KS ENERGY LIMITED
An Integrated Energy Services Hub

(A) PROPOSED PURCHASE OF THE FIXED RATE SECURED BONDS DUE 2020 ("EXISTING KSE BONDS") HELD BY PACIFIC ONE ENERGY LIMITED ("POEL") AND MDM HEDY WILUAN ("HW") (THE "PROPOSED KSE BOND PURCHASE FROM POEL AND HW"); AND

(B) PROPOSED ISSUANCE OF NEW ORDINARY SHARES IN THE CAPITAL OF KS ENERGY LIMITED TO POEL AND HW AS CONSIDERATION IN CONNECTION WITH THE PROPOSED KSE BOND PURCHASE ("PROPOSED ISSUANCE OF CONSIDERATION SHARES"),

COLLECTIVELY "THE PROPOSED TRANSACTIONS"

*All capitalised terms used herein shall have the definitions ascribed to them in the announcements dated 26 May 2017, 1 August 2017, 29 September 2017, 4 October 2017, 8 December 2017, 7 June 2018, 9 July 2018 and 19 October 2018 (the "**Previous Announcements**"), unless otherwise stated or context otherwise requires.*

1. INTRODUCTION

1.1. The board of directors (the "**Board**" or the "**Directors**") of KS Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Previous Announcements and wishes to announce that:

(a) the Company has on 9 November 2018 entered into bond purchase agreements (the "**Bond Purchase Agreements**") with each of Pacific One Energy Limited ("**POEL**") and Ms Hedy Wiluan ("**HW**") (collectively, the "**Existing Bondholders**", each an "**Existing Bondholder**"), pursuant to which an aggregate of S$31,000,000 in principal amount of Existing KSE Bonds outstanding as at the date of the Bond Purchase Agreements shall be purchased by the Company;

(b) the Company has on 9 November 2018 entered into a subscription agreement with the Existing Bondholders ("**Subscription Agreement**"), pursuant to which the Existing Bondholders will subscribe for, and the Company will allot and issue to the Existing Bondholders, an aggregate of 794,871,795 new ordinary shares in the capital of the Company ("**Consideration Shares**"). The Consideration Shares are issued to the Existing Bondholders as consideration for the payment of the Company for the purchase of the Existing KSE Bonds.

The completion of the Proposed KSE Bond Purchase from the Existing Bondholders and the Proposed Issuance of Consideration Shares are conditional upon each other.

1.2. The Company and the Existing Bondholders, together with Oversea-Chinese Banking Corporation Limited ("**OCBC**") and TAEL One Partners Ltd ("**TAEL**") have on 26 May 2017, entered into a purchase agreement, which was amended and restated on 1 August 2017 by way of deed of amendment and restatement, and further amended and restated on or around 4 October 2017, in respect of the purchase by the Existing Bondholders, OCBC and TAEL of S$65,500,000 Existing KSE Bonds to be issued by the Company (the "**Original Bond Purchase Agreement**"). The Company, the Existing Bondholders, OCBC and TAEL have subsequently entered into the First Supplemental Agreement to amend and supplement the Original Bond Purchase Agreement on 24 April 2018 and the Second Supplemental Agreement to further amend and supplement Schedule 1 (Terms and Conditions of the Bonds) of the Original Bond Purchase Agreement on or around 9 July 2018 (collectively with the Original Bond Purchase Agreement, the "**Previous Bond Purchase Agreement**").

1.3. POEL is the legal and beneficial owner of S$18,500,000 in principal amount of the Existing KSE Bonds outstanding as at the date of the Bond Purchase Agreements. POEL shall also purchase an additional S$3,000,000 in principal amount of Existing KSE Bonds from TAEL and shall be the legal and beneficial owner of an additional S$3,000,000 in principal amount of the Existing KSE Bonds as at the completion of the Proposed KSE Bond Purchase from the Existing Bondholders ("**Completion of KSE Bond Purchase**").

1.4. HW is the legal and beneficial owner of S$9,500,000 in principal amount of the Existing KSE Bonds outstanding as at the date of the Bond Purchase Agreements.

1.5 The Company entered into the Subscription Agreement with the Existing Bondholders in satisfaction of the consideration for the purchase price of S$31,000,000 for the Existing KSE Bonds ("**Purchase Price**") pursuant to the Bond Purchase Agreement, through the issuance and allotment of an aggregate of 794,871,795 Consideration Shares to the Existing Bondholders.

