

ANNOUNCEMENT

UPDATE PURSUANT TO RULE 704(22) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED SECTION B: RULES OF CATALIST ("CATALIST RULES")

Unless otherwise defined herein, all capitalized terms have the same meanings as defined in the Company's announcements dated, *inter alia*, 3 November 2017, 1 November 2017, 24 October 2017, 2 October 2017, 28 September 2017, 14 September 2017, 11 September 2017, 6 September 2017, 28 August 2017, 7 August 2017, 4 August 2017, 31 July 2017, 7 July 2017, 5 July 2017, 6 June 2017, 15 May 2017, 11 May 2017, 9 May 2017, 7 April 2017, 9 March 2017, 6 February 2017, 13 January 2017, 15 November 2016, 14 October 2016 and 23 September 2016 ("**Previous Announcements**").

The board of directors (the "**Board**") of EMS Energy Limited (the "**Company**") and, together with its subsidiaries, the "**Group**") refers to the Company's Previous Announcements on:-

- (a) 29 March 2017 in relation to the Company who had, on 28 March 2017 entered into a non-binding MOU with Titan Group to raise funds in the sum of S\$10,000,000 to enable the Company to complete the construction of its shipyard at 12 Tuas South Street 15 through the issuance of convertible notes to be issued by the Company and subscribed by Titan Group, which is conditional upon the parties entering into definitive agreement(s) on terms to be mutually agreed.
- (b) 28 February 2017 and 13 February 2017 (i) in relation to EES, a wholly owned subsidiary of the Group who had, on 14 October 2016 entered into a sale and purchase agreement with SPCO for the disposal of the Property at the price of S\$5,600,000.00 and on such terms and conditions as agreed; and (ii) as well as the Company's circular to shareholders dated 13 February 2017 in relation to EMS Offshore Pte Ltd, a wholly-owned subsidiary of the Group who had, on 3 November 2016 entered into a deed of sale and purchase with the Company, Mr Ting Teck Jin, Estate of OSK, OSSG and the Purchasing Party for the disposal of its 20% equity interest in OSSG for a consideration of S\$2,800,000.00 on such terms and conditions as agreed. The resolutions for the disposal of the Property and ratification of the OSSG disposal were duly passed on 28 February 2017. The Company is currently working on obtaining approval from the relevant authorities to complete the disposal of the Property. The Company will provide updates on further developments at the appropriate juncture.
- (c) 23 February 2017 in relation to EMS Offshore Pte Ltd, a wholly-owned subsidiary of the Group who had, on 23 February 2017 completed the divestment of 20% of its equity interest in Oilfield Services & Supplies Group Pte. Ltd. to Victor Oilfield Services Pte. Ltd. and Ong See Beng for a consideration of S\$2,800,000 as part of the Group's ongoing restructuring exercise and efforts to raise working capital.
- (d) 13 January 2017 in relation to EMS Energy Solutions Pte. Ltd. ("**EES**"), a wholly-owned subsidiary of the Group who had, on 13 January 2017 received a letter from Jurong Shipyard Pte. Ltd. ("**JSPL**") terminating a Purchase Contract for the supply, supervision of installation, testing, and commissioning of the Anchor Winch System Package and had also made a claim under a bank guarantee furnished by EES to JSPL for the sum of SGD110,000 (the "Termination Letter"). The Company is currently seeking legal advice in relation to (i) its recourse against JSPL including compensation for components/goods that had been delivered under this Contract; and (ii) the claim for compensation for non-performance from the sub-contractors that EES has engaged for this Contract. The Company will provide updates on further developments at the appropriate juncture.
- (e) 15 November 2016 in relation to Koastal Industries Pte. Ltd. ("**KIPL**"), a wholly-owned subsidiary of the Group who had, on 10 November 2016 received a notice from legal advisers acting for SHSY terminating the DES Contracts and claiming sums of US\$41 million advanced under the DES Contracts, with interest accruing at 5% per annum accruing from the date of advance of such sums. The Company had, on 12 January 2017, sent a counter proposal to SHSY via SHSY's solicitors. On 23 February 2017, SHSY sent

their replies indicating that they are open to KIPL's suggestion to arrange a meeting with the working teams of SHSY together with Koastal's financial advisors for Koastal to present its tentative solutions to address the assurance which SHSY requires and explore avenues to improve on the proposal submitted by our solicitors on 12 January 2017. Notwithstanding that the termination of the DES Contracts still stands, there have been informal meetings and discussions between parties with the aim of reaching satisfactory terms of a tripartite MOU between SHSY, KIPL and EES, and allow KIPL and/or EES to complete the DES Contracts.

