KS ENERGY LIMITED
An Integrated Energy Services Hub

TERMINATION OF NEW BUILD CONTRACT WITH COSCO NANTONG SHIPYARD CO., LIMITED DATED 26 MAY 2011

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the announcement dated 26 May 2011, the circular to shareholders dated 16 September 2011 in relation to the New Build Contracts (as defined therein), and the announcements dated 10 July 2015, 12 May 2016 and 14 July 2017.

The Board of Directors (the "**Board**") of KS Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 26 May 2011, the circular to shareholders dated 16 September 2011 in relation to the New Build Contracts (as defined therein) with COSCO Nantong Shipyard Co., Ltd. ("**COSCO Shipyard**"), and the announcements dated 10 July 2015, 12 May 2016 and 14 July 2017.

The Board wishes to announce that KS Drilling Pte Ltd ("**KS Drilling**") and COSCO Shipyard have mutually agreed to terminate the New Build Contract (the "**Contract**") for the *KS Orient Star 2* (the "**Rig**") with immediate effect (the "**Termination Agreement**"). The Termination Agreement was reached following discussions between KS Drilling and COSCO Shipyard. Pursuant to the Termination Agreement, KS Drilling shall not take delivery of the Rig.

There is no material impact on the operations of the Group due to the Termination Agreement however the costs of construction, net of provisions, relating to the Rig which were previously capitalised with a book value of US$26.8 million as at 31st March 2019 will be written off. As such, the Termination Agreement is expected to have a material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2019.

KS Drilling, 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.

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the above transactions, save for their respective interest, through their shareholdings and/or directorships, as the case may be, in the Company.

Shareholders and potential investors of the Company are advised to read this announcement, the Previous Announcements and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
KS ENERGY LIMITED

Lai Kuan Loong Victor
Company Secretary

26 June 2019

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