

SHS HOLDINGS LTD.

(formerly known as See Hup Seng Limited)
(Company Registration Number 197502208Z)
(Incorporated in the Republic of Singapore)

SUBSCRIPTION OF SHARES IN GLOBALFUND CAPITAL PTE. LTD. AND ENERGY DRILLING PTE. LTD.

1. Introduction

The Board of Directors (the “**Board**”) of SHS Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it had, on 15 October 2014, agreed to subscribe to the following:

- (a) 159 ordinary shares, representing 15.9% of the enlarged share capital of GlobalFund Capital Pte. Ltd. (“**GFC Subscription**”); and
- (b) approximately 610,171 ordinary shares, representing approximately 1.00%¹ of the enlarged share capital of Energy Drilling Pte. Ltd. (“**ED Subscription**”).

(collectively, the “**Aggregate Subscription**”)

2. Information on GlobalFund Capital Pte. Ltd. and Energy Drilling Pte. Ltd.**2.1 GlobalFund Capital Pte. Ltd. (“GFC”)**

GFC is incorporated in Singapore and operates principally as an investment holding company solely in the shares of Energy Drilling Pte Ltd. As of the date of this announcement, GFC has an issued and paid-up share capital of US\$100 comprising 100 ordinary shares. The shareholders of GFC as of the date of this announcement are Seven Oaks Capital Pte Ltd, Hui Yoke Leng and Leong Jiaquan Benjamin (collectively, the “**Original Shareholders**”). The respective shareholding proportions of the Original Shareholders in GFC as of the date of this announcement are as follow:

Original Shareholders	Shares (Ordinary)	Shareholding Proportion
Seven Oaks Capital Pte Ltd	60	60.0%
Hui Yoke Leng	10	10.0%
Leong Jiaquan Benjamin	30	30.0%
Total	100	100.0%

Subsequent to the GFC Subscription, the shareholdings of GFC would be as follow:

Shareholders	Shares (Ordinary)	Shareholding Proportion
Seven Oaks Capital Pte Ltd	505	50.5%

¹ Calculated on the assumption that 5,014,245 shares will be allotted and issued to HV VI Invest Uraz Limited at a future date, pursuant to a subscription and shareholders’ agreement entered into by the shareholders of ED on 13 November 2013.

Shareholders	Shares (Ordinary)	Shareholding Proportion
Hui Yoke Leng	84	8.4%
Leong Jiaquan Benjamin	252	25.2%
SHS Holdings Ltd.	159	15.9%
Total	1000	100.0%

2.2 Energy Drilling Pte. Ltd. (“ED”)

ED is incorporated in Singapore and is primarily engaged in the business of owning, managing, operating and/or marketing offshore drilling vessels. As of the date of this announcement, ED has an issued and paid-up share capital of US\$146,350,003 comprising 46,375,586 ordinary shares. The shareholders of ED as of the date of this announcement are HV VI Invest Uraz Limited, Energy Ventures IV L.P., GlobalFund Capital Pte. Ltd., SHS Holdings Ltd., Staale Roed, Marcus Chew Siong Huat, Larry Charles Robbins and Ewashen Lyle David. The shareholdings of ED as of the date of this announcement are as follow:

Shareholders	Shares (Ordinary)	Shareholding Proportion ²
HV VI Invest Uraz Limited	26,381,766 ³	51.34%
Energy Ventures IV L.P.	12,067,742	23.48%
GlobalFund Capital Pte. Ltd.	8,064,516	15.69%
SHS Holdings Ltd.	3,225,807	6.28%
Staale Roed	600,000	1.17%
Marcus Chew Siong Huat	600,000	1.17%
Larry Charles Robbins	350,000	0.68%
Ewashen Lyle David	100,000	0.19%
Total	51,389,831⁴	100.00%

Subsequent to the ED Subscription, the shareholdings of ED would be as follows⁵:

² Rounded to nearest two decimal places.

³ Comprise 21,367,521 shares that are held by HV VI Invest Uraz Limited as of the date of this announcement, and on the assumption that a further 5,014,245 shares will be allotted and issued to HV VI Invest Uraz Limited pursuant to a subscription and shareholders' agreement entered into by the shareholders of ED on 13 November 2013.

⁴ Includes 5,014,245 shares on the assumption that they will be allotted and issued to HV VI Invest Uraz Limited pursuant to a subscription and shareholders' agreement entered into by the shareholders of ED on 13 November 2013.

⁵ This is on the assumption that all shareholders in ED subscribe to their allotment of shares in ED in full.

