

## ANNOUNCEMENT

### **INCORPORATION OF NEW JOINT VENTURE COMPANY AND WORKSHOPS**

#### **I INCORPORATION OF NEW JOINT VENTURE COMPANY**

The Board of Directors (“**Board**”) of EMS Energy Limited (the “**Company**”) is pleased to announce that the subsidiary of the Company, Oilfield Services & Supplies Pte Ltd (“**OSSPL**”), has set up a joint venture company in Singapore, Tianhe Oil (Singapore) Pte. Ltd (“**TOSPL**”), with Tianhe Oil Group Co., Ltd (“**Tianhe Oil Group**”), details of which are set out below:

Name of joint venture company	:	Tianhe Oil (Singapore) Pte Ltd
Principal activities	:	Trading of Tianhe Oil Group’s range of drilling and fishing tools
Shareholders	:	OSSPL (20% shareholding interest)
		Tianhe Oil Group (80% shareholding interest)

Tianhe Oil Group is a privately owned company operating in Mudanjiang City of Heilongjiang Province, the PRC. It is currently one of the largest American Petroleum Institute (“**API**”) approved drilling tools manufacturers in China and manufactures more than 120 types of products with over 1,000 specifications. These include drilling tools, work-over tools, cementing tools, coring tools, fishing tools and fitting, Hydraulic Bucking Unit, Hydraulic Jar Tester, Hydraulic Down hole Motor Tester, BOP automatic cleaning systems and other equipment. Its products are exported to the USA, Canada, the European Union, the Commonwealth of Independent States, India, the Middle East and North Africa.

The issued and paid-up share capital in TOSPL is approximately S\$500,000. OSSPL has invested approximately S\$100,000 in TOSPL. The investment will be funded entirely through internal cash resources of OSSPL.

The Company believes that the cost of investment is reasonable and it is beneficial to OSSPL to explore and widen their products range in the above mentioned region.

#### **II INCORPORATION OF WORKSHOP IN INDIA**

The Board would like to announce that its subsidiary, Oilfield Services & Supplies India Pte Ltd (“**OSSI**”), has set up a joint venture workshop in India, Veenine High-Tech Engineers Pvt. Ltd (India) with nine individual investors, details of which are set out below:

Name of joint venture company	:	Veenine High-Tech Engineers Pvt. Ltd (India)
Principal activities	:	Provision of drilling tool repair services
Shareholders	:	Oilfield Services & Supplies India Pte Ltd (approximately 8.5% shareholding interest)
		Individual investors (approximately 91.5% shareholding interest)

The individual investors will be involved in the business activities by providing drilling tool repairs services and to expand the drilling operations in Kakinada, India. OSSI has no significant influence over Veenine High-Tech Engineers Pvt. Ltd.

The issued and paid-up share capital in Veenine High-Tech Engineers Pvt. Ltd (India) is Rs33,762,514 equivalent to S\$1,008,740. Oilfield Services & Supplies India Pte Ltd has invested Rs2,856,000 equivalent to S\$85,000 in Veenine High-Tech Engineers Pvt. Ltd (India). The investment will be funded entirely through internal cash resources.

### III INCORPORATION OF WORKSHOP IN CHINA

The Board would also like to announce that OSSPL has set up a joint venture workshop in China, Oilfield Services & Supplies (Tianjin) Co. Ltd., with another investor, Hou Yongji, details of which are set out below:

Name of joint venture company	:	Oilfield Services & Supplies (Tianjin) Co. Ltd.
Principal activities	:	Provision of drilling tool repair services
Shareholders	:	OSSPL (55% shareholding interest)
		Hou Yongji (45% shareholding interest)

Mr Hou Yongji is appointed as Operation Manager of Oilfield Services & Supplies (Tianjin) Co. Ltd. Mr Hou has approximately thirty years of experience in drilling services & repair industry. He holds a Master degree of Engineering M.E. and Bachelor of Engineering B.E. from Nanjing University of Science & Technology, China PRC.

The issued and paid-up share capital in Oilfield Services & Supplies (Tianjin) Co. Ltd. is RMB 2,800,000 equivalent to S\$574,800. OSSPL has invested RMB1,540,000 equivalent to S\$316,000 in Oilfield Services & Supplies (Tianjin) Co. Ltd. The investment will be funded entirely through internal cash resources.

OSSPL has appointed an external independent valuer, 天津盛源资产评估事务所 (“**Tian Jin Sheng Yuan**”) to evaluate the production equipment and other machinery related equipment required for the setting-up of workshop.

The investment in TOSPL, Veenine High-Tech Engineers Pvt. Ltd (India) and Oilfield Services & Supplies (Tianjin) Co. Ltd. was funded through internal resources and the incorporation of TOSPL, Veenine High-Tech Engineers Pvt. Ltd (India) and Oilfield Services & Supplies (Tianjin) Co. Ltd. is not expected to have any material impact on the net tangible assets per share and earnings per share of the Company for the current financial year ending 31 December 2010.

None of the directors or substantial shareholders of the Company have an interest, direct or indirect, in the incorporation of TOSPL, Veenine High-Tech Engineers Pvt. Ltd (India) and Oilfield Services & Supplies (Tianjin) Co. Ltd., other than through their shareholdings in the Company.

By Order of the Board  
EMS Energy Limited

Gwendolyn Gn Jong Yuh  
Company Secretary  
14 June 2010

*This announcement has been reviewed by the Company's sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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