

ANNOUNCEMENT

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 740,354,802 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.02 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of the EMS Energy Limited (the “**Company**” and its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 740,354,802 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.02 (the “**Issue Price**”) for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.

The Rights Issue is subject to, *inter alia*, the approval of the Shareholders, which will be sought at an extraordinary general meeting of the Company (the “**EGM**”) to be convened. A circular to Shareholders containing further information on the Rights Issue, together with the notice for the EGM, will be despatched to Shareholders in due course.

2. DETAILS OF THE RIGHTS ISSUE

The Company is proposing to undertake the Rights Issue, at the Issue Price for each Rights Share on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) Market Days (as defined below) prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”). Please refer to Paragraph 4 below entitled “Eligibility to Participate in the Rights Issue” for further details.

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders

must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

Entitled Shareholders will be at liberty to accept, decline, renounce in part or in whole or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotments and issuance of any Excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Issue Price of S\$0.02 for each Rights Share represents a discount of approximately 65.52% to the last transacted price of S\$0.058 per Share on the Catalist of the SGX-ST on 5 May 2014 (being the market day immediately preceding this Announcement).

Assuming that the Rights Issue is fully subscribed (the “**Maximum Scenario**”), based on the existing share capital of the Company of 740,354,802 Shares at the date of this Announcement (the “**Existing Share Capital**”), up to 740,354,802 Rights Shares may be issued pursuant to the Rights Issue.

As previously announced on 28 April 2014, the Group had entered into a sale and purchase agreement to, *inter alia*, acquired the entire share capital of International Offshore Equipment Pte Ltd (the “**Acquisition**”) for a total purchase consideration of S\$800,000, which shall be satisfied by way of an allotment and issuance of 13,029,316 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to the vendors (and/or their nominees) upon completion of the Acquisition. The issuance of the Consideration Shares is conditional upon the approval by SGX-ST for the listing and quotation of the shares on the Catalist of the SGX-ST.

Based on the assumption that approval by the SGX-ST for allotment and issuance of the Consideration Shares will be obtained prior to the Books Closure Date, the enlarged share capital of the Company will be 753,384,118 shares (the “**Enlarged Share Capital**”). Based on the the Enlarged Share Capital and assuming that the Rights Shares are fully subscribed by Entitled Shareholders, an aggregate of 753,384,118 Rights Shares will be allotted and issued pursuant to the Rights Issue.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (including the accompanying application forms) to be despatched by the Company to the Shareholders in due course (the “**Offer Information Statement**”).

3. IRREVOCABLE UNDERTAKING

The Rights Issue will be supported by certain substantial shareholders of the Company, namely Koastal Industries Pte. Ltd. (“**Koastal**”) and Mr Ting Teck Jin (“**Mr Ting**”), the Executive Chairman and Chief Executive Officer of the Company (collectively, the “**Undertaking Shareholders**”).

As at the date of this Announcement, the respective shareholdings of Mr Ting and Koastal are as follows:

	Direct Interest		Deemed Interest		Total
	Number of Shares	%	Number of Shares	%	%
Ting Teck Jin ⁽¹⁾	9,000,000	1.22%	247,726,275	33.46%	34.68%
Koastal Industries Pte Ltd ⁽¹⁾	247,726,275	33.46%	-	-	33.46%
Total	256,726,275	34.68%			

- (1) Mr Ting Teck Jin is deemed interested in the shares held by Koastal Industries Pte Ltd of which Mr Ting is a controlling shareholder and director.

Mr Ting will undertake that, *inter alia*, (the “**Irrevocable Undertaking**”):

- (a) he will subscribe and pay for, and/or procure Koastal to undertake the subscription of and payment for, an aggregate of their respective *pro rata* entitlement of 256,726,275 Rights Shares in aggregate under the proposed Rights Issue; and
- (b) he shall not, and will procure that Koastal shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of the beneficial interest in the Shares he and Koastal currently legally and beneficially own.

Mr Ting’s obligations under the Irrevocable Undertaking are subject to:

- (a) Shareholders’ approval for the Rights Issue being obtained at the EGM;
- (b) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the “**Authority**”);
- (c) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares on the Catalist of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (d) the grant of the SIC Waiver (as defined below); and
- (e) Shareholders’ approval for the Whitewash Resolution (as defined below).

