

ANNOUNCEMENT

DISCREPANCIES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Company's announcements dated 6 September 2017 and 31 August 2017 ("Previous Announcements").

The board of directors (the "Board") of EMS Energy Limited (the "Company" and together with its subsidiaries, the "Group") refers to the Previous Announcements in relation to its unaudited financial statements for the financial year ended 31 December 2016 ("Unaudited Results").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there are material discrepancies between the Unaudited Results and the audited financial statements for financial year ended 31 December 2016 ("Audited Results").

A comparison of the Unaudited Results and the Audited Results with the relevant explanatory notes are as below:-

Consolidated Statement of Profit and Loss and other Comprehensive Income

| | Note | Previously Announced (S\$'000) | Audited (S\$'000) | Variance (S\$'000) |
|---|------|-----------------------------------|----------------------|-----------------------|
| Revenue | | 29,100 | 29,100 | - |
| Cost of sales | | (22,615) | (22,615) | - |
| Gross profit | | 6,485 | 6,485 | - |
| Other income | | 947 | 947 | - |
| Other items of expense | | | | |
| Administrative expenses | | (10,781) | (10,781) | - |
| Distribution costs | | (168) | (168) | - |
| Other expenses | (a) | (111,990) | (112,447) | (457) |
| Finance costs | | (4,060) | (4,060) | - |
| Share of (loss)/profit of associate | | (189) | (189) | - |
| Loss before income tax | | (119,756) | (120,213) | (457) |
| Income tax credit/(expense) | | 89 | 89 | - |
| Loss for the year | | (119,667) | (120,124) | (457) |
| Other comprehensive income: | | | | |
| Items that may be reclassified subsequently to profit or loss : | | | | |
| Currency translation differences | | | | |
| - On translation of foreign operations | | (3,926) | (3,925) | (1) |
| Available-for-sale financial assets | | | | |
| Gains arising during the year | | - | - | - |
| Reclassification to profit or loss on disposal | (b) | - | (199) | 199 |

| | Note | Previously Announced (S\$'000) | Audited (S\$'000) | Variance (S\$'000) |
|--|------|--------------------------------|-------------------|--------------------|
| Deferred tax relating to component of other comprehensive income | (b) | (199) | - | (199) |
| | | (199) | (199) | -- |
| Share of other comprehensive income of associated companies | | | | |
| - Translation reserve | | (9) | (9) | - |
| - Fair value gain on available-for-sale financial asset | | (9) | (9) | - |
| | | (18) | (18) | - |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| (Loss)/gain on revaluation of leasehold land and building | | (289) | (290) | (1) |
| Share of other comprehensive income of associated companies | | | | |
| - Revaluation surplus | | (57) | (57) | - |
| Other comprehensive income for the year, net of tax | | (4,489) | (4,489) | - |
| Total comprehensive income for the year | | (124,156) | (124,613) | (457) |
| | | | | |
| Loss per share | | | | |
| - basic (in cents) | | (26.67) | (26.77) | (0.10) |
| - diluted (in cents) | | (26.67) | (26.77) | (0.10) |

Statement of Financial Position

| | Note | Previously Announced (S\$'000) | Audited (S\$'000) | Variance (S\$'000) |
|-------------------------------------|------|--------------------------------|-------------------|--------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 9,542 | 9,544 | (2) |
| Investment property | | - | - | - |
| Intangible assets | | - | - | - |
| Investment in associate | | - | - | - |
| Available-for-sale financial assets | | 3,986 | 3,986 | - |
| Deferred tax assets | | 125 | 125 | - |
| Total non-current assets | | 13,653 | 13,655 | (2) |

