KS ENERGY LIMITED
An Integrated Energy Services Hub

RESPONSE TO SGX-ST'S QUERIES ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the "**Board**") of KS Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the Company's Annual Report for the Financial Year Ended 31 December 2017 (the "**Annual Report 2017**") and wishes to respond to the queries as follows:

SGX-ST'S QUERIES:

Listing Rule 715(2) provides that the issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.

We note that some of the foreign-incorporated subsidiaries and associated companies listed on pages 100 to 102 are audited by Cheer Link CPA Limited. Please state:-

(i) whether these entities are significant foreign-incorporated subsidiaries and associated companies of the Company; and

(ii) if so, the Company and Audit Committee's assessment of the suitability of Cheer Link CPA Limited and their basis for the said assessment.

COMPANY'S REPONSE TO QUERIES (i):

As reflected on page 100 of the Annual Report 2017, KS Discoverer 3 (HK) Limited ("**KSD3**") and KS Discovery (HK) Limited ("**KSDHK**") are both Hong Kong-incorporated indirect subsidiaries of the Company and were audited by Cheer Link CPA Limited.

Based on Listing Rule 718, KSD3 is a significant foreign-incorporated subsidiary of the Company in the financial year ended 31 December 2017 ("**FY2017**") and KSDHK is not.

COMPANY'S REPONSE TO QUERIES (ii):

The Company and the Audit and Risk Management Committee ("**ARMC**") have assessed the suitability of Cheer Link CPA Limited to audit KSD3 and have found Cheer Link CPA Limited to be suitable. The assessment of suitability was based on the prior performance of Cheer Link CPA Limited and considering input from the auditor of the Company, KPMG LLP in addition to the additional audit procedures undertaken by KPMG LLP in its capacity as the Group's auditor.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Victor Lai Kuan Loong
Company Secretary

27 April 2018

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