



## KrisEnergy updates on restructuring exercise

Singapore, 20 April 2021 – KrisEnergy Ltd. (the “**Company**”) and together with its subsidiaries (the “**KEL Group**”), an independent upstream oil and gas company, refers to the following announcements:

1. the announcement dated 30 December 2020 in relation to the entry into of an amendment agreement which provides for (a) an interim extension to 30 June 2021 of the maturity date of the US\$200.0 million revolving credit facility provided by DBS Bank Ltd (“**DBS**”) as lender to KrisEnergy (Asia) Ltd as borrower (the “**Revolving Credit Facility**”) and (b) subject to the fulfilment of various conditions precedent, amendment and restatement of the Revolving Credit Facility to effect, among other things, a further extension of the maturity date to 30 June 2024 (the “**30 December 2020 Announcement**”);
2. the announcement dated 1 February 2021 in relation to the Orders granted by the Singapore High Court to (a) extend an earlier moratorium granted by the Court and (b) sanction its scheme of arrangement dated 20 November 2020 as approved at a meeting convened (the “**Court Meeting**”) for certain of the Company’s creditors (“**Scheme Creditors**”) on 14 January 2021 (as amended) (the “**Scheme**”) (the “**1 February 2021 Announcement**”);
3. the announcement dated 20 January 2021 in relation to the launch of a consent solicitation exercise (the “**Consent Solicitation**”) by the Company in relation to the S\$139,464,848 Senior Secured Zero Coupon Notes Due 2024 (ISIN: SG31B6000003) (the “**Zero Coupon Notes**”) (the “**20 January 2021 Announcement**”);
4. the announcement dated 11 February 2021 in relation to the results of the meeting of the holders of the Zero Coupon Notes (the “**ZCN Holders**”) held on 11 February 2021 (the “**ZCN Meeting**”); and
5. the announcement dated 31 March 2021 which provided an update on Apsara oil field development and the restructuring exercise (“**31 March 2021 Announcement**”).

It also makes reference to the following documents:

1. the explanatory statement dated 20 November 2020 as amended on 27 November 2020 (“**Explanatory Statement**”);
2. the Scheme;
3. the Notice of Meeting dated 20 January 2021 in relation to the ZCN Meeting published in the *Business Times*; and
4. the consent solicitation statement dated 20 January 2021 (the “**Consent Solicitation Statement**”) made available to ZCN Holders.

The documents at 1 to 3 above are available on the Company’s website.



### Background to KEL's restructuring

On 14 August 2019, the Company announced that the lower oil prices and lower sales impacted its revenue for the first half of its financial year ended 30 June 2019. The net loss for the six months ended 30 June 2019 resulted in a capital deficiency position for the KEL Group, bringing the total debt recognised on the KEL Group's balance sheet to US\$476.8 million as at 30 June 2019. As at 30 June 2019, the KEL Group's gearing was 110.8% and it was not feasible for the Company to make all the payment(s) of its financial obligations as they fell due. It was necessary for the Company to restructure its liabilities.

The Company worked together with its legal advisors and financial advisors / restructuring consultants to formulate a plan for the restructuring of its liabilities. Key stakeholders were consulted during the process. The final restructuring proposal was premised on the development of the Apsara Mini Phase 1A oil field in the Block A concession offshore Cambodia ("**CBA**") based on certain production projections.

CBA was anticipated to be the asset which would generate the most revenue within the KEL Group. The Apsara Mini Phase 1A development was an initial small-scale project in order to observe and appraise reservoir performance in CBA. A successful development of Apsara Mini Phase 1A would provide important reservoir performance in addition to generating cash flows and could lead to future phases of development. The development of CBA formed the basis of the Company's restructuring as the Company expected the bulk of the KEL Group's future revenue to come from CBA once it Apsara Mini Phase 1A commenced production. This was explained in the Explanatory Statement and / or the 31 March 2021 Announcement.

The final restructuring proposal broadly envisaged (the "**Restructuring Exercise**"):

1. a full equitisation of the debt of certain of the Company's Scheme Creditors;
2. an equitisation of 45.0% of the Zero Coupon Notes with the remaining 55.0% of the Zero Coupon Notes to remain outstanding as debt but on amended terms ("**ZCN Exchange**"); and
3. an amendment and restatement of the Revolving Credit Facility.

