



## Updates on Restructuring Process

**Singapore**, 23 December 2020 – KrisEnergy Ltd. (“KEL” or the “Company”, and together with its subsidiaries, the “Group”), an independent upstream oil and gas company, would like to provide an update to:

1. the holders of the S\$130,000,000 Senior Unsecured Notes due 2022 (ISIN: SG77J4000001) (“2022 Notes”);
2. the holders of the S\$200,000,000 Senior Unsecured Notes due 2023 (ISIN: SG77J3000002) (“2023 Notes”, together with the 2022 Notes, the “Notes”, and holders of the Notes, “Noteholders”);
3. other Scheme Creditors (as defined in the Scheme of Arrangement dated 20 November 2020); and
4. all other stakeholders of the Company,

in relation to:

- (a) its announcement dated 27 November 2020 in respect of the amendments to the Explanatory Statement published on 20 November 2020;
- (b) Amended Explanatory Statement dated 27 November 2020 (“Amended Explanatory Statement”); and
- (c) list of parties that have filed a proof of debt as published on the Company’s corporate website on 6 December 2020.

*(Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the Amended Explanatory Statement)*

### OVERVIEW

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This document provides background to the Restructuring Proposal, including (i) the strategic review and capital raising process undertaken since April 2019; (ii) a summary of the restructuring terms; and (iii) key upcoming dates and voting instructions for its Scheme Creditors with respect to the Scheme of Arrangement as detailed in the Amended Explanatory Statement.

**Noteholders should take special notice of the (i) 11 January 2021 deadline to lodge Proxy Forms; and (ii) requirement for certain Noteholders to contact their Relevant Intermediary to provide voting instructions, as further outlined below**



**STRATEGIC REVIEW PROCESS**

As detailed in the Company’s three Informal Investor Meetings (held on 10 September 2019, 19 June 2020 and 21 August 2020), in response to the protracted downturn in oil prices and over leveraged balance sheet of the Group, KEL launched a strategic review process in April 2019. Together with its financial advisors, KEL commenced a broad marketing process and contacted over 110 potential investors to pursue various strategic alternatives including a corporate buyout, individual asset sales and alternative financing solutions to improve the Group’s financial position and maximise value for stakeholders.

Asset Sales / Corporate Buyout	Financing Process
<ul style="list-style-type: none"> <li>• With the exception of Andaman II in Indonesia and Block 115/09 in Vietnam, negotiations with various bidders did not result in the signing of definitive sale and purchase agreements. The sale proceeds for Andaman II and Block 115/09 are not sufficient to materially reduce KEL’s outstanding debt.</li> <li>• The consideration offered by prospective investors under the corporate buyout option was insufficient to cover even the Group’s secured debt, which would have resulted in nil recovery for other stakeholders and would have precluded KEL’s existing stakeholders from benefiting from the future development of the Group’s asset base</li> </ul>	<ul style="list-style-type: none"> <li>• KEL contacted 41 financial investors and 12 commodity traders to gauge their interest in providing funding to the Group</li> <li>• A variety of structures were contemplated, including corporate-level and asset-level financing in the form of debt, equity and/or crude prepayment financing</li> <li>• While indicative crude prepayment financing offers were received from a number of commodity traders and strategic investors, the terms of such financing offers were onerous (particularly in relation to pricing and security requirements) and insufficient to fully fund the development of Apsara Mini Phase 1A in the Cambodia Block A (“CBA”) licence, rendering the offers incapable of being effectuated</li> </ul>

In parallel, KEL proactively engaged stakeholders on restructuring terms to ensure a holistic, standalone solution to appropriately deleverage the balance sheet, supply sufficient capital to fund the CBA development and provide stakeholders with the potential opportunity to benefit from the future development of the Group’s assets.

Following the strategic review and broad investor outreach, it became abundantly clear that in the absence of a restructuring to eliminate or significantly reduce the Group’s indebtedness, no investor was willing to provide new capital to the Company. On 30 April 2020, the Company entered into a credit facility agreement (“Loan Agreement”) with Kepinvest Singapore Pte. Ltd. (“Kepinvest”), a subsidiary of Keppel Corporation (“Keppel”), for up to US\$87.0 million of project financing loan to fund the Apsara Mini Phase 1A development of CBA. The Loan Agreement secured the financing for the initial development of the CBA cornerstone asset, a key development asset underpinning the restructuring proposal.



## RESTRUCTURING PROPOSAL

Following months of negotiations with key stakeholders, KEL published a preliminary Restructuring Proposal on 16 June 2020. Stakeholder feedback on the initial proposal was received via a townhall meeting, Q&As and numerous bilateral discussions. After consideration of the feedback, the Company published a final Restructuring Proposal on 21 August 2020. The key restructuring terms published on 21 August 2020 are the same as those included in the Amended Explanatory Statement, as detailed below.

