KS ENERGY LIMITED
An Integrated Energy Services Hub

COMMENCEMENT OF PROCESS TO SOLICIT AND CONSIDER OFFERS FOR THE GROUP'S MAJORITY STAKE IN THE DISTRIBUTION BUSINESS

1. INTRODUCTION

The Board of Directors of KS Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Company's Annual Report to shareholders dated 30 March 2016 and announcement dated 30 March 2016 (the "**Announcement**") in respect of proposed divestment of certain assets.

The Company wishes to announce that in response to expressions of interest from third parties, it has appointed Oversea-Chinese Banking Corporation Limited ("**OCBC**") as the financial advisor to undertake a process to solicit and consider offers for the acquisition of the Company's majority stake in the distribution business ("**Distribution Segment**") conducted through KS Distribution Pte. Ltd. group of companies ("**Proposed Disposal**").

With current operations throughout Singapore, Indonesia, China, Vietnam, Qatar, Malaysia and Thailand, the Distribution Segment represents more than 300 globally accredited brands and distributes more than 60,000 line items.

While no final decision has been made whether to proceed with a disposal of the Distribution Segment, the Board is of the view that, in light of the expressions of interest received by the Company, it is in the Group's best interests to consider whether a sale can be agreed on terms which can be recommended by the Board.

The disposal of the Distribution Segment, if it proceeds, may be subject to certain approvals, including but not limited to approval by shareholders of the Company, pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"). In the event the Proposed Disposal is subsequently undertaken following the commencement of the process, the Company will make a further announcement on the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual as well as the financial effects of the Proposed Disposal in due course.

In the event the Proposed Disposal is subsequently undertaken and completed following the commencement of the process, the Group will retain the following existing business segments:-
(1) drilling and drilling rig management; and (2) engineering and fabrication services.

2. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be undertaken or completed. The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

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Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, 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

Kim Yi Hwa
Company Secretary

29 April 2016

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