



TRI-M TECHNOLOGIES

FOR IMMEDIATE RELEASE

Tri-M acquires Kingworld Resources for S\$203 million to develop and produce crude oil in the PRC

SINGAPORE – 18 August 2008 – Singapore-listed **Tri-M Technologies (S) Limited** 太安科技有限公司 (“Tri-M” or the “Group”) today announced that it has signed a definitive Sale and Purchase Agreement (“SPA”) with Tan Sri Datuk Tiong Hiew King 张晓卿 and Mr Tiong Kiu King 张钜卿 (collectively, the “Vendors”) to acquire the entire issued and paid-up share capital (“the Sale Shares”) of **Kingworld Resources Limited** 京沃尔德资源有限公司 (“KRL”) for a purchase consideration of S\$203.0 million (“Proposed Acquisition”).

On 12 November 2007, KRL signed a production sharing contract (“Petroleum Contract”) with China National Petroleum Corporation (“CNPC”) to jointly develop and produce hydrocarbon resources in an oilfield in Songliao Basin in Jilin Province, the PRC. The total area covered by the contract is approximately 254.9 square kilometres, known as Block 1 of Fuyu. KRL is a company incorporated in the British Virgin Islands, whose shares are held by Tan Sri Datuk Tiong Hiew King and Mr Tiong Kiu King.

The purchase consideration for the Acquisition, arrived at arm’s length on a willing-buyer, willing-seller basis, will be satisfied through a cash payment of S\$23.0 million to the Vendors; and the issue of an aggregate of 180 million new shares in the capital of the Group (“Consideration Shares”) at S\$1.00 each. For the cash consideration of S\$23.0 million, the Company will evaluate and consider various financing alternatives, including but not limited to new equity issues, debt instruments and/or external bank borrowings.

The Group appointed an independent valuer, Norton Appraisals Limited (“NAL”), whose draft valuation report stated that the market value of the Sale Shares was approximately US\$975 million (equivalent to approximately S\$1.37 billion based on the exchange rate as at 15 August 2008) as at 30 June 2008. The valuation is derived from a discounted cash flow valuation approach and subject to the assumptions set out in the valuation report.

Tan Sri Datuk Tiong Hiew King is Tri-M’s Executive Chairman and Mr Tiong Kiu King is the brother of Dr Tiong Ik King 张翼卿, the Group’s Executive Director. As such, the Proposed Acquisition is considered to be an interested person transaction. As the value of the Proposed Acquisition is more than 5% of the latest audited consolidated net tangible assets of the Group, shareholders’ approval is required for this transaction.

TRI-M TECHNOLOGIES (S) LIMITED

(Company Registration No.: 198701138Z)

• 25 Kallang Avenue #07-01, Singapore 339416 • Tel: (65) 6293 9293 • Fax: (65) 6299 1525



Tan Sri Datuk Tiong Hiew King is also the Executive Chairman of the Company and the Executive Chairman and Founder of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia with extensive international business interests. He has extensive experience in a number of industries, including timber, plantations, media and publishing, oil and gas, mining, fishery, information technology, and manufacturing; and is also the Executive Chairman of Media Chinese International Limited, a company primarily listed on the main board of both the Stock Exchange of Hong Kong Ltd and Bursa Securities Bhd.

ABOUT THE PETROLEUM CONTRACT

The Group has appointed an independent, international energy technical advisor specialising in petroleum reservoir evaluation and economic analysis, Gaffney, Cline & Associates (“GCA”), to submit a Technical Report on KRL’s oilfield property in Songliao Basin. According to GCA’s draft Technical Report, the Stock Tank Oil Initially In-Place (“STOIIP”) of KRL’s oilfield property estimates are a Low of 5.14 million tonnes, Best of 34.37 million tonnes and a High of 104.62 million tonnes. The estimated recovery factor ranges from 16.7% to 30.5%, for Huff ‘n Puff and steam flooding oil production methods. The resulting Contingent Resources net entitlements attributable to KRL are 1C of 0.049 million tonnes, 2C of 4.197 million tonnes and 3C of 14.391 million tonnes.

Following the execution of the Petroleum Contract, KRL registered a branch in the PRC which is currently in the evaluation phase relating to the joint development and production of petroleum at KRL’s oilfield property.

The Petroleum Contract for the Fuyu 1 Block in the Jilin Province of the PRC is for a period of maximum three (3) years for the evaluation of the prospect and thereafter twenty (20) years from the commencement of commercial production. The contract is limited to a maximum of 30 years. Under the terms of the Petroleum Contract, the operator, KRL pays 100% of evaluation cost, development cost and 49% of the operating cost, which it recovers according to a mechanism of “cost recovery oil” and “investment recovery oil” as described in the contract. The remaining oil after cost recovery is “share oil”, which is apportioned between CNPC 51% and KRL 49%. The joint parties will deduct all applicable taxes and Royalty that might apply in the PRC from the production in kind or in cash as it is applicable. KRL’s “share oil” is subject to payment of all other corporate income tax that may be applicable in PRC.

RATIONALE FOR THE PROPOSED ACQUISITION

Said Mr Foo Sac Phoon 符之奮, Tri-M’s Chief Executive Officer, “The Group has been actively exploring investment opportunities that will add shareholder value. It was with this in mind that the Board decided to enter into the buoyant oil and gas industry through the Acquisition of KRL.”

According to the International Energy Agency (“IEA”), the PRC is the world’s second-largest oil consumer after the United States. Chinese oil consumption is expected to grow 5.6% this year and 5.7% next year.¹ IEA also expects oil prices to remain high despite their recent drop.²

¹ Source: “Tight Crude-Oil Supplies Seen Easing in Near Term”, *Wall Street Journal*, 13 August 2008.

² Source: “Oil will remain expensive: IEA”, *Associated Press*, 12 August 2008.



“The Acquisition offers an attractive investment platform for us to venture into the oil and gas industry, and more importantly, create a new revenue stream for Tri-M and improve the Group’s financial condition. After the completion of this Acquisition, we intend to explore opportunities of acquiring other relevant resources in the oil and gas sector within or outside the PRC,” Mr Foo added.

Amongst other conditions, the completion of the SPA is conditional upon the fulfilment or waiver of, *inter alia*, the approval in-principle of the SGX-ST for the listing and quotation of Consideration Shares upon their issue and allotment and all conditions set out in such approval have being complied with; as well as the approval of the shareholders of the Company in an extraordinary general meeting.

The Group has appointed PrimePartners Corporate Finance Pte. Ltd. as the independent financial adviser (“IFA”) to advise on the Proposed Acquisition. A Circular(s) containing further details of the Proposed Acquisition, and notice(s) of EGM(s), and the opinion of the IFA, will be despatched to the shareholders of the Company in due course.

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Contact Information:

August Consulting

Tel: (65) 6733 8873 Fax: (65) 6733 9913

HO See Kim – seekim@auqust.com.sg

CHIN May Nah – maynah@auqust.com.sg