1.6 The Company has obtained the consent of the other holders of the Existing KSE Bonds and the holders of the Warrants in relation to the Proposed Transactions.

1.7 The Proposed Issuance of Consideration Shares is subject to, *inter alia*, the approval of shareholders of the Company ("**Shareholders**"), which will be sought at an extraordinary general meeting ("**EGM**") to be convened. A circular to Shareholders containing information on the Proposed Issuance of Consideration Shares, as well as the Proposed KSE Bond Purchase from the Existing Bondholders which is related thereto, together with the notice of EGM, will be despatched to Shareholders in due course.

2. PROPOSED KSE BOND PURCHASE FROM THE EXISTING BONDHOLDERS

2.1. The Existing Bondholders wishes to sell, and the Company wishes to purchase S$21,500,000 in principal amount of the Existing KSE Bonds from POEL and S$9,500,000 in principal amount of the Existing KSE Bonds from HW for the payment by the Company of the Purchase Price through the issuance and allotment of 551,282,051 and 243,589,744 Consideration Shares at the issue price of S$0.039 per Consideration Share ("**Issue Price**").

2.2. Pursuant to the Bond Purchase Agreements, the Existing KSE Bonds shall be purchased and cancelled by the Company.

2.3. In relation thereto, the Proposed KSE Bond Purchase from the Existing Bondholders and the concurrent Proposed Issuance of Consideration Shares constitute full and final discharge of the Company's obligations towards the Existing Bondholders under, *inter alia*, Schedule 1 of the Terms and Conditions of the Existing KSE Bonds and the Share Charge dated 8 December 2017 entered into between the Company (as Chargor), OCBC (as Security Trustee), the Existing Bondholders and the other holders of the Existing KSE Bonds.

3. PROPOSED ISSUANCE OF CONSIDERATION SHARES

3.1. Pursuant to the Subscription Agreement, each of the Existing Bondholders will subscribe for, and the Company will issue and allot Consideration Shares at the Issue Price in the following proportion:

Existing Bondholder	Number of Consideration Shares to be issued	As a percentage of the existing issued share capital of the Company as at the date of this announcement [(1)]	As a percentage of the enlarged issued share capital of the Company [(2)]
POEL	551,282,051	106.9%	42.1%
HW	243,589,744	47.2%	18.6%
Total	**794,871,795**	**154.2%**	**60.7%**

Note:

1. Based on existing issued share capital of 515,601,215 ordinary shares ("**Shares**") of the Company, excluding 8,639,000 treasury shares.
2. Based on the enlarged issued share capital of 1,310,473,010 Shares after the completion of the Proposed Issuance of Consideration Shares, excluding 8,639,000 treasury shares.

3.2. **Information on the Existing Bondholders**

POEL

POEL is a private company incorporated in the British Virgin Islands and its directors are Mr. Kris Taenar Wiluan, Mrs. Elizabeth Amanda Wiluan and Mr. Richard James Wiluan, each of whom is related to one another. Mr. Kris Taenar Wiluan, the Executive Chairman and Chief Executive Officer of the Company, directly owns 40.0 per cent. of the equity interests of POEL and Rija Holdings Limited holds 60.0 per cent. of the equity interests of POEL. Rija Holdings Limited is a company controlled by Mr. Kris Taenar Wiluan and Mr. Richard James Wiluan, an Executive Director of the Company.

As at the date of this announcement, POEL holds an aggregate of 308,281,662 Shares, representing approximately 59.79 per cent. of the total Shares. POEL holds S$18.5 million in principal amount of Existing KSE Bonds.

HW

HW is the sister of Mr. Kris Taenar Wiluan, the Executive Chairman, Chief Executive Officer and a controlling shareholder of the Company.

As at the date of this announcement, HW is deemed interested in 20,580,000 Shares, representing approximately 3.99 per cent. of the total Shares. HW holds S$9.5 million in principal amount of Existing KSE Bonds.

3.3. **Issue Price**

The Issue Price represents a premium of 11.4% to the volume weighted average price of S$0.035 for trades done on the Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 2 November 2018 (being the last full market day preceding the date on which the Subscription Agreements were signed).

3.4. **The Consideration Shares**

The Consideration Shares represent 154.2% of the existing share capital of the Company. Assuming completion of the Proposed Issuance of Consideration Shares and the issuance of

794,871,795 Consideration Shares, the Consideration Shares will represent 60.7% of the enlarged share capital of the Company of 1,310,473,010 Shares.

