



SEE HUP SENG LIMITED

(Company Registration Number 197502208Z)
(Incorporated in the Republic of Singapore)

PROPOSED INVESTMENT IN ENERGY DRILLING PTE. LTD.

1. Introduction

The Board of Directors of See Hup Seng Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that it had, on 22 March 2012, entered into a binding term sheet (the “**Term Sheet**”) with Energy Ventures IV LP (“**EV**”), Energy Drilling Pte. Ltd. (“**Energy Drilling**”) and Globalfund Capital Pte. Ltd. (“**GFC**”) for the proposed investment by the Company of a sum of US\$10 million (the “**Investment Amount**”) for a minority stake in the paid up share capital of Energy Drilling (the “**Investment**”).

The Investment was conceptualized by EV, a major investment party of Energy Drilling, and the management of Energy Drilling based on the capital requirements of Energy Drilling for it to enter into a construction contract for two tender rigs and for setting up a professional operating organization for the construction management, marketing and operations management of the two tender rigs.

The Investment Amount will be fully satisfied in cash and will be funded partly from the internal resources of the Company and the remainder from borrowings.

2. Conditions Precedent

Pursuant to the terms of the Term Sheet, the Investment by the Company in Energy Drilling is conditional upon, *inter alia*, the following:-

- (a) approval by EV, GFC and the Company (collectively, the “**Investment Parties**”) of a budget and business plan of Energy Drilling;
- (b) satisfactory completion of all legal, technical and commercial due diligence on Energy Drilling;
- (c) signed contract with Yard ;
- (d) employment contracts being entered by Energy Drilling with its key management team;
- (e) a shareholders agreement being entered into by, *inter alia*, the Investment Parties to record the financial, managerial, administrative and other arrangements as may be agreed among the Investment Parties in relation to

their participation in Energy Drilling and the manner in which the affairs of Energy Drilling will be regulated; and

- (f) each of the Investment Parties obtaining the required board consent and other internal consents, if any, to proceed with the investment in Energy Drilling.

If any of the aforesaid conditions precedent is not fulfilled or waived in the sole discretion of a simple majority of the Investment Parties by 29 March 2012 or such other date as may be agreed by the parties, the Term Sheet shall, *ipso facto*, cease and determine and save for any antecedent breach, neither party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever.

3. Shareholders Agreement

Under the terms of the Term Sheet, completion of the Investment is conditional upon, *inter alia*, the Company entering into a shareholders' agreement with, amongst others, EV and GFC to record the financial, managerial, administrative and other arrangements as may be agreed between the said parties in relation to their participation in Energy Drilling and the manner in which the affairs of Energy Drilling will be regulated (the "**Shareholders' Agreement**"). The parties are currently negotiating the terms and conditions of the Shareholders' Agreement. The Company will keep shareholders informed when the Shareholders' Agreement is executed.

4. Relative Figures under Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer.

The relative figures of the Investment, computed according to Rule 1006 of the Listing Manual based on the Investment and the Company's latest unaudited consolidated financial statements for its financial year ended 31 December 2011, are as follows:-

	The Investment (S\$'000)	The Group (S\$'000)	%
(a) Net asset value of the assets to be disposed compared with the Group's net asset value as at 31 December 2011			
		This basis of computation is not applicable as it only applies to disposal of assets	
(b) The audited net profit attributable to the assets acquired compared with the Group's unaudited net profit for its financial year ended 31 December 2011			
		This basis of computation is not applicable as Energy Drilling is a newly incorporated company and has not generated any profit	

	The Investment (S\$'000)	The Group (S\$'000)	%
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 21 March 2012 ⁽¹⁾	12,700	92,689	13.7
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as the Investment Amount is to be fully satisfied in cash		

Notes:-

- (1) The market capitalisation of the Company was determined by multiplying the number of issued shares, being 422,658,100 ordinary shares (excluding 4,310,000 treasury shares currently held by the Company) by the weighted average price of such shares transacted on 21 March 2012 of S\$0.2193 per share (being the market day immediately preceding the date of the Term Sheet).
- (2) The Investment Amount of US\$10 million is equivalent to approximately S\$12.7m based on an exchange rate of US\$1.00 to S\$1.27

As none of the relative figures as computed above exceeds 20%, the Investment is a discloseable transaction for the purposes of Chapter 10 of the Listing Manual. Accordingly, the Company is not required to obtain shareholders' approval for the Investment.

7. Rationale for the Investment

The investment offers the Company an opportunity to participate in a modest way in the high value adding and attractive offshore drilling market for the oil and gas industry.

8. Financial Effects of the Investment

For illustration purposes only, based on the latest unaudited consolidated financial statements of the Company for its financial year ended 31 December 2011, the financial effects of the Investment on the Group will be as follows:-

(a) *Net Tangible Asset ("NTA") per share*

Assuming that the Investment has been completed on 31 December 2011, the Investment would have the following impact on the NTA per share of the Group:-

	<u>Before the Investment</u>	<u>After the Investment</u>
NTA (S\$'000)	68,235	70,885
Weighted Average Number of shares	411,041,600	422,565,125
NTA per share	16.60 cents	16.77 cents

(b) *Earnings per share (“EPS”)*

Assuming that the Investment has been completed on 1 January 2011, the Investment would have the following impact on the EPS of the Group:-

	<u>Before the Investment</u>	<u>After the Investment</u>
Profit after tax (S\$'000)	7,969	7,969
Weighted average number of shares	411,041,600	422,565,125
EPS	1.94 cents	1.89cents

(c) *Gearing*

Assuming that the Investment has been completed on 31 December 2011, the Investment would have the following impact on the Group’s gearing:-

	<u>Before the Investment</u>	<u>After the Investment</u>
Total borrowings ⁽¹⁾ (S\$’)	60,849	66,899 ⁽²⁾
Cash and cash equivalents (S\$)	42,389	38,389
Shareholders’ funds ⁽¹⁾ (S\$)	77,700	80,350
Gross gearing ⁽¹⁾ (times)	0.78	0.83
Net gearing ⁽¹⁾ (times)	0.24	0.35

Note:-

(1) The expression “Total borrowings” means all interest-bearing debts of the Company. The expression “Shareholders’ funds” refers to the aggregate of the paid-up share capital and other reserve and share premium of the Company and excludes minority interests. “Gross gearing” is computed based on the ratio of “Total borrowings” to “Shareholders’ funds” and “Net gearing” is computed based on the ratio of “Total borrowings” less “Cash and cash equivalents” to “Shareholders’ funds”.

(2) Approximately 47.6% of the total investment of S\$12,700,000 will be funded from borrowings and the balance will be from internal resources of the Company.

9. Representation on the Board of the Company

No persons will be appointed to the Board of the Company in connection with the Investment.

10. Interests of Directors and Controlling Shareholders

None of the Directors or controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Investment.

By Order of the Board
See Hup Seng Limited

Thomas Lim Siok Kwee
Executive Chairman
23 March 2012