

ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING WITH TITAN PETROCHEMICALS GROUP LIMITED

1. BACKGROUND

The Board of Directors of EMS Energy Limited (the “**Company**”) wishes to announce that the Company has on 28 March 2017 entered into a non-binding memorandum of understanding (“**MOU**”) with Titan Petrochemicals Group Limited (the “**Titan Group**” or the “**Potential Investor**”) to raise up to S\$10 million by way of the issuance of convertible notes (“**Convertible Notes**”) to enable the Company to complete the construction of its shipyard at 12 Tuas South Street 15 in Singapore (“**Shipyard**”), subject to the completion of a satisfactory legal and financial due diligence of the Company (the “**Proposed Investment**”).

The Proposed Investment is subject to the restructuring exercise undertaken by the Company pursuant to the proposed scheme of arrangements under Section 210 of the Companies Act (Cap. 50) (“**Scheme of Arrangement**”) which was announced on 7 February 2017, being successfully completed.

The Company and the Potential Investor agree that the MOU is intended to set out the main heads of agreement between the Parties in relation to the Proposed Investment and is not legally binding on the Parties. The Proposed Investment contemplated in this MOU are conditional upon the Parties entering into definitive agreements on terms to be mutually agreed.

2. THE POTENTIAL INVESTOR

Titan Group is a company listed on the Stock Exchange of Hong Kong Limited. Its subsidiary Quanzhou Shipyard is a multifunctional facility and one of the largest yards in Asia for ship repair, offshore engineering and ship building.

The Potential Investor is an unrelated third party which has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of SGX-ST Listing Manual Section B: Rules of Catalist (the “**Listing Manual**”). The Investor does not hold any shares in the Company at the date of this announcement.

3. RATIONALE

The Board anticipates that should the restructuring under the Scheme of Arrangement be completed, the Company is expected to have discharged all its liabilities to its creditors. Thereafter, the Titan Group, with their financial strength, necessary experience and expertise would be a strong partner for the Company to bring the Shipyard to operation.

4. SALIENT TERMS OF THE CONVERTIBLE NOTES

- 4.1 The Titan Group’s option to convert the debt into equity shall commence 24 months after the first disbursement of S\$10 million through the issuance of Convertible Notes. The conversion price shall be negotiated and agreed among the Company and the Titan Group along with the other terms in the definitive agreement.

- 4.2 During the tenure of the Convertible Notes, it is anticipated that the Titan Group shall have the Shipyard as security, save that the Titan Group shall allow the Shipyard to be further encumbered for the purpose of raising additional funding as necessary to complete the construction of the Shipyard.

5. SALIENT TERMS OF THE PROPOSED INVESTMENT

The completion of the Proposed Investment is subject to the fulfilment of, *inter alia*, the following conditions precedent:

- (i) a satisfactory legal and financial due diligence by the Titan Group;
- (ii) the completion of the Scheme of Arrangement. The Company intends to include debt-to-equity and placement in the Scheme of Arrangement and more details will be disclosed as soon as the proposal is finalized among the Potential Investor, creditors and the Company;
- (iii) approval of the Sponsor of the Company and the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the Proposed Investment and where necessary an application for an additional listing application for the shares to be issued upon conversion of the Convertible Notes;
- (iv) the successful resumption of trading of the Company's shares on the SGX-ST; and
- (v) approval of the shareholders of the Company at the extraordinary general meeting (the "EGM") to be convened for the Proposed Investment (where necessary).

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Investment or the Potential Investor, other than through their respective shareholdings in the Company.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Proposed Investment.

8. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate, and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

9. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when dealing in Shares. Shareholders should note that the Proposed Investment is subject to, *inter alia*, negotiation, execution and delivery of definitive agreements in relation to the Proposed Investment. There is no assurance that the Parties will enter into definitive agreements in relation to the Proposed Investment. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
EMS Energy Limited

Ting Teck Jin
Executive Chairman
29 March 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant Catalist rules. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.*

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.