Shareholders should note that as at the date of this announcement, there are 65,500,000 outstanding unexercised Warrants issued by the Company, with each Warrant carrying the right to subscribe for one Share.

The Consideration Shares will be issued free from all claims, charges, liens and other encumbrances whatsoever and the Consideration Shares shall rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Issuance of Consideration Shares ("**Completion of the Proposed Issuance of Consideration Shares**").

3.5. **Conditions Precedent**

Completion of the Proposed Issuance of Consideration Shares is conditional upon:-

(a) the Company having received approval from the Board in respect of the Proposed Issuance of Consideration Shares;

(b) the approval in-principle of the SGX-ST for the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST having been obtained from the SGX-ST (and such approval not having been withdrawn or revoked), and if such approval is granted subject to conditions, such conditions being reasonably acceptable to the Company and the Existing Bondholders, and to the extent that any conditions to such approval are required to be fulfilled on or before Completion, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them;

(c) the allotment, issue and subscription of the Consideration Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore;

(d) there having been no occurrence of any event or discovery of any fact rendering any of the representations and warranties in the Subscription Agreement untrue or incorrect in any material respect as at completion as if they had been given again on the completion date;

(e) each party not being in breach of any of the undertakings and the covenants in this Agreement as at the Completion of the Proposed Issuance of Consideration Shares; and

(f) the Company and its representatives having disclosed publicly any material price-sensitive information (if any) that they have communicated to the Existing Bondholders and that has not been previously disclosed to the public.

The Existing Bondholders may, upon such terms as it thinks fit, waive compliance with the condition set forth in (d) (in respect of any breach by the Company) and such condition so waived shall be deemed to have been satisfied by the Company.

The Company may, upon such terms as it thinks fit, waive compliance with the condition set forth in (d) (in respect of any breach by the Existing Bondholders) and such condition so waived shall be deemed to have been satisfied by the Existing Bondholders.

If any of the conditions under Section 5.3 above are not satisfied or waived by 31 January 2019 (or such other date as may be mutually agreed between the parties), the Subscription Agreement shall terminate and the obligations of the parties pursuant to the Subscription Agreement shall cease and be of no further effect, and in such event neither party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Issuance of Consideration Shares, save for any antecedent breach of the terms of the Subscription Agreement or the parties' respective liability for the payment of costs and expenses in accordance with the terms of the Subscription Agreement.

3.6. **Moratorium**

The Existing Bondholders irrevocably and unconditionally undertakes not to, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber, transfer or otherwise dispose of, any of or any interest in, the Consideration Shares;

(b) enter into any swap, hedge, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Consideration Shares;

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of the Consideration Shares in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

for three (3) calendar months from the date of listing of the Consideration Shares on the SGX-ST.

3.7. **Additional Listing Application**

The Company will make an application to the SGX-ST for the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST. An announcement will be made in due course to notify Shareholders when the Approval In-Principle for the listing of and quotation for the Consideration Shares from the SGX-ST is obtained.

3.8. **Rationale**

The rationale of the Proposed Issuance of Consideration Shares in connection with the Proposed KSE Bond Purchase from the Existing Bondholders is to reduce the debt burden of the Group, eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Group, provide for some level of stability to the Group and alleviate pressures faced by the Group on its cash flow. As such, having considered the terms and benefits of the Proposed

Issuance of Consideration Shares in connection with the Proposed KSE Bond Purchase from the Existing Bondholders, the Board is of the view that the Proposed Issuance of Consideration Shares in connection with the Proposed KSE Bond Purchase from the Existing Bondholders is in the best interests of the Company.

3.9. **Rules 804 and 812 of the Listing Manual**

Rule 804 of the Listing Manual provides that, except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities unless shareholders in general meeting have approved the specific allotment.

In addition, Rules 812(1) and (2) of the Listing Manual provides that, save where specific shareholder approval for such a placement has been obtained, an issue must not be placed to any of the following persons:

(a) an issuer's directors and substantial shareholders;

(b) immediate family members of the directors and substantial shareholders;

(c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**")), associated companies and sister companies of the issuer's substantial shareholders;

(d) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10.0 per cent.; and

(e) any person who, in the opinion of the SGX-ST, falls within category (a) to (d) above.

As POEL is a substantial shareholder that holds 308,281,662 Shares, representing 59.8 per cent. of the total Shares, POEL is a restricted place pursuant to Rule 812(1) of the Listing Manual. In addition, Mr. Kris Taenar and Mr. Richard James Wiluan, being Directors of the Company, hold more than 10.0 per cent. of the equity interests in POEL.

