
RECEIPT OF STATUTORY DEMAND FOR PAYMENT - CLARIFICATION

The Board of Directors of KS Energy Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 12 August 2020, wherein it was announced that the Company and its subsidiaries received letters of demand from the solicitors of Overseas-Chinese Banking Corporation Limited (“**OCBC**”), Shook Lin & Bok LLP, on 6 August 2020.

The Company wishes to clarify as follows:

- (A) The Company’s subsidiary, KS Drilling Pte Ltd (“**KSDL**”), had received a winding up statutory demand pursuant to section 125(2)(a) read with section 125(1)(e) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) read with section 23(1)(b) of the COVID-19 (Temporary Measures) Act 2020 (collectively, the “**Legislation**”). The demand was in relation to KSDL’s alleged liabilities, as primary obligor, to OCBC under certain term loans and bridging loans. In the statutory demand, OCBC demanded that KSDL repay the sum of USD230,686,893.20 (being the sum allegedly due under the term loans) and SGD5,157,662.06 (being the sum allegedly due under the bridging loan) within 7 days. In addition, the demand provides that if KSDL does not pay, secure or compound the demanded sum within 6 months, OCBC shall be entitled to present a winding up application against KSDL (a “**6 Months Statutory Demand**”).

The Company received a winding up statutory demand on the same day. The demand alleges that the Company had guaranteed KSDL’s liabilities under the term loans up to USD150,000,000, and KSDL’s liabilities under the bridging loan up to SGD5,000,000. In the circumstances, OCBC demanded the sums of USD150,000,000 and SGD5,000,000 from the Company, in its capacity as guarantor under the loans, within 7 days, and similarly made a 6 Months Statutory Demand in relation to the alleged sums demanded from the Company.

KSDL subsidiaries, KS Discoverer 1 Pte Ltd (“**KSD1**”), KS Discoverer 2 Pte Ltd (“**KSD2**”) and KS Discoverer 4 Pte Ltd (“**KSD4**”), each received separate but identical winding up statutory demands on the same day. These demands allege that each of KSD1, KSD2 and KSD4 had guaranteed the term loans up to USD150,000,000. OCBC demanded the sum of USD150,000,000 from each of KSD1, KSD2 and KSD4, in their capacities as guarantors under the term loans, within 7 days. OCBC also made a 6 Months Statutory Demand in relation to the alleged sums demanded from each of KSD1, KSD2, and KSD4.

KSDL subsidiary, KS Drilling Operating Company Limited (“**KSDO**”), received a letter of demand (not a winding up statutory demand issued under the Legislation) on the same day. The demand alleges that KSDO had guaranteed KSDL’s obligations under the term loans up to USD115,687,893.20. In the circumstances, OCBC demanded the sum of USD115,687,893.20 from KSDO, in its capacity as guarantor under the term loan, within 7 days.

- (B) KSDL subsidiary, KS Rig Invest Pte Ltd (“**KSRI**”), received a winding up statutory demand on the same day. This demand is in relation to KSRI’s obligations under a separate bridging loan, under which KSRI is alleged to be indebted to OCBC in the sum of SGD5,161,942.05. OCBC demanded that KSRI repay the said sum within 7 days, and similarly made a 6 Months Statutory Demand in relation to the said sum.

In addition, KSDL had also received a winding up statutory demand in relation to KSRI’s alleged obligations to OCBC. In the demand, it is alleged that KSDL had guaranteed KSRI’s obligations under this separate bridging loan to OCBC, and demanded the repayment of SGD5,000,000 within 7 days. OCBC similarly made a 6 Months Statutory Demand in relation to the said sum.

Further, another subsidiary of KSDL, KS Rig Invest Three Ltd (“**KSRIT**”), also received a letter of demand (not a winding up statutory demand issued under the Legislation) on the same day. The demand alleges that KRSIT had also guaranteed KSRI’s obligations under this separate bridging loan, and demanded repayment of SGD5,000,000 within 7 days.

The Company wishes to add that KSDL’s liability under the term loans is secured by various securities, including mortgages over certain of KSDL’s jack-up and land rigs in favour of OCBC.

As announced, the Company is presently seeking legal advice and will engage OCBC to remedy the situation, and to advance the interests of all stakeholders.

KSDL, an 80.09%-owned subsidiary of the Company, is an investment holding company. The main activities of its subsidiaries are in the provision of onshore and offshore drilling services, rig management and support services, oilfield equipment ownership and leasing.

Shareholders and potential investors are advised to exercise caution in trading their shares. The Company will release further announcements to update on any material developments in relation to the Letters of Demand as and when appropriate. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
KS Energy Limited

Samuel Paul Oliver Carew-Jones
Executive Director and Chief Financial Officer

17 August 2020

For more information on KS Energy Limited, please visit our website at www.ksenergy.com.sg