The Rights Shares and Excess Rights Shares to be issued to Mr Ting and Koastal pursuant to the Irrevocable Undertaking (and by parties acting in concert with him), may result in an obligation on their part to make a take-over under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”). In this regard, the Company will seek the approval of (i) the Securities Industry Council (“**SIC**”) for granting a waiver of his

obligation to make a mandatory general offer under the Code, for all the Shares not owned or controlled by Mr Ting or parties acting in concert with him (the “**SIC Waiver**”) and (ii) the approval of a whitewash resolution from independent Shareholders for the waiver of their right to receive such a mandatory offer from Mr Ting or parties acting in concert with him (the “**Whitewash Resolution**”) and such other conditions that the SIC may impose which are reasonably acceptable to the Company.

The Company will, in due course, appoint an independent financial adviser (“**IFA**”) to advise the Directors who are deemed independent for the purpose of the Whitewash Resolution in connection with the Whitewash Resolution.

Assuming that only the Undertaking Shareholders subscribe for the Rights Issue (the “**Minimum Scenario**”), based on the existing share capital of the Company of 740,354,802 Shares at the date of this Announcement (the “**Existing Share Capital**”), up to 256,726,275 Rights Shares may be issued pursuant to the Rights Issue.

4 PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

In the event of Maximum Scenario, the Rights Issue, based on the Existing Share Capital will raise approximately S\$14.81 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.15 million, will amount to approximately S\$14.66 million. The Rights Issue, based on the Enlarged Share Capital will raise approximately S\$15.87 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.15 million, will amount to approximately S\$15.72 million. In the event of Minimum Scenario, the Rights Issue, based on the Existing Share Capital will raise approximately S\$5.14 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.15 million, will amount to approximately S\$4.99 million. The Rights Issue, based on the Enlarged Share Capital will raise approximately S\$5.94 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.15 million, will amount to approximately S\$5.79 million (collectively the “**Net Proceeds**”).

The Company believes that the Issue Price of S\$0.02 for each Rights Share is attractive, and in the opinion of the Directors, there is no minimum amount that needs to be raised from the Rights Issue taking into consideration the intended use of proceeds.

After taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors decided that it is not feasible and practicable for the Rights Issue to be underwritten by a financial institution.

The Company intends to undertake the Rights Issue to strengthen its cash position and statement of financial position and use the Net Proceeds for general working capital purposes, to finance its order book and the development of the new waterfront facility in Tuas Singapore as announced by the Company on 20 February 2014. The Company is embarking on a strategy to take on larger offshore and marine projects (with potential for higher margins) which will be helped by bringing all its various services – currently outsourced – under one roof when the new waterfront facility is completed, leading to economies of scale and lower costs.

The directors believe that the proposed Rights Issue will strengthen the balance sheet and provide flexibility as the Group pursues its growth strategies.

The Company intends to utilise the Net Proceeds in the following manner:

Use of Proceeds	Percentage of Proceeds (%)
To fund the order book of the Group	30% to 40%
To Fun the working capital of the Group	20% to 30%
to fund the capital expenditures of the Group including the funding of the development of the new waterfront facility in Tuas	30% to 40%
Total	100%

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem fit.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcements on the utilisation of the proceeds of the Rights Issue, as and when the funds from the Rights Issue are disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue.

(A) Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588 with addresses in

Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

(B) **Entitled Scripholders**

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the "**Entitled Scripholders**") will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar and Share Transfer Office, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar and Share Transfer Office, will be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

(C) **Foreign Shareholders**

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net

proceeds distributable to any single Foreign Shareholder is less than \$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CNP Compliance Pte. Ltd., the sponsor of the Company (the “Sponsor”), the Share Registrar and Share Transfer Office or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar and Share Transfer Office or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar and Share Transfer Office or CDP in connection therewith.

6. APPROVALS

The proposed Rights Issue is subject to, *inter alia*, the following:

- (a) the SIC Waiver having been granted;
- (b) Shareholders’ approval for the Rights Issue being obtained at the EGM;
- (c) Shareholders’ approval for the Whitewash Resolution being obtained at the EGM;
- (d) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Catalist of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (e) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the SGX-ST acting as agent on behalf of the Authority.

The Circular, containing further information on the Rights Issue, will be despatched to Entitled Shareholders in due course.

The Sponsor will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the SGX-ST.

The Offer Information Statement will also be lodged with the SGX-ST and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the approval in-principle of the SGX-ST.

Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes true and fair disclosure of all material facts about the Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

By Order of the Board of EMS Energy Limited

Gwendolyn Gn Jong Yuh
Company Secretary
5 May 2014

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("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 including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in 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 correctness of any of the statements or opinions made or reports contained in this announcement.

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