



KS ENERGY SERVICES LIMITED

(Company Registration No. 198300104G)

PROPOSED SUBSCRIPTION OF SHARES IN THE CAPITAL OF KS ENERGY SERVICES LIMITED BY SOVEREIGN ASSETS S.A.

1. INTRODUCTION

The Board of Directors of KS Energy Services Limited (the “**Company**”) wishes to announce that on 6 June 2007, the Company had entered into a subscription agreement (the “**Agreement**”) with Sovereign Assets S.A. (the “**Subscriber**”), pursuant to which the Subscriber proposes to subscribe for (the “**Subscription**”) up to 13,500,000 shares in the Company (the “**Subscription Shares**”) in the manner described below. The Subscription Shares will be issued pursuant to the general mandate to issue shares, in accordance with section 161 of the Companies Act (Chapter 50) of Singapore, obtained by ordinary resolution at the annual general meeting of the Company held on 20 April 2007.

2. TERMS OF THE ISSUE OF THE SUBSCRIPTION SHARES

Pursuant to the Agreement and subject to the terms and conditions therein, the Subscriber shall subscribe and pay for the Subscription Shares in two tranches as follows:

(a) The First Tranche

The first tranche of 4,500,000 Subscription Shares (the “**First Tranche Shares**”) shall be allotted and issued for an aggregate consideration of up to S\$13,878,000 on the basis of S\$3.084 per First Tranche Share (the “**Issue Price**”).

The weighted average price for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 6 June 2007 up to the time the Agreement was signed was S\$3.276 per share. The Issue Price of S\$3.084 for each First Tranche Share represents a discount of approximately 5.9% to the weighted average price for trades done on the SGX-ST on 6 June 2007 up to the time the Agreement was signed.

The Company shall allot and issue the First Tranche Shares within five business days upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of these Shares.

The First Tranche Shares, when issued and fully paid, will rank *pari passu* in all respects with the ordinary shares of the Company existing at the time of issue of the Subscription Shares, except that they will not rank for any dividend payable for the financial year ended 31 December 2006 or any right, allotment or other distributions, the record date for which falls on or before such date of issue.

(b) The Second Tranche

In respect of the second tranche of Subscription Shares (the “**Second Tranche Shares**”), nine non-listed and non-transferable warrants in respect of 1,000,000 shares each, in total of 9,000,000 shares (the “**Warrants**”), shall be issued.

If all the Warrants are exercised, the Second Tranche Shares will be issued for an aggregate consideration of S\$27,756,000, at the exercise price of S\$3.084 per Second Tranche Share (the “**Exercise Price**”) representing a discount of approximately 6.0% to the prevailing market price for trades last done of S\$3.28 per share on the SGX-ST on 6 June 2007 up to the time the Agreement was signed.

Subject to the terms and conditions of the Agreement, the Warrants may be exercised at any time during the period of forty-eight months commencing on and including 11 May 2008 and expiring at 5.00 p.m. on 11 May 2012.

3. PURPOSE OF THE ISSUE OF THE SUBSCRIPTION SHARES

The issue of the Subscription Shares, including the Second Tranche Shares if all the Warrants are exercised, is in consideration for a capital injection of S\$41,634,000 (the “**Proceeds**”) by the Subscriber into the Company.

The Company intends to utilize the Proceeds for working capital purposes, future acquisitions and business expansion.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in his capacity as a director or shareholder of the Company) nor the controlling shareholders of the Company has any interest, direct or indirect, in the Subscription.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement will be made available for inspection at the registered office of the Company at No. 4 Tuas Avenue 5, Jurong, Singapore 639331, during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Goh Boon Chye
Director
7 June 2007

About KS Energy Services Limited (“KSES”)

A leading one-stop energy services provider to the global oil & gas and petrochemical industries.

Listed on SGX-SESDAQ on 6 August 1999 and upgraded to the Mainboard on 11 March 2002, KS Energy 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, marine and tubular related products items that encompass more than three hundred global 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, Indonesia and Malaysia to support its wide base of global oil & gas customers.