Shareholders	Shares (Ordinary)	Shareholding Proportion ⁶
HV VI Invest Uraz Limited	31,368,433 ⁷	51.60%
Energy Ventures IV L.P.	14,348,597	23.60%
GlobalFund Capital Pte. Ltd.	9,588,533	15.77%
SHS Holdings Ltd.	3,835,978	6.31%
Staale Roed	600,000	0.99%
Marcus Chew Siong Huat	600,000	0.99%
Larry Charles Robbins	350,000	0.58%
Ewashen Lyle David	100,000	0.16%
Total	60,791,541⁸	100.0%

3. The Subscription

3.1 GFC Subscription

The Company will invest up to US\$5,349,459 in GFC (“**GFC Consideration**”), comprising a consideration of US\$159 for 159 shares in GFC (“**GFC Subscription Shares**”), and a shareholder’s loan of US\$5,349,300 made by the Company to GFC (“**SHS Loan**”). The GFC Consideration was negotiated at arm’s length on a “willing-buyer, willing-seller” basis, taking into consideration, *inter alia*, GFC’s proposed subscription of approximately 1,524,017 shares in ED for a consideration of US\$5,349,300 (“**New ED Shares**”), as part of a fundraising exercise by ED and having regard to the business prospects of ED.

The GFC Consideration is to be satisfied in cash and funded from the internal resources of the Group, in the following manner:

- (a) the sum of US\$5,349,459 is payable by the Company to GFC on the date of completion of the GFC Subscription, being 24 October 2014 or such other date as agreed between the parties.

Completion of the subscription of the GFC Subscription Shares shall be subject to, *inter alia* the following:

- (a) the approval of the board of GFC and the Original Shareholders having been obtained for the issuance and allotment of the GFC Subscription Shares; and
- (b) where necessary, the approval of Seven Oaks Capital Pte Ltd’s board and shareholders having been obtained and not revoked for the subscription of the GFC Subscription Shares by Seven Oaks Capital Pte Ltd, and evidence of the same having been delivered to the satisfaction of GFC.

⁶ Rounded to nearest two decimal places.

⁷ Includes 5,014,245 shares on the assumption that they will be allotted and issued to HV VI Invest Uraz Limited pursuant to a subscription and shareholders’ agreement entered into by the shareholders of ED on 13 November 2013.

⁸ Includes 5,014,245 shares on the assumption that they will be allotted and issued to HV VI Invest Uraz Limited pursuant to a subscription and shareholders’ agreement entered into by the shareholders of ED on 13 November 2013.

Upon the GFC Subscription, the Company shall enter into a shareholders' agreement with other shareholders of GFC ("**SHA**") in relation to the conduct of business and affairs of GFC. The salient terms of the SHA shall stipulate, among others, that:

- (a) the SHS Loan shall be used to subscribe to approximately 1,524,017 new shares in ED;
- (b) the SHS Loan shall rank *pari passu* with other shareholder's loans given to GFC by other shareholders of GFC; and
- (c) GFC shall not, without the unanimous approval of all the shareholders (including the Company), sell or subject the New ED Shares to any encumbrances (to be defined in the SHA).

3.2 SHS Loan

The SHS Loan will be an unsecured and non-interest bearing loan and will be used by GFC solely for the subscription of the New ED Shares. The repayment of the SHS Loan shall be determined at the reasonable discretion of the board of GFC.

3.3 ED Subscription

The Company will invest up to US\$2,141,700 in ED ("**ED Consideration**"), comprising a consideration of US\$2,141,700 for approximately 610,171 shares in ED ("**ED Subscription Shares**"). The ED Consideration was based on the amount stated in the "Memo to Shareholders of ED" dated 8 October 2014 from ED to the Company ("**Memo**"), pursuant to which the Company may subscribe for 610,171 shares in ED for a consideration of US\$2,141,700, as part of a fundraising exercise by ED and having regard to the business prospects of ED. With the completion of the ED Subscription, the Company's direct shareholding in ED will increase slightly from 6.28% to 6.31%.

The ED Consideration is to be satisfied in cash and funded from the internal resources of the Group, in the following manner:

- (a) the sum of US\$2,141,700 is payable by the Company to ED by 31 October 2014 or such other date as the parties may agree in writing.

Completion of the ED Subscription shall be subject to, *inter alia* the approval of the board of ED and the other shareholders of ED having been obtained for the issuance and allotment of the ED Subscription Shares.

3.4 Total interest in ED

Following the GFC Subscription and ED Subscription, the Company would have a total interest of approximately 8.82% in ED, comprising a direct interest of approximately 6.31% and an indirect interest (through the Company's shareholding in GFC) of approximately 2.51%.

4. Rationale

The proposed investment in ED through the GFC Subscription Shares and ED Subscription Shares will increase the Company's stake in the growing energy sector. This 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.

The proposed investment is in line with the Company's strategy to invest in high growth energy sector companies, which complements its current investments in the sector, and will further enhance its earning base and long term shareholder value.