As HW is an immediate family member of Mr. Kris Taenar Wiluan, the Executive Chairman, Chief Executive Officer and a controlling shareholder of the Company, HW is a restricted place pursuant to Rule 812(1) of the Listing Manual.

Pursuant to Rule 812(2) of the Listing Manual, Rule 812(1) of the Listing Manual will not apply if specific Shareholders' approvals for the issuance of the Consideration Shares to each of the Existing Bondholders are obtained.

Mr. Kris Taenar Wiluan, Mr. Richard Wiluan and their associates will abstain from voting on the ordinary resolution relating to the Proposed Issuance of Consideration Shares.

4. THE PROPOSED ISSUANCE OF CONSIDERATION SHARES AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

4.1. Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as the "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. Under Chapter 9 of the Listing Manual, an immediate announcement and subsequent shareholders' approval is required

in respect of a transaction between an entity at risk and its interested persons if the value of that transaction exceeds 5.0 per cent. of the latest audited net tangible assets.

The following definitions are contained under Chapter 9 of the Listing Manual:

(a) the term "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;

(b) the term "entity at risk" means:

(i) the issuer;

(ii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the issuer and its subsidiaries (the "**listed group**"), or the listing group and its interested person(s) has control over the associated company.

(c) the term "interested person", the case of a company, means:

(i) a director, chief executive officer, or controlling shareholder of the issuer; or

(ii) an Associate[1] of any such director, chief executive officer, or controlling shareholder.

(iii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or

(iv) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the issuer and its subsidiaries (the "**listed group**"), or the listing group and its interested person(s) has control over the associated company.

(d) the term "interested person transaction" means a transaction between an entity at risk and an interested person.

4.2. **The Proposed Issuance of Consideration Shares to POEL**

(a) Compliance with Chapter 9 of the Listing Manual

[1] "Associate" means (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0 per cent. or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0 per cent. or more.

Mr. Kris Taenar Wiluan, the Executive Chairman and Chief Executive Officer of the Company, directly owns 40.0 per cent. of the equity interests of POEL and Rija Holdings Limited owns 60.0 per cent. of the equity interests of POEL. Rija Holdings Limited is a company controlled by Mr. Kris Taenar Wiluan and Mr. Richard James Wiluan, an Executive Director of the Company and son of Mr Kris Taenar Wiluan. As at the date of this announcement, by virtue of Section 4 of the Securities and Futures Act (Cap. 289), they are deemed interested in 59.79 per cent. of the issued and paid-up share capital of the Company and for the purposes of Chapter 9 of the Listing Manual are considered controlling shareholders. As Mr Kris Taenar Wiluan directly holds more than 30.0 per cent. interest in POEL, POEL is an Associate of both Mr Kris Taenar Wiluan and Mr Richard James Wiluan.

Accordingly, each of POEL, Rija Holdings Limited, Mr Kris Taenar Wiluan and Mr Richard James Wiluan are regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual. The Company is regarded as an "entity at risk" within the meaning of Chapter 9 of the Listing Manual.

Based on the foregoing, the Proposed Issuance of Consideration Shares to POEL would constitute an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

(b) Materiality Thresholds under Chapter 9 of the Listing Manual

In accordance with Rule 906(1)(a) and Rule 918 of Chapter 9 of the Listing Manual, where the value of an interested person transaction, or when aggregated with other transactions entered into during the same financial year, is equal or exceeds 5.0 per cent. of the Group's latest audited net tangible assets ("**Group NTA**"), the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

With respect to the Proposed Issuance of Consideration Shares to POEL, the amount at risk to the Company is S$21,500,000 representing approximately 41.2% of the Group NTA of S$52,205,000 as at 31 December 2017. Accordingly, as the amount at risk is more than 5.0 per cent. of the Group NTA, Shareholder's approval is required for the Proposed Issuance of Consideration Shares to POEL.

4.3. **The Proposed Issuance of Consideration Shares to HW**

(a) Compliance with Chapter 9 of the Listing Manual

HW is the sister of Mr. Kris Taenar Wiluan. As Mr Kris Taenar Wiluan is the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, HW is an Associate of MR. Kris Taenar Wiluan. Accordingly, HW is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual. The Company is regarded as an "entity at risk" within the meaning of Chapter 9 of the Listing Manual.