| | Note | Previously Announced (S\$'000) | Audited (S\$'000) | Variance (S\$'000) |
|--------------------------------------|------------------|-----------------------------------|----------------------|-----------------------|
| Current assets | | | | |
| Inventories | | 648 | 648 | - |
| Trade and other receivables | (c) | 9,682 | 9,639 | 43 |
| Amounts due from contract customers | (d) | 4,783 | 3,868 | 915 |
| Prepayments | | 12 | 12 | - |
| Cash and bank balances | | 433 | 433 | - |
| Tax recoverable | (c) | - | 43 | (43) |
| Assets held for sale | | 8,578 | 8,578 | - |
| Total current assets | | 24,136 | 23,221 | 915 |
| Total assets | | 37,789 | 36,876 | 913 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 167,711 | 167,711 | - |
| Accumulated losses | (a) | (131,178) | (131,635) | (457) |
| Other reserves | | (148,453) | (148,453) | - |
| Total (deficit)/equity | | (111,920) | (112,377) | (457) |
| Non-current liabilities | | | | |
| Finance lease liabilities | | - | - | - |
| Borrowings from third parties | | - | - | - |
| Financial derivatives liabilities | | - | - | - |
| Convertible loan | | - | - | - |
| Deferred tax liabilities | | - | - | - |
| Total non-current liabilities | | - | - | - |
| Current liabilities | | | | |
| Trade and other payables | (a), (d), (e) | 42,600 | 42,604 | (4) |
| Amount due to a director | (e) | 460 | - | 460 |
| Advances from contract customers | | 2,080 | 2,080 | - |
| Amounts due to contract customers | | 59,957 | 59,957 | - |
| Finance lease liabilities | | - | - | - |
| Bank borrowings | | 22,670 | 22,670 | - |
| Borrowings from third parties | (f) | 18,302 | 12,360 | 5,942 |
| Convertible loan | (f) | - | 5,942 | (5,942) |
| Financial derivative liabilities | | 2,972 | 2,972 | - |
| Provisions for warranties | | 33 | 33 | - |
| Income tax payables | | 635 | 635 | - |
| Total current liabilities | | 149,709 | 149,253 | 456 |
| Total liabilities | | 149,709 | 149,253 | 456 |
| Total equity and liabilities | | 37,789 | 36,876 | 913 |

Statement of Cash flows

| | Note | Previously Announced (S\$'000) | Audited (S\$'000) | Variance (S\$'000) |
|--|----------|-----------------------------------|----------------------|-----------------------|
| Operating activities | | | | |
| Net cash from/(used in) operating activities | (g), (h) | 239 | 538 | (299) |
| Investing activities | | | | |
| Proceeds from sale of investment property | (g) | 198 | 522 | (324) |
| Purchase of property, plant and equipment | (h) | (2,370) | (2,996) | 626 |
| Net cash used in investing activities | (g), (h) | (799) | (1,101) | (302) |
| Financing activities | | | | |
| Proceeds from third parties loan | (i) | - | 2,614 | (2,614) |
| Proceeds from bank borrowings | (i) | 2,614 | - | 2,614 |
| Net cash provided by financing activities | | 1,525 | 1,525 | - |
| Net change in cash and cash equivalents | | 965 | 962 | 3 |
| Cash and cash equivalents at beginning of year | | (638) | (638) | - |
| Effects of currency translation on cash and cash equivalents | | 3 | 6 | (3) |
| Cash and cash equivalents at end of year | | 330 | 330 | - |

Notes:-

- (a) Additional provision for termination a contract by a customer of EES.
- (b) Reclassification from "Deferred tax relating to component of other comprehensive income" to "Profit or loss on disposal".
- (c) Reclassification from "Trade and other receivables" to "Tax recoverable".
- (d) Reclassification from "Amounts due from contract customers" to "Trade and other payables".
- (e) Reclassification of the "Amount due to a director" to "Trade and other payables".
- (f) Reclassification from "Borrowings from third parties" to "Convertible loan".
- (g) Reclassification of cash flow arising from "Proceeds from sale of investment property" from "Operating activities" to "Investing activities".
- (h) Reclassification of cash flow arising from "Purchase of property, plant and equipment" from "Operating activities" to "Investing activities".
- (i) Reclassification from "Proceeds from third parties loan" to "Proceeds from bank borrowings".

By Order of the Board
EMS Energy Limited

Wong Chuen Shya
Company Secretary
13 October 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.

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