The Restructuring Exercise was thus structured to comprise the following inter-conditional processes:

1. approval (by way of extraordinary resolution) of the ZCN Holders being obtained for, among others, the ZCN Exchange and amendments to the terms of the Zero Coupon Notes pursuant to a consent solicitation exercise.
2. shareholder approval being obtained by way of ordinary resolution at an extraordinary general meeting of the Company for the issuance of new shares of the Company in connection with the restructuring for the abovementioned equitisation ("**Restructuring EGM**");
3. the entry into of an agreement for the amendment and restatement of the Revolving Credit Facility ("**Bilateral Agreement**"); and



4. obtaining approval from the requisite majority of the Company's Scheme Creditors to pass the Scheme proposed and for the Court to sanction the Scheme,

and is subject to the fulfilment of the Implementation Conditions (as defined below) under the Scheme and any conditions in connection with the Consent Solicitation and the Bilateral Agreement.

Accordingly, for the Scheme as approved by Scheme Creditors at the Court Meeting to be implemented (including for any of the Company's shares to be distributed to the Company's Scheme Creditors), four conditions had to be met ("**Implementation Conditions**"). These Implementation Conditions are set out at clause 4.2 of the Scheme as follows:

1. the approval (by way of extraordinary resolution) of the ZCN Holders (the "**Extraordinary Resolution**") being obtained for, among others, the ZCN Exchange pursuant to the Consent Solicitation, the entry of any necessary agreement(s) for the amendment of the terms and conditions of the Zero Coupon Notes and the fulfilment of any conditions for the effectiveness of the Consent Solicitation;
2. shareholder approval for the issuance of new Shares in connection with the Restructuring Exercise being obtained by way of ordinary resolution via the Restructuring EGM ("**Implementation Condition B**");
3. the entry of a Bilateral Agreement among the Company, the relevant members of the KEL Group and DBS for the amendment and restatement of the Revolving Credit Facility and the fulfilment of any conditions precedent required for the effectiveness of these amendments to the Revolving Credit Facility ("**Implementation Condition C**"); and
4. the resumption of trading of the Company's Share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Implementation Condition D**").

Similarly, the Extraordinary Resolution passed by ZCN Holders at the ZCN Meeting is subject to the fulfilment of the Restructuring Conditions set out in the Consent Solicitation Statement. The Restructuring Conditions are summarised as follows:

1. the Scheme becoming effective;
2. shareholder approval for the issuance of new Shares to ZCN Holders pursuant to the ZCN Exchange ("**Restructuring Condition B**");
3. the entry into the Bilateral Agreement and the fulfilment of any conditions precedent required for the effectiveness of the further amendments to the terms of the Revolving Credit Facility including, *inter alia*, a further extension of the maturity date of the Revolving Credit Facility to 30 June 2024 ("**Restructuring Condition C**");
4. the resumption of trading of the Company's shares on the SGX-ST ("**Restructuring Condition D**"); and



5. all necessary waivers, consents and approvals having been obtained from the SGX-ST and shareholders of the Company in connection with the proposed issuance of, *inter alia*, shares to ZCN Holders.

Implications of the production results of Apsara Mini Phase 1A on the Restructuring Exercise

Netherland, Sewell & Associates, Inc.'s independent review of the ultimate recovery from Mini Phase 1A is still on-going; however, given the disappointing production results from Apsara Mini Phase 1A so far (as stated in the 31 March 2021 Announcement and which has not improved since):

1. the ultimate recovery and cashflow from Apsara Mini Phase 1A will be significantly lower than expected despite the recent increase in oil prices; and
2. there remains material uncertainty over the Group's ability to continue operating as a going concern even if the current restructuring plan is completed.

In the circumstances, the Company's restructuring plan as described in its previous announcements in relation to the Restructuring Exercise, in the Explanatory Statement and in the Consent Solicitation Statement is no longer viable.

