



KS ENERGY SERVICES LIMITED

(Company Registration No. 198300104G)

NEWS RELEASE

Largest Contract To-Date: 5-Year Charter Of New Self-Propelled Jack-Up Rig For US\$109.5 Million

Singapore, 21 September 2006 - Singapore Exchange Mainboard-listed KS Energy Services Limited (“KS Energy” or the “Group”), an energy services group, is pleased to announce that it will establish a 50:50 joint venture (the “JV”) with Sinwa Limited (“Sinwa”), to acquire and subsequently charter (including operation) a new self-propelled offshore jack-up rig (“Rig”) to a Central American based national oil company for use in the Gulf of Mexico. This is the second new self-propelled offshore jack-up rig to be chartered to this client.

The value of the charter contract is approximately US\$109.5 million over 5 years, comprising an initial fixed term of 3 years with an option to extend for another 2 years. At the end of the charter, the JV as owner of the Rig will be able to re-deploy the asset for other operations.

The JV will have an initial paid up capital of US\$500,000 and the total project cost will be funded by a combination of equity, shareholders’ loans as well as bank borrowings. KS Energy will play a key role in the construction, installation, commissioning, supervision and the subsequent management of the Rig. For these services, KS Energy will be entitled to an annual management fee from the JV. Both KS Energy and Sinwa (an SGX Mainboard-listed regional offshore and marine logistics company) intend to supply parts and other procurement services to support the Rig operations.

Unlike a conventional jack-up rig which is fixed to one position, the self-propulsion ability of the Rig allows it to move from one location to the next in servicing offshore production platforms as a mobile workshop with full accommodation. This allows the platforms to be efficiently serviced. The Rig is under construction at a shipyard in



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North America and delivery of the completed Rig to the Gulf of Mexico is expected in end 2007.

“As global demand for oil and gas remains robust, stepped up exploration and production activities by oil companies underpin the strong demand for the Group’s value-add services in providing capital equipment”, explained Mr. Chew Thiam Keng, the Managing Director of KS Energy. “The JV allows us to enhance our yield as well as secure long term recurring revenue by leveraging on our financial strength to selectively own capital equipment”, Mr Chew added.

The project is not expected to have a material impact on the Group’s earnings per share or net tangible assets for the financial year ending 31 December 2006. None of the directors or substantial shareholders of KS Energy has any interest, directly or indirectly, in the above transaction.

About KS Energy Services Limited (“KS Energy”)

Listed on SGX-SESDAQ on 6 August 1999 and upgraded to the Mainboard on 11 March 2002, KS Energy (formerly known as KS Tech Ltd) is an energy services group catering to the oil & gas and petrochemical industries around the world.

In addition to distributing more than 60,000 oil & gas related products that encompass over 140 international brands, the Group through a series of acquisitions in the last few years enhanced its expertise in the related services of procurement, distribution, engineering and offshore chartering to support its customers.

Over the last two decades, the Group has established very close working relationships with major oil & gas companies in the region. In leveraging its enhanced expertise as a leading one-stop supply and services provider with these long term relationships, KS Energy was able to provide higher value-added services by procuring and supplying upgraded capital assets to CNOOC Group, Maersk, Gulf Drilling International Limited and others under the service contracts it has secured since November 2003.

Headquartered in Singapore, the Group has subsidiaries and representative offices in China, Vietnam, Thailand, Qatar, UAE, USA and Malaysia to support its wide base of global oil & gas customers.



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