
INTERESTED PERSON TRANSACTION – TENANCY AGREEMENT

1. INTRODUCTION

The Board of Directors (the “**Board**”) of KS Energy Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, PT Petro Papua Energi (“**PTPPE**”), has on 31 October 2019 entered into a tenancy agreement (the “**Tenancy Agreement**”) with PT Kabil Indonusa Estate (“**PTKIE**”) in respect of the premises known as:

- a. Warehouse Type S1 unit 8 which is located on Jalan Hang Kesturi IV No.13, Kabil Integrated Industrial Estate, Batam, Indonesia (“**Warehouse**”); and
- b. Land which is located in Jl. Hang Kesturi 1 Kavling A18b in Kabil Integrated Industrial Estate, Batam, Indonesia (“**Open Yard**”).

2. INTERESTED PERSON TRANSACTION

Mr Kris Wiluan is the Chairman, CEO and a controlling shareholder of the Company. As at the date of this announcement, he is deemed interested in 859,563,713 shares representing 65.59% of the issued and paid-up share capital of the Company and for the purposes of Chapter 9 of the Listing Manual is considered a controlling shareholder.

PTKIE is a company established in Indonesia and is a 75.0%-owned subsidiary of PT Citramasindah Realtindo (“**PTCR**”), also a company established in Indonesia, and PTCR is a 99.87%-owned subsidiary of PT Citra Agramasinti Nusantara (“**CAIN**”). CAIN is also a company established in Indonesia and is 70% held by Mr Kris Wiluan and 30% held by his sister (and therefore an associate), Ms Hedy Wiluan. Mr Kris Wiluan and Ms Hedy Wiluan are the President Commissioner and Commissioner of CAIN, respectively.

Pursuant to Section 7 of the Companies Act, Chapter 50 through Mr Kris Wiluan’s shareholding interest in CAIN, CAIN’s shareholding interest in PTCR and PTCR’s shareholding interest in PTKIE, Mr Kris Wiluan is deemed interested in 75.0% of the issued and paid-up share capital of PTKIE. PTKIE is thus Mr Kris Wiluan’s associate and an interested person of the Company under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”). Accordingly, the entry by PTPPE into the Tenancy Agreement constitutes an interested person transaction under Chapter 9 of the Listing Manual.

3. RULE 916(1) OF THE LISTING MANUAL

The amount at risk from the estimated rental fees payable for the duration of the rental of 12 months is approximately S\$167,000, representing approximately 15% of the Group’s latest audited net tangible assets for the financial year ended 31 December 2018. The tenancy is for a period of not more than three (3) years and is supported by an independent valuation report dated 16 September 2019 from KJPP Rengganis, Hamid & Partners (the “**Independent Valuer**”), a valuation company which has formed a strategic alliance collaboration with CBRE, an integrated global property consulting company (the “**Valuation Report**”).

The comparison between the estimated rental fees payable under the Tenancy Agreement and the open market rental value indicated by the Valuation Report for the premises is as follows:

	Approximate Area (Square meter)	Rental fees payable per year (IDR '000)	Open market rental value per year (IDR '000)	Remarks
Warehouse	2,151	1,238,976	1,338,000	Rental fees payable is 7% below the open market value
Open Yard	24,150	1,130,220	4,886,700	Rental fees payable is 77% below the open market value
TOTAL		2,369,196	6,224,700	Rental fees payable is on average 62% below the open market value

The period of tenancy under the Tenancy Agreement shall be from 1 November 2019 until 31 October 2020.

Accordingly, the Tenancy Agreement and the tenancy thereunder will not require the approval of the shareholders of the Company as exempted under Rule 916(1) of the Listing Manual.

4. DETAILS OF THE TENANCY AGREEMENT

The rental rate was arrived at after negotiation between the parties to the Tenancy Agreement. The Tenancy Agreement is beneficial to the Company and not prejudicial to the interests of the Company and its minority shareholders.

5. RATIONALE FOR THE TENANCY AGREEMENT

PTPPE intends to use the Open Yard and Warehouse rented under the Tenancy Agreement to store its onshore drilling rigs with their equipment and appurtenances, and for preparing them for work. As the rental fees under the Tenancy Agreement are lower than the market rate as indicated in the Independent Valuer's report, entry into the Tenancy Agreement will result in savings in rental costs for yard and warehouse space required by the Group.

6. CURRENT TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS

The current total value of all interested person transactions entered into by the Company with PTKIE (including transactions which are less than S\$100,000 and the Tenancy Agreement), for the financial year ending 31 December 2019 up to the date of this announcement is S\$210,030, representing approximately 18% of the Group's audited net tangible asset ("**NTA**") value as at 31 December 2018.

The current total value of all interested person transactions entered into by the Company (including transactions which are less than S\$100,000, the Tenancy Agreement and transactions previously approved by shareholders), for the financial year ending 31 December 2019 up to the date of this

announcement is S\$37,634,273, representing more than 100% of the Group's audited NTA value as at 31 December 2018.

7. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Tenancy Agreements and is of the view that the transaction is beneficial to the Company and not prejudicial to the interests of the Company and its minority shareholders.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for their respective shareholding interests in the Company or as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Tenancy Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Tenancy Agreement and the Valuation Report are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Marilyn Tan Lay Hong
Company Secretary

12 November 2019

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