Stakeholder	Restructuring Terms
<b>1st Lien Secured Revolving Credit Facility</b>	<ul style="list-style-type: none"> <li>Amendments to key economic terms of the revolving credit facility, including a maturity extension from December 2020 to June 2024. The full set of amendments and conditions precedent in respect of the contemplated extension remains subject to commercial negotiations with the relevant parties.</li> </ul>
<b>2<sup>nd</sup> Lien Secured S\$139.5 million Zero Coupon Notes due 2024 (“Zero Coupon Notes”)</b>	<ul style="list-style-type: none"> <li>55.0% of Zero Coupon Notes: maturity extended from January 2024 to December 2025</li> <li>45.0% of Zero Coupon Notes: converted into 43.8% of KEL’s enlarged share capital<sup>1</sup></li> </ul>
<b>Unsecured Scheme Creditors</b> <ul style="list-style-type: none"> <li>2022 and 2023 Notes</li> <li>Unsecured term loans</li> <li>Other unsecured creditors</li> </ul>	<ul style="list-style-type: none"> <li>All unsecured debt converted into 46.2% of KEL’s enlarged share capital</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Diluted to 10.0% of KEL’s enlarged share capital</li> </ul>

The Company’s final Restructuring Proposal reflects the relative priority of creditors’ security positions and provides a path to recoveries for all stakeholders (as opposed to a liquidation) from ongoing investment in a significantly deleveraged business. Stakeholders will continue to benefit from the development of the Group’s asset base, including CBA, and associated growth and potential upside in recoveries in oil prices.

**Please note that the key terms of the Restructuring Proposal for the Zero Coupon Noteholders, Scheme Creditors and Shareholders as set out above are final and the Company will not make any further amendments to those restructuring terms.**

<sup>1</sup> For completeness, KEL will be seeking other changes to the Zero Coupon Notes provisions aside from the maturity date.



## PROCESS FORWARD

The Restructuring Proposal is envisaged to be implemented via four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders:

	Bilateral Agreement	Consent Solicitation	Scheme of Arrangement	Extraordinary General Meeting ("EGM")
Stakeholder	<ul style="list-style-type: none"> <li>1<sup>st</sup> Lien Secured Revolving Credit Facility</li> </ul>	<ul style="list-style-type: none"> <li>Zero Coupon Notes</li> </ul>	<ul style="list-style-type: none"> <li>2022 Notes and 2023 Notes</li> <li>Unsecured Term Loans</li> <li>Other Unsecured Creditors</li> </ul>	<ul style="list-style-type: none"> <li>Ordinary Shareholders</li> </ul>
Proposed Amendment	<ul style="list-style-type: none"> <li>Amendment of debt instrument</li> </ul>	<ul style="list-style-type: none"> <li>Partial conversion of claims into equity</li> <li>Amendment of debt instruments</li> </ul>	<ul style="list-style-type: none"> <li>Conversion of debt instruments and claims into equity</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable. The requisite Shareholders' approval will be sought for the Restructuring Proposal.</li> </ul>
Requisite Voting Thresholds	<ul style="list-style-type: none"> <li>Bilateral agreement with the lender</li> </ul>	<ul style="list-style-type: none"> <li>75.0% in value of Zero Coupon Noteholders voting at the consent solicitation meeting</li> </ul>	<ul style="list-style-type: none"> <li>75.0% in value and 50.0% in number of Scheme Creditors voting at the Court Meeting</li> </ul>	<ul style="list-style-type: none"> <li>More than 50.0% of voting interest held by relevant shareholders voting on EGM ordinary resolutions</li> </ul>



## SCHEME OF ARRANGEMENT

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### 1. KEY DATES:

- (a) **By 1:00 p.m. on 11 January 2021:** Deadline to lodge Proxy Forms
- (b) **At 1:00 p.m. on 14 January 2021:** Court meeting

### 2. SUBMISSION OF QUESTIONS:

Scheme Creditors may submit questions related to the Scheme of Arrangement. **All questions must be submitted no later than 1:00 p.m. on 11 January 2021:**

- (a) by email to [krisenergy@ajcapital.asia](mailto:krisenergy@ajcapital.asia); or
- (b) in hard copy by post to the Chairman at 36 Armenian Street, #04-07, Singapore 179934 (Attention: Luke Furler / Zara Xue).