5. Relative Figures under Rule 1006 of the Listing Manual

The relative figures of the Aggregate Subscription computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual of the SGX-ST are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable to an acquisition
Rule 1006(b)	Net profits attributable to the assets acquired compared with the Group's net profits.	Not applicable ⁽¹⁾
Rule 1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares of the Company excluding treasury shares.	5.70% ⁽²⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for the proposed Investment, compared with the number of equity securities previously in issue.	Not applicable ⁽³⁾
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

Notes:

- (1) As ED has not commenced operations, it has incurred a net loss after taxation of US\$2,700,447 for the period of six months ended 30 June 2014 for costs associated with, among others, recruiting the rig operations team, and administrative and professional costs associated with the three offshore drilling vessels under construction of which the first offshore drilling vessel was only completed and chartered out in August 2014. GFC is an investment holding company, and has confirmed that for the period of six months ended 30 June 2014, it has incurred losses which amounts are not significant, largely arising from professional and administrative expenses.
- (2) The market capitalisation of the Company of approximately S\$166.96 million was determined by multiplying the existing number of issued shares of 608,461,178 shares (excluding 17,100,000 treasury shares) by the weighted average price of the shares of S\$0.2744 per share transacted on 14 October 2014, being the last market day immediately preceding the date of this announcement.
- Accordingly, the relative figure under Rule 1006(c) of the Listing Manual was determined by dividing the Aggregate Subscription Price of US\$7,491,159 (equivalent to approximately S\$9.52 million based on the exchange rate⁹ of US\$1.00 to S\$1.2707) by the market capitalisation of the Company of approximately S\$166.96 million.
- (3) Rule 1006(d) of the Listing Manual is not applicable as the GFC Consideration and ED Consideration will be satisfied in cash and funded from the internal resources of the Group.

As none of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the proposed Investment constitutes a discloseable transaction under Chapter 10 of the Listing Manual, which does not require approval of shareholders of the Company.

6. Financial Effects of the Investment

The pro forma financial effects of the Aggregate Subscription, based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2013, are set out below. The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the proposed Investment.

For purposes of illustrating the financial effects of the Aggregate Subscription, the financial effects have been prepared based on the number of issued shares or the weighted average number of issued shares, as the case may be, excluding such number of treasury shares, of the Company as at 31 December 2013. The number of issued shares of the Company has increased from 421,422,125 shares (excluding treasury shares) as of 31 December 2013 to 608,461,178 shares (excluding treasury shares) as of the date hereof. Such increase in the number of issued shares of the Company was due to (a) the allotment and issuance of 42,519,053 new shares by the Company on 3 January 2014 pursuant to its acquisition of the entire issued and paid-up share capital of Hetat Holdings Pte Ltd; and (b) the allotment and issuance of 144,500,000 new shares by the Company on 7 January 2014 pursuant to a subscription agreement dated 12 September 2013.

⁹ Based on the exchange rate of 14 October 2014 provided by the Monetary Authority of Singapore.

6.1 Net Tangible Assets (“NTA”)

Assuming that the proposed Investment had been completed on 31 December 2013, the proposed Investment would have the following impact on the NTA per share of the Group:

	Before the Aggregate Subscription	After the Aggregate Subscription
NTA of the Group as at 31 December 2013 (S\$'000)	79,859	79,859
Number of issued shares (excluding treasury shares)	421,442,125	421,442,125
NTA per share (S\$ cents)	0.19	0.19

6.2 Earnings per share (“EPS”)

Assuming that the Aggregate Subscription had been completed on 1 January 2013, the proposed Investment would have the following impact on the EPS of the Group:

	Before the Aggregate Subscription	After the Aggregate Subscription
Profit attributable to shareholders (S\$'000)	8,019	8,019
Weighted average number of issued shares	421,442,125	421,442,125
Earnings per share (S\$ cents)	0.019	0.019

6.3 Gearing

Assuming that the proposed Investment has been completed on 31 December 2013, the proposed Investment would have the following impact on the Group's gearing:

	Before the Aggregate Subscription	After the Aggregate Subscription
Net debt (S\$'000)	27,941	37,460
Total capital (S\$'000)	91,818	91,818
Gearing ⁽¹⁾ (times)	0.3	0.4

Note:-

- (1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as total equity.

7. Interests of directors and substantial shareholders

As of the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Aggregate Subscription.

8. Service Agreement

No person will be appointed to the Board of the Company in connection with the Aggregate Subscription and no service contracts in relation thereto will be entered into by the Company.

9. Document available for inspection

A copy of the SHA and Memo is available for inspection during normal business hours at the registered office of the Company at 81 Tuas South Street 5 Singapore 637651 for a period of three (3) months from the date of this announcement.

By Order of the Board
SHS Holdings Ltd.

Ng Han Kok, Henry
Group Chief Executive Officer
15 October 2014