- (f) 14 October 2016 in relation to the updates on claims and legal proceedings against the Group. As at the latest date, the status of the claims and legal proceedings are as follows:

Lender / Claimant	Amount Owing	Status with reference to the Previous Announcements	Update(s)
United Overseas Bank Limited ("UOB") (secured creditors – against a property held by the Group ("the Property"))	S\$5.6 million	An Extraordinary General Meeting ("EGM") has been convened on 28 February 2017 to seek the shareholders' approval of the disposal of the Property. The proceeds from the disposal of the Property will be utilised for the repayment of the UOB loans.	On 28 February 2017, the Company announced that the resolution for the disposal of the Property was duly passed. The Company is currently working on obtaining approval from the relevant authorities to complete the disposal of the Property. The Company will provide updates on further developments at the appropriate juncture.
Other unsecured bank borrowings	S\$3.5 million	Please refer to Note (3) to (10).	The Company will provide updates on further developments at the appropriate juncture.
Trade and other creditors	S\$12.4 million	Please refer to Note (1) to (10).	The Company will provide updates on further developments at the appropriate juncture.

Since the announcement released on 6 September 2017 in relation to the updates on claims and legal proceedings against the Group, the Group has not received further demand letter.

No payment has been made on these amounts as at the date thereof.

Note:

- (1). The Company had on 27 October 2016 received a letter of demand from Venstar Investments III Ltd ("Venstar III") making a claim under a corporate guarantee furnished by the Company to Venstar III on behalf of Koastal International Pte Ltd (previously known as Koastal Investment Holdings Pte Ltd, "KINT"), a wholly-owned subsidiary of the Group, in respect of a subscription agreement entered into on 11 June 2015, for the sum of S\$7,714,200 and the interest accrued thereon. The Company has admitted the claim to its approved scheme of arrangement.

- (2). KINT had, on 23 November 2016 received a letter from Phillip Ventures Enterprise Fund 3 Ltd and Venstar Investments II Ltd (collectively, the “PV Investors”) demanding for the sum of S\$6,252,908.10 and S\$4,168,605.40 respectively, being the option price payable and the interest accrued thereon under a Put and Call Option Deed dated 8 August 2014. The Company and the PV Investors are in discussion with the aim to reach a settlement. The Company will provide updates on further developments at the appropriate juncture.
- (3). On 7 February 2017, the Company announced that the Court has, on 7 February 2017, allowed the Applications and ordered, *inter alia*, the following:
 - (a) each of the Company, Koastal Industries Pte. Ltd. (“KIPL”) and EMS Energy Solutions Pte. Ltd. (“EES”) (collectively, the “Applicants”) be at liberty to convene a meeting of creditors of each of the Applicants within 6 months from 7 February 2017 (unless otherwise ordered by the Court) for the purposes of considering, and if thought fit, approving with or without modification the schemes of arrangement proposed to be made between each of the Applicants and its creditors pursuant to Section 210 of the Act;
 - (b) pursuant to Section 210(10) of the Act, all pending, contingent or fresh suits, actions or proceedings against the Company or any enforcement or execution against any assets of the Company shall be restrained forthwith except by leave of the Court and subject to such terms as the Court imposes, save that secured creditors of the Company shall be at liberty to enforce their security interest in respect of the Company’s assets as they deem fit in their sole discretion; and
 - (c) pursuant to Section 210(10) of the Act, all pending, contingent or fresh suits, actions or proceedings against KIPL and EES or any enforcement or execution against any assets of KIPL and EES shall be restrained forthwith except by leave of the Court and subject to such terms as the Court imposes, save that secured creditors of KIPL and EES shall be at liberty to enforce their security interest under any security provided by KIPL and EES to the secured creditors as they deem fit in their sole discretion.

