



**Aqua-Terra Supply Co. Limited**

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## **NEWS RELEASE**

### **AQUA-TERRA INITIATING AGGRESSIVE EXPANSION WITHIN CHINA**

- Proposing acquisition of 75% equity interest in Raymonds Supply Co., Hong Kong (RSC), a company with more than 2 decades of track record in HK and China.
- RSC's established network in China and Hong Kong to help intensify sale of existing agency products
- Consolidation of offices in China will realize further synergies and bring added value to both entities.

**Singapore, 11 January 2007** – Integrated oil & gas and marine service provider and procurement specialist and SGX-ST Main Board listed Aqua-Terra Supply Co. Limited (“Aqua-Terra”, “ATS” or “The Group” or “亿国拓丽”), is pleased to announce that it will be enlarging its footprint in the People’s Republic of China (“China”) through the acquisition of a 75% equity interest in an established oil and gas supply company in Hong Kong – Raymonds Supply Co., Limited (“RSC”) from a Mr. Cheng Wai Meng (Raymond Cheng), the shareholder and founder of RSC (the “Vendor”).

Established more than 20 years ago by Mr. Cheng, RSC and its group of companies are privately owned. Headquartered in Hong Kong, RSC Group also has offices in Shanghai and Shenzhen. The principal activities of RSC are in the supply of parts and consumables. In addition, a group company of RSC also owns and operates specialized logistics services catering to the needs of a globally renowned North American O&G conglomerate, as well as customers from Hong Kong and China.

Subject to the satisfactory completion of the audit and due diligence to be undertaken on the unaudited accounts of RSC, the consideration for the acquisition is HK\$15.75 million. This

acquisition price is computed based on the unaudited NTA of RSC as at 31 December 2006 which amounted to approximately HK\$21 million.

The acquisition will aggressively expand ATS' reach into China rapidly growing oil and gas market. Riding on RSC's market knowledge, and Mr Cheng's contacts in China, ATS will be able to immediately tap into a broader network of customers in the country. This move will also benefit RSC. As part of the KS Energy Group, RSC will have access into a broader range of products and services and also tap into both the management know how and financial resources in both the ATS and the KS Group.

Commenting on the acquisition today, Mr. Kris Wiluan – Chairman and CEO of ATS said: "Currently, statistics show that China is estimated to consume about 1.2 bpd of oil compared to the rate of 20 bpd in OECD North America. With these tremendous opportunities ahead of us, we will always welcome the opportunity to partner companies that can help us tap into the Chinese market and bring added value to the KS Group."

This acquisition is expected to be completed by 31 March 2007 subject to the due diligence and all necessary approvals and will be funded by internal resources and bank borrowings. It does not have a material impact on the Group's results for the year ended 31 December 2006 but is expected to contribute positively to the Group's results in 2007.

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#### **About Aqua-Terra Supply Co. Limited**

Aqua-Terra Supply Co. Limited ("Aqua-Terra") is an integrated service provider and procurement specialist serving customers in the oil & gas, marine and mining industries. We are focused on material procurement of oil & gas consumables, a gradual shift from our previous emphasis on product distribution, a move we undertook since our listing on SGX-SESDAQ in March 2004 and our subsequent move to the SGX-ST Main Board in September 2006.

As a one-stop shop solution provider to the energy sector, Aqua-Terra provides both hardware and customised engineering solutions to our customers. We presently have 21 authorised distributorships for over 160 types of consumable products such as high pressure flow control equipment, fluid connector assemblies, professional heavy-duty hand tools, oil country tubular goods, wellhead lubricants and offshore cargo nets. Our "red book", a comprehensive product catalogue for oil & gas consumables, is well known and widely used in Asia by rig managers and other oil & gas industry professionals.

For more information, please visit Aqua-Terra's website at [www.aqua-terra.com](http://www.aqua-terra.com).

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**Issued for and on behalf of Aqua- Terra Supply Co. Limited.**

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