent on behalf of the MAS.

If any of the conditions set forth above is not satisfied on or before 31 August 2014 or such other date as the Company and the Placement Agent may agree, the obligations of the Placement Agent and the Company under the Placement Agreement shall *ipso facto* cease and determine thereafter and in that event the Company and the Placement Agent 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, 17, 18 and 20 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

As set out in the Previous Announcements, the Company intends to acquire 624,079 shares in the capital of Cepu Sakti Energy Pte. Ltd. The Company is undertaking the Placement primarily to fund the First Tranche of the Cash Consideration and the Shareholder's Loan (to be extended by the Purchaser to the Target). The net cash proceeds from the Placement (after deducting expenses relating to the Placement) will be approximately S\$22,700,000 (the "**Net Proceeds**"). The Net Proceeds will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation (%)
First Tranche of the Cash Consideration in respect of the Acquisition	Approximately 60% to 66%
Shareholder's Loan	Approximately 20% to 28%
General working capital of the Group	Approximately 6% 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 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 TRANSACTIONS

The pro forma financial effects of the Transactions set out below are based on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 August 2013 and the unaudited consolidated statements of the Target for the financial year ended 31 December 2013, and are subject to the following assumptions:

- (a) that the Transactions were completed on 1 September 2012 for the purpose of calculating the pro forma EPS;
- (b) that the Transactions were completed on 31 August 2013 for the purpose of calculating the pro forma NTA per Share;
- (c) the maximum number of 80,000,000 Placement Shares is placed out by the Placement Agent at the Placement Price of S\$0.30 per Placement Share; and
- (d) the Second Tranche is not funded by an issuance of new Shares.

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.

4.1 Net Tangible Assets

Assuming that the Transactions were completed on 31 August 2013, the effect on the NTA per Share of the Group will be as follows:

	Before the Transactions	After the Transactions
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

4.2 Earnings per Share

Assuming that the Transactions were completed on 1 September 2012, the effect on the profit per Share of the Group will be as follows:

	Before the Transactions	After the Transactions
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

5. OTHER INFORMATION

5.1 Shareholders' Approval

The Company intends to convene the EGM to seek approval of the Shareholders for the Placement.

Section 161 of the Companies Act (Chapter 50 of Singapore) requires a company to obtain the approval of its shareholders in a general meeting for the issue of shares by the company, except where such issue is undertaken pursuant a general mandate granted by shareholders in a general meeting. 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. The issuance of the Placement Shares will be made pursuant to a specific mandate and the Company will be seeking specific Shareholders' approval for the issuance of the Placement Shares in accordance with Rule 805(1) of the Listing Manual and Section 161 of the Companies Act.

Pursuant to Rules 811(1) and 811(2) of the Listing Manual, as the Placement Price represent a discount of more than 10% to the VWAP for trades done on the Shares on the SGX-ST on 10 July 2014 (being the full market day on which Shares were traded prior to the signing of the Placement Agreement), Shareholders' approval for the Placement will be sought at the EGM.

5.2 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 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. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Lee Kok Wah, being a director of Cepu Sakti Energy Pte. Ltd. and a shareholder of Java Petral Energy Pte. Ltd, 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

A circular containing information in connection with, amongst others, the Placement will be despatched to the Shareholders in due course. 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

GIKEN SAKATA (S) LIMITED

Ng Say Tiong
Chief Financial Officer

11 July 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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