The Court further made the following directions:

- (aa) the Applicants are to provide a written update to all creditors on the status of the scheme proposals and interests from any potential investors in two (2) months (i.e. by 7 April 2017);
 - (bb) a case management conference to be held in approximately three (3) months on a date to be fixed by the Court for updates to be given to the Court on the status of the scheme proposals; and
 - (cc) any creditor or the Applicants may write to the Court for an earlier case management conference if the need arises.
- (4). On 10 February 2017, the Company announced that the Group had been informed by the Registry that a case management conference had been fixed on 9 May 2017, 5 pm for updates to be given to the Court on the status of the scheme proposals.
 - (5). On 7 April 2017, written updates were provided to creditors on the status of the scheme pursuant to the directions at (aa) above.
 - (6). On 9 May 2017, the Company announced that at the case management conference fixed at 5 p.m. on 9 May 2017, the High Court directed that a meeting of the Group's creditors to consider the proposed scheme of arrangement(s) should be held by 28 July 2017. A further case management

conference is to be fixed in the week of 3 July 2017; the exact time and date will be announced once the Company has been informed of the same.

- (7). On 15 May 2017, the Company announced that a case management conference has been fixed for 4 July 2017 at 5 p.m. in Chamber 3B of the High Court of Singapore.
- (8). On 4 July 2017, the High Court directed that in event that the proposed schemes of arrangement are approved by the relevant creditors, the applications to the High Court for sanction of the schemes of arrangements are to be filed by 16 August 2017. A further case management conference will be fixed 3 or 4 August 2017.

Accordingly the relevant timelines are as follows:

- At least 14 days before 28 July 2017 – Notice of meetings of the Group's creditors to consider the proposed scheme(s) of arrangement to be despatched to creditors
 - 28 July 2017 – Deadline to hold meetings of the Group's creditors to consider the proposed scheme(s) of arrangement
 - 3 or 4 August 2017 – Further Case Management Conference to be held in the High Court
 - 16 August 2017 – Deadline for applications to the High Court for sanction of the schemes of arrangement (if approved by creditors)
- (9). On 3 August 2017, the High Court had been updated on the followings:
 - a. The scheme meetings for the 3 companies were held on 28 July 2017.
 - b. The proposed scheme of arrangement in respect of the Company was passed by a majority in number representing three-fourths in value of the creditors present and voting;
 - c. The proposed scheme of arrangement in respect of KIPL was withdrawn as one of the condition precedents for the proposed scheme cannot be fulfilled; and
 - d. The scheme meeting to consider the proposed scheme of arrangement in respect of EES was adjourned to 25 August 2017 by a majority in number representing three-fourths in value of the creditors present and voting to allow the said company to propose a revised scheme for the creditors' consideration.

The High Court directed that the Company's application for sanction of its scheme of arrangement approved by creditors on 28 July 2017 should be filed by 16 August 2017, with a hearing date fixed on 8 September 2017 at 5 p.m. in Chamber 3B of the High Court of Singapore.

The High Court also directed that the existing moratoria on proceedings against the Company and EES due to expire on 6 August 2017 would be extended to 15 September 2017.

- (10). On 14 August 2017, a revised Scheme of Arrangement was circulated to creditors of EMS Energy Solutions Pte Ltd ("EES") for their consideration at the Court meeting adjourned to 25 August 2017. An addendum to the revised Scheme of Arrangement, providing certain clarifications pursuant to inquiries from creditors, was also circulated to creditors of EMS on 18 August 2017.

Notwithstanding the above, at the resumption of the Court meeting on 25 August 2017, the revised Scheme of Arrangement dated 14 August 2017 (as amended via the addendum issued on 18 August 2017) was withdrawn by EES. This was on the basis that EES had received negative proxy votes from creditors amounting to more than 25% of the value of debt present and voting at the Court meeting.