The Company will address all substantial and relevant questions relating to the Scheme of Arrangement, prior to, or at the Court Meeting. **All substantial and relevant questions relating to the Scheme of Arrangement submitted no later than 6:00 p.m. on 31 December 2020 will be addressed before 1:00 p.m. on 11 January 2021.**

### 3. VOTING INSTRUCTIONS:

**Scheme Creditors will not be able to vote online at the Court Meeting.** If Scheme Creditors wish to exercise their votes, they must submit a Proxy Form to appoint the Chairman of the Court Meeting as their proxy to vote on their behalf at the Court Meeting.

**Only CDP Account Holders may lodge Proxy Forms. If you are a Beneficial Holder<sup>2</sup> and wish to record your vote at the Court Meeting, please note that you cannot do so in your individual capacity. Please contact your Relevant Intermediary as soon as possible to provide instructions for the Relevant Intermediary to vote on your behalf. As your Relevant Intermediary will have to submit the Proxy Form to the Chairman by the Proxy Form Submission Deadline, you are strongly encouraged to contact your Relevant Intermediary as soon as possible as the Relevant Intermediary may set a deadline earlier than the Proxy Form Submission Deadline.**

## Consent Solicitation and EGM

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Further information in relation to key dates, including the deadlines to lodge the relevant voting instructions for the consent solicitation meeting for the Zero Coupon Notes and the proxy forms for the EGM will be provided in due course.

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<sup>2</sup> "Beneficial Holder" means a holder of the 2022 Notes and/or 2023 Notes with such notes held in an omnibus account maintained with a Relevant Intermediary (as defined in Section 181(6) of the Companies Act.



## FURTHER REMARKS

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The terms of the Restructuring Proposal reflect the culmination of stakeholder negotiations over the past year and a robust marketing process to explore all strategic alternatives, financing and restructuring options available to the Group. KEL's Board of Directors ("Board") and management have engaged in negotiations with the Group's stakeholders and believe the final Restructuring Proposal provides value to each stakeholder group. The Restructuring Proposal accommodates, to the extent possible, the input and feedback received from various stakeholder group. Stakeholders are strongly encouraged to submit any questions regarding the Restructuring Proposal in the manner prescribed in the *Notice of Court Meeting* dated 20 November 2020 prior to the submission deadline of 1:00 p.m. on 11 January 2021.

**Please note that the key terms of the restructuring proposal as set out above for the Zero Coupon Noteholders, Scheme Creditors and Shareholders are final and the Company will not make any further amendments to those restructuring terms.**

KEL is unable to support its current capital structure and restructuring is required to ensure that the Group can continue as a going concern and finalise the development of CBA.

**If the restructuring is not successful, KEL is likely to face liquidation proceedings which are expected to result in a materially worse outcome for stakeholders. Accordingly, the Board believes that the restructuring proposal represents the best available outcome and strongly recommends that all stakeholders support it.**

The deadline under the terms of the Loan Agreement for KEL to complete its restructuring is 30 November 2020 and has now passed. Kepinvest has not yet agreed to an extension of this deadline. Kepinvest has requested that KEL progresses the restructuring in an expeditious fashion which includes moving forward with the restructuring process without undue delay. Kepinvest is the financier for CBA Mini Phase 1A, the first phase of development of CBA, KEL's key development asset. As far as the Board is aware, Keppel and Kepinvest remain supportive of the restructuring process but require the restructuring to be completed as soon as possible.

## **THE COMPANY URGES ALL STAKEHOLDERS TO EXERCISE THEIR VOTING RIGHTS IN FAVOUR OF THE RESTRUCTURING.**

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**

Kelvin Tang  
Chief Executive Officer and Executive Director



Please contact the below individuals for any enquires:

**Tanya Pang**

VP Investor Relations & Corporate Communications

T: +65 6838 5430

E: [tanya.pang@krisenergy.com](mailto:tanya.pang@krisenergy.com)

**AJCapital Advisory (in its capacity as Chairman of the Court Meeting)**

Luke Furler / Zara Xue

[krisenergy@ajcapital.asia](mailto:krisenergy@ajcapital.asia)

**Houlihan Lokey (Singapore) Private Limited**

Brandon Gale

David Ho

Bryan Goudzwaard

[KrisEnergy@HL.com](mailto:KrisEnergy@HL.com)

**About KEL:**

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 two producing oil and/or gas fields, one in the Gulf of Thailand and one onshore Bangladesh. It also participates in nine blocks in various stages of the E&P lifecycle in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KEL operates eight of the contract areas.

**This announcement is a summary for information purposes only.** All notices pertaining to the ongoing restructuring process are available on the Restructuring Information Centre <https://www.krisenergy.com/Investors/restructuring-information-centre>.