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## **S\$131.6 MILLION CONCURRENT EQUITY AND CONVERTIBLE BOND OFFERING BY KS ENERGY SERVICES LIMITED (THE "COMPANY") – ADJUSTMENT TO THE CONVERSION PRICE OF DIRECT, UNCONDITIONAL, UNSUBORDINATED AND UNSECURED CONVERTIBLE BONDS DUE 2012 IN PRINCIPAL AMOUNT OF S\$96,795,000**

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### **1. INTRODUCTION**

The Board of Directors of the Company (the "**Board**") refers to the announcement dated 23 July 2007 in relation to, *inter alia*, a bond purchase agreement (the "**Convertible Bond Agreement**"), pursuant to which Centar Investments (Asia) Ltd, Stark Asia Ltd Master Fund Ltd and Stark Master Fund Ltd proposed to subscribe for, and the Company proposed to issue, non-listed, freely tradable and transferable zero coupon convertible bonds (the "**Convertible Bonds**") in a principal amount of S\$96,795,000.

The Board also refers to the announcement made by the Company on 30 June 2008 in relation to the renounceable partially underwritten rights issue (the "**Rights Issue**") of up to 109,355,010 new ordinary shares (the "**Rights Shares**") at the issue price of S\$1.60 each. As announced by the Company on 26 September 2008, at the close of the Rights Issue on 22 September 2008, valid acceptances and excess applications for a total of 96,195,010 Rights Shares were received.

### **2. TERMS OF CONVERSION OF THE CONVERTIBLE BONDS**

Pursuant to the terms and conditions of the Convertible Bonds (the "**Terms and Conditions**"), the Convertible Bonds are convertible into new ordinary shares in the capital of the Company (the "**Conversion Shares**") at the option of the holder thereof, at any time from the date falling 40 days after their date of issue up to the close of business 10 days prior to their final maturity date, at an initial conversion price of S\$4.05 for each Conversion Share, subject to adjustment from time to time in the manner to be provided in the Terms and Conditions. The initial conversion price represents a premium of approximately 7.32% to the volume weighted average price for trades in the ordinary shares in the capital of the Company (the "**Shares**") done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 July 2007 and up to the signing of the Convertible Bond Agreement on 23 July 2007.



# KS ENERGY SERVICES LIMITED

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Upon the conversion of the Convertible Bonds in full, the number of Conversion Shares to be issued by the Company will be 23,900,000 Conversion Shares (based on the initial conversion price of S\$4.05 for each Conversion Share and assuming no adjustments to the conversion price).

### 3. ADJUSTMENT IN THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Pursuant to the completion of the Rights Issue, the Board wishes to inform Shareholders that the Company has adjusted the initial conversion price from S\$4.05 to S\$3.825 for each Conversion Share. The adjustment to the initial conversion price will take effect upon the issue of the Rights Shares on 3 October 2008.

Upon the conversion of the Convertible Bonds in full based on the adjusted initial conversion price of S\$3.825 and assuming no additional adjustments to the conversion price, the number of Conversion Shares to be issued by the Company will be 25,305,882 Conversion Shares, as compared to 23,900,000 Conversion Shares based on the initial conversion price of S\$4.05 for each Conversion Share.

The adjustment is made in accordance with the Terms and Conditions, which require the initial conversion price to be adjusted in the event of, *inter alia*, a rights issue of shares if such rights are issued at less than 95 per cent. of the Current Market Price (as defined in the Terms and Conditions) per Share.

By order of the Board  
Lin Moi Heyang  
Company Secretary  
Date: 3 October 2008

### ABOUT KS ENERGY SERVICES LIMITED

#### *A Globally Accredited and Integrated Oil & Gas Services Provider*

KS Energy Services Limited (“KS Energy”) is one of the leading integrated oilfield supply and services providers to the global oil & gas (“O&G”), marine and petrochemical industries. The shares of KS Energy are traded on the main board of the Singapore Exchange.

The core activities of KS Energy are in the distribution of parts and components, capital equipment charter and provision of drilling and rig management services. KS Energy,



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together with Aqua-Terra Supply Co., Limited (“Aqua-Terra” or “ATS”) and SSH Corporation Ltd (“SSH”) distribute more than 60,000 line items and represent more than 300 globally accredited brands

Through its wholly-owned subsidiary Atlantic Oilfield Services Ltd (“AOS”), an internationally accredited drilling and rig-management company, KS Energy now has the capability to supply, as well as operate capital equipment, including on-shore and off-shore rigs. By combining the complementary capabilities of AOS and KS Energy, the group now has the ability to provide a full suite of services directly to the oil and gas companies and tender for high value and high margin projects. Headquartered in Singapore, KS Energy’s geographic reach spans South East Asia, China, Middle East, North Sea, Europe and USA.

### *About Atlantic Oilfield Services Ltd (“AOS”)*

*Operating from Dubai, AOS is a wholly-owned subsidiary of Singapore mainboard listed KS Energy. AOS provides drilling and rig management services to major oil companies for their operations in the North Sea, Mediterranean, Africa and Middle East. AOS is led by an experienced management team. The top management each have more than 20 years in the oil and gas industry. Ranked amongst the internationally accredited drilling contractors and rig managers, AOS is recognised by international oil majors and accredited to undertake contracts in harsh environments like the North Sea.*