(11) On 8 September 2017, the High Court had granted the following orders:

- (a) In relation to the Company's application for sanction of its scheme of arrangement dated 13 July 2017 (the "Scheme"):
 - i. The Scheme between the Company and the Scheme Creditors (as defined in the Scheme) under section 210 of the Companies Act (Cap. 50) (the "Act") which was duly approved at the court meeting held on 28 July 2017 pursuant to an order of court dated 7 February 2017 be approved by order of court so as to be binding on the Company and the Scheme Creditors;
 - ii. Mr. Wong Joo Wan of Alternative Advisors Pte Ltd, presently of 1 Commonwealth Lane, #06-21 One Commonwealth, Singapore 149544, be appointed as Scheme Manager with powers and duties as set out in clause 2 of the Scheme;
- (b) In relation to EMS Energy Solutions Pte. Ltd. ("EES"):
 - i. EES be at liberty to convene a meeting of creditors of EES by 15 October 2017 for the purposes of considering, and if though fit, approving with or without modifications the scheme of arrangement proposed to be made between EES and its creditors pursuant to section 210 of the Act; and
 - ii. Pursuant to section 210(10) of the Act, all pending, contingent or fresh suits, actions or proceedings against EES or any enforcement or execution against any assets of EES shall be restrained forthwith until 3 November 2017 except by leave of the Court and subject to such terms as the Court imposes, save that secured creditors of EES shall be at liberty to enforce their security interest under any security provided by EES to the secured creditors as they deem fit in their sole discretion.

The court also directed that a further case management conference be held in the week of 30 October 2017 on a date to be fixed by the High Court for updates to be given to the High Court on the status of the scheme of arrangement to be proposed by EES.

- (12) On 14 September 2017, the Company announced that a case management conference has been fixed for 31 October 2017 at 5 p.m. in Chamber 3B of the High Court of Singapore.
- (13) On 27 September 2017, Mr Chee Yoh Chuang and Mr Abuthahir Abdul Gafoor, both c/o 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 have been nominated to act as the joint and several liquidators ("JLs") for the purposes of a Creditors' Voluntary Liquidation of KIPL. The appointment of the JLs is subject to the confirmation at an Extraordinary General Meeting of KIPL as well as a meeting of the creditors of KIPL, both to be convened on 24 October 2017.
- (14) On 2 October 2017, the Company announced that the meeting of creditors of EMS Energy Solutions Pte Ltd ("EES") held on 29 September 2017, the proposed scheme of arrangement dated 14 September 2017 was approved without modification by a majority in number representing more than three-fourths in value of the scheme creditors present and voting either in person or by proxy.

EES intends to proceed to obtain the sanction of the scheme by the High Court of the Republic of Singapore.

- (15) On 24 October 2017, the Company announced that EMS Energy Solutions Pte Ltd (“EES”) has filed an application for the sanction of its proposed scheme of arrangement dated 14 September 2017, which had been approved without modification by a majority in number representing more than three-fourths in value of the scheme creditors present and voting either in person or by proxy on 29 September 2017. The hearing of the sanction application has been fixed for 31 October 2017 at 5pm before the High Court of the Republic of Singapore.
- (16) On 1 November 2017, the Company announced that the hearing by the High Court of the application for sanction of the Scheme proposed by EES dated 14 September 2017 has been adjourned to a date to be fixed in the week of 27 November 2017. The adjournment is to give EES time to address certain queries raised by a creditor.
- (17) On 3 November 2017, the Company announced that the hearing by the High Court of the application for sanction of the Scheme proposed by EES dated 14 September 2017 has been fixed to be heard on 28 November 2017 at 9.30am in the High Court.

The Company had last provided a written update to all creditors on the status of the scheme proposals on 3 November 2017.

The Company is exploring various options including potential investors and no definite agreement has been reached.

The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take.

By Order of the Board
EMS Energy Limited

Wong Chuen Shya
Company Secretary
3 November 2017

This announcement has been prepared by EMS Energy Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by 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.

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