Based on the foregoing, the Proposed Issuance of Consideration Shares to HW would constitute an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

(a) Materiality Thresholds under Chapter 9 of the Listing Manual

With respect to the Proposed Issuance of Consideration Shares to HW, the amount at risk to the Company is S$9,500,000 representing approximately 18.2% of the Group NTA of S$52,205,000 as at 31 December 2017. Accordingly, as the amount at risk is more than 5.0 per cent. of the Group NTA, Shareholder's approval is required for the Proposed Issuance of Consideration Shares to HW.

4.4. **Current and On-going Interested Person Transactions**

The Group has the following interested person transactions ("**IPT**") for the first nine months of the financial year ended 30 September 2018:

Name of Interested Person	**Particulars of Interested Person Transactions**	**Aggregate value of all IPTs for the current financial year up to the Latest Practicable Date (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 for the current financial year up to the Latest Practicable Date (excluding transactions less than $100,000)**
PT KS Drilling Indonesia ("**JVC**") and its subsidiaries ("**JVC Group**") (2)	Expected additional interest income on Financing (2)		S$3,562,231
	Extension of outstanding principal and interest due on the Additional Loan (1)	S$2,544,497	-
	Expected additional interest income on the Additional Loan (1)	S$56,526	-

Notes:

(1) On 22 January 2016, PT Java Star Rig ("**PT JSR**", a subsidiary of PT KS Drilling Indonesia) was notified that its appeal had been rejected, and the Ministry of Finance of the Republic of Indonesia – Directorate General Customs and Excise commenced the process to call upon the Customs Bond. The Insurer paid the amount due under the Customs Bond, and subsequently called on the Guarantee. The funds were disbursed pursuant to the Guarantee on 4 February 2016. As a result, a debt arose between KS Drilling as creditor and PT JSR as debtor (the "**Additional Loan**"). The Additional Loan has been charged to PT JSR at an interest rate of 7.0% per annum (please refer to the announcement dated 1 March 2016 for more details) and the principal amount outstanding as at 30 September 2018 was US$0.5 million. The Company released an update announcement dated 21 June 2018.

(2) With reference to the IPT Mandate approved by shareholders at the extraordinary general meeting held on 7 December 2012 and the circular dated 22 November 2012, which was reapproved by shareholders at the annual general meeting held on 26 April 2018, the Group provided funding for the purchase of Rigs and Equipment which has been provided by way of shareholder guarantees and shareholder loans (the "**Financing**") to JVC Group. The shareholder loans provided under such Financing by KS Drilling Pte Ltd ("**KS Drilling**"), an 80.09% subsidiary of the Company, to PT JSR, accrue interest at a rate of 7% per year and the principal amount outstanding as at 30 September 2018 was US$37.8 million which has been used to finance the acquisition of the jack-up rig named "KS Java Star" and additional equipment required by the rig. Included in the US$37.8 million balance is US$0.07 million that was advanced during the current financial year.

Save for the above, there are no present and ongoing interested person transactions entered into between the Group and each of HW, POEL, Rija Holdings Limited, Mr Kris Taenar Wiluan and Mr Richard James Wiluan for the current financial year up to the Latest Practicable Date that need to be aggregated with the value of the transactions under the Proposed Issuance of Consideration Shares to each of the Existing Bondholders pursuant to Rule 906 of the Listing Manual.

4.5. **Total Value of Interested Person Transactions**

(a) The total value of all interested person transactions entered into by the Company with POEL, including transactions which are less than S$100,000 and the Proposed Issuance of Consideration Shares to POEL, for the current financial year up to the date of this announcement is S$21,535,791, representing approximately 41.3 per cent. of the Group NTA as at 31 December 2017;

(b) The total value of all interested person transactions entered into by the Company with HW, including transactions which are less than S$100,000 and the Proposed Issuance of Consideration Shares to HW, for the current financial year up to the date of this announcement is S$9,500,000, representing approximately 18.2 per cent. of the Group NTA as at 31 December 2017; and

(c) The total value of all interested person transactions entered into by the Company, including transactions which are less than S$100,000, the Proposed Issuance of Consideration Shares to both the Existing Bondholders, for the current financial year up to the date of this announcement is S$33,736,111, representing approximately 64.6 per cent. of the Group NTA as at 31 December 2017.

