



GSS ENERGY LIMITED

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

PROPOSED RESTRUCTURING OF GSS ENERGY LIMITED BY WAY OF A TRANSFER OF GSS ENERGY INVESTMENT HOLDINGS LIMITED FROM GIKEN SAKATA (S) LIMITED TO GSS ENERGY LIMITED

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of GSS Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 31 March 2015 entered into:

- (a) an intra-group sale and purchase agreement with its wholly owned subsidiary, Giken Sakata (S) Limited (“**Giken**”), to transfer all the issued and paid-up shares in the capital of GSS Energy Investment Holdings Limited (formerly known as Giken Sakata Investment Holdings Limited) (“**GE Investment**”) from Giken to the Company (the “**Transfer**”); and
- (b) an assignment and novation agreement with Giken and GE Investment in which Giken assigned a shareholder’s loan of S\$6,250,000 with accrued interest of S\$148,437.47 granted to GE Investment previously (the “**Loan**”), to the Company (the “**Assignment**”)¹,

(together, the Assignment and Transfer shall be referred to as the “**Restructuring Exercise**”).

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

2. THE RESTRUCTURING EXERCISE

2.1 Consideration

The consideration payable by the Company to Giken in relation to the Restructuring Exercise shall be:

¹ Please refer to Giken’s circular dated 7 August 2014 for more information on the Loan.

- (a) in relation to the Transfer, S\$38,456,367.71, based on the value invested by Giken in GE Investment and GE Investment net equity attributable to Giken (the “**Transfer Consideration**”); and
- (b) in relation to the Assignment, S\$6,398,437.47, based on the amount outstanding under the Loan as at 28 February 2015 (the “**Assignment Consideration**”),

which shall be satisfied in the following manner:

- (i) the Transfer Consideration and the Assignment Consideration shall be payable within three (3) months after the date of completion of the Transfer (the “**Transfer Completion Date**”) and the date of completion of the Assignment (the “**Assignment Completion Date**”) respectively; and
- (ii) within three (3) months after the Transfer Completion Date and the Assignment Completion Date, Giken shall reduce its capital by S\$38,456,367.71 and S\$6,398,437.47 respectively in accordance with Sections 78A and 78C of the Companies Act (Chapter 50 of Singapore) (the “**Companies Act**”) and use the credit arising from the reduction of Giken’s share capital to set off the amount owed by the Company to Giken due to the Transfer and the Assignment (the “**Capital Reduction**”),

provided that no creditor of Giken applies to the Court for the resolutions approving the Capital Reduction to be cancelled pursuant to Section 78D of the Companies Act. In the event that a creditor objects, the Capital Reduction will only take effect if the Court dismisses the creditor’s application and the necessary information is lodged with the Accounting and Corporate Regulatory Authority of Singapore in the relevant registers. Failing which, the Company intends to fund the Transfer Consideration and the Assignment Consideration through internal sources.

2.2 Rationale and Benefits

The Restructuring Exercise is an internal restructuring exercise to rationalise the Group’s corporate structure and will not cause or result in any material financial effect on the Group. In particular, the aggregate assets and liabilities of the Group after the completion of the Restructuring Exercise will be substantially the same as no assets will be injected into or disposed by the Group pursuant to the Restructuring Exercise. The Group’s corporate structure after the Restructuring Exercise is set out in the Appendix.

The Company believes that this corporate structure will rationalise the Group’s holdings of its two primary business units. With this new corporate structure, GE Investment will own and operate the Group’s oil and gas business (“**O&G Business**”), and Giken will own and operate the Group’s electronics business (“**Manufacturing Business**”). By separating the two businesses, the Company ensures that each business unit can operate independently and that each unit is ring-fenced from the risks and liabilities faced by the other.

In addition, the new corporate structure will give the Company greater flexibility in raising funds or engaging in merger and acquisition activities in future. With the clear separation of the Group's businesses, it becomes possible for the Group to attract investors for specific businesses or to dispose of either the O&G Business or Manufacturing Business without affecting the other.

2.3 Financial Effects

The Restructuring Exercise will have no material financial effect on the Group as a whole.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

By Order of the Board
GSS ENERGY LIMITED

Ng Say Tiong
Chief Financial Officer

7 April 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 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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APPENDIX