Critically, given the disappointing production results of Apsara Mini Phase 1A so far, there remains material uncertainty over the Group's ability to continue as a going concern even if the Restructuring Exercise was completed and accordingly, the Company's trading resumption proposal premised on the current Restructuring Exercise is thus likely to be rejected by the SGX-ST. In such case, the Company would not be able to resume trading and Implementation Condition D and Restructuring Condition D will not be met.

The Company has not been able to propose an alternative restructuring plan to DBS and Keppel Corporation Limited ("KCL") which holds the key economic risk in the Revolving Credit Facility, and accordingly, DBS/KCL have not agreed to extend the deadline for the fulfilment of certain conditions precedent under the Bilateral Agreement including the successful completion of all the elements of the restructuring exercise beyond 16 April 2021 ("**Bilateral Agreement CPs**"). DBS has also not waived the outstanding Bilateral Agreement CPs. In the circumstances, the Revolving Credit Facility will not be amended and restated in the manner contemplated under the Bilateral Agreement details of which are set out in the Company's 30 December 2020 Announcement. Accordingly, the fulfilment of the Bilateral Agreement CPs as required under Implementation Condition C will not be met and the Scheme has terminated in accordance with clause 11 of the Scheme. Similarly, as at the date hereof, Restructuring Condition C has not been met. Accordingly, the Restructuring Effective Date (as defined under the Scheme and Consent Solicitation) will not occur.

Pursuant to clause 11 of the Scheme, the consequence of the Implementation Conditions not being met is that the Scheme shall terminate and the terms of and the obligations of the parties under or pursuant to the Scheme shall lapse and all the compromises and arrangements provided by the Scheme and any releases granted pursuant to the Scheme shall be of no effect and shall be construed as if it had never become effective, and the rights and obligations of the Scheme Creditors shall not be affected and shall be reinstated and remain in full force and effect. Under the Consent Solicitation Statement, if the Extraordinary Resolution is duly passed at the ZCN Meeting but any one or more of



the Restructuring Conditions is not fulfilled, the ZCN Exchange will not be effected and the trust deed and the terms and conditions of the Zero Coupon Notes will not be amended to cater for, *inter alia*, an extension of the maturity date of the Zero Coupon Notes to 30 December 2025. In such event, the existing provisions of the trust deed and the Zero Coupon Notes shall remain in full force and effect and binding on all the respective parties thereto, and all defaults under the terms of the Zero Coupon Notes shall remain outstanding, in each case as if the Extraordinary Resolution had never been passed.

Further, as the basis of the Company's Restructuring Exercise is no longer viable, the Company can no longer rely on it as the basis to seek shareholder approval for the issuance of shares to Scheme Creditors and ZCN Holders ("**Shareholder Approval**") at the Restructuring EGM. Unless the Company is able to formulate an acceptable alternative restructuring plan, it will not be able to take steps to obtain Shareholder Approval and Implementation Condition B and Restructuring Condition B will not be met.

The orders granted in the 6<sup>th</sup> Extension Application (as defined in the 1 February 2021 Announcement) were granted to allow the Company time to procure the fulfilment of the Implementation Conditions. As the Company is unable to procure the fulfilment of Implementation Condition C and potentially, Implementation Condition B and Implementation Condition D, it has not applied to extend the orders granted in the 6<sup>th</sup> Extension Application, which therefore expired on 16 April 2021. The orders granted in the 6<sup>th</sup> Extension Application included a moratorium granted against actions from the Company's creditors and the Orders granted in the 6<sup>th</sup> Extension Application can be found in full in the 1 February 2021 Announcement.

In light of the above, the Company, together with its advisors, is undertaking an assessment of the impact in respect of the Group's activities and the appropriate steps moving forward. The Company also urges its stakeholders to seek its own advice on the implications of the above mentioned matters.

The Company will continue to keep its stakeholders updated and will make the appropriate announcements as and when there are any material updates or developments. Shareholders, noteholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when dealing in the Company's securities. Stakeholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

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Chief Executive Officer and Executive Director

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**For Immediate Release**



**About KrisEnergy:**

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in three producing oil and/or gas fields, one each in the Gulf of Thailand and offshore Cambodia, and one onshore Bangladesh. It also participates in five blocks in various stages of the E&P lifecycle in Indonesia and Thailand. KrisEnergy operates six of the contract areas.