4.6. **Audit and Risk Management Committee's Statement and Independent Financial Adviser**

The Audit and Risk Management Committee of the Company will form its view as to whether the Proposed Issuance of Consideration Shares to the Existing Bondholders are on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders after considering the independent financial adviser's opinion to be obtained in due course. The Audit Committee's view on the Proposed Issuance of Consideration Shares to the Existing Bondholders will be set out in the Circular. Asian Corporate Advisors Pte Ltd has been appointed as the independent financial adviser to the independent Directors in connection with the Proposed Issuance of Consideration Shares to the Existing Bondholders.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

5.1 The pro forma financial effects of the Proposed Transactions are presented for illustration only and are not intended to reflect the actual future financial situation of the Company after the completion of the Proposed Transactions. These illustrative pro forma financial effects have been computed based on the Group's latest audited consolidated financial results for the financial year ended 31 December 2017 ("**FY2017**") and do not take into account any transaction expenses incurred in connection with the Proposed Transactions.

5.2 **Share Capital**

	Number of Shares (excluding treasury shares)
Before the Proposed Transactions (1)	515,601,215
After the completion of the Proposed Transactions (1)	1,310,473,010

Note:

(1) Based on 515,601,215 ordinary shares ("**Shares**") (excluding 8,639,000 treasury shares) in issue as at the date of this announcement.

5.3 **Earnings per Share ("EPS")**

Assuming that the Proposed Transactions had been completed on 1 January 2017, the effect of the Proposed Transactions on the Group's EPS for FY2017 will be as follows:

	EPS (cents)
Before the Proposed Transactions (1)	(3.5)
After the completion of the Proposed Transactions (2)	(1.2)

Note:

(1) Based on 515,601,215 Shares in issue as at the date of this announcement.

(2) Based on 1,310,473,010 Shares in issue after completion of the Proposed Transactions and ignoring any gain from the waiver of the accrued interest and redemption premium due on the Existing KSE Bonds.

5.4 **Net Tangible Assets ("NTA")**

Assuming that the Proposed Transactions had been completed on 31 December 2017, the effect of the Proposed Transactions on the Group's NTA per Share as at 31 December 2017 will be as follows:

	Group (as at 31 December 2017)
As reported	
NTA (S$)	52,205,000
NTA per Share (cents) (1)	10.1
After completion of the Proposed Transactions	
Adjusted NTA (S$)	83,205,000
Adjusted NTA per Share (cents) (2)	6.3

Note:

(1) Based on 515,601,215 Shares in issue as at the date of this announcement.

(2) Based on 1,310,473,010 Shares in issue after completion of the Proposed Transactions and ignoring any gain from the waiver of the accrued interest and redemption premium due on the Existing KSE Bonds.

6. EXTRAORDINARY GENERAL MEETING

The Board will be seeking specific approval from independent Shareholders at the EGM for the Proposed Issuance of Consideration Shares to the Existing Bondholders in connection with the Proposed KSE Bond Purchase from the Existing Bondholders as an interested person transaction and the allotment and issuance of the Consideration Shares to each of the Existing Bondholders.

7. DISPATCH OF SHAREHOLDER CIRCULAR

A circular to Shareholders setting out more information on the Proposed Issuance of Consideration Shares to the Existing Bondholders in connection with the Proposed KSE Bond Purchase from the Existing Bondholders and convening an EGM for the purposes of approving the abovementioned transactions (the "**Circular**") will be dispatched in due course.

8. ABSTENTION FROM RECOMMENDATION AND VOTING

Mr. Kris Taenar Wiluan and Mr. Richard James Wiluan, being the interested Directors, have also abstained from making any recommendation to Shareholders on the Proposed KSE Bond Purchase from the Existing Bondholders and the Proposed Issuance of Consideration Shares.

Pursuant to Rule 812(1) of the Listing Manual, a restricted person under Rule 812(1) of the Listing Rules and his Associates must abstain from voting on the resolution approving the issuance of Shares to the restricted person. Accordingly, the Existing Bondholders will abstain, and will ensure that their Associates will abstain, from voting on the Proposed Issuance of Consideration Shares.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, none of the Directors or controlling Shareholders have any interests, direct or indirect, in the Proposed Transactions, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

10. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Transactions will be made in due course as and when appropriate.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Bond Purchase Agreements, the Subscription Agreement, the Termination Deed and the Supplemental Share Charge are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 19 Jurong Port Road Singapore 619093 for a period of three (3) months from the date of this announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the announcement) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

13. TRADING CAUTION

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
9 November 2018