

ANNOUNCEMENT

EXECUTION OF SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROPOSED ACQUISITION

*Unless otherwise defined, all terms and references used herein are as defined in the announcement dated 24 April 2015 relating to, amongst others, the MOU (the "**MOU Announcement**").*

1. INTRODUCTION

The Board of Directors (the "**Board**") of EMS Energy Limited (the "**Company**") refers to the MOU Announcement in relation to the Company's entry into the MOU with Mr. Ting Teck Jin and Mr. Ting Teck Seh (the "**Vendors**") for the proposed acquisition ("**Proposed Acquisition**") of the entire issued and paid-up share capital of Windale Holdings Limited, a private limited company incorporated under the laws of the British Virgin Islands (the "**Target**" and together with its subsidiaries and associated companies, the "**Target Group**"). Upon completion of the Restructuring, the Target shall own Koastal Pte. Ltd. ("**Koastal**") and its subsidiaries.

Further to that, the Board wishes to announce that the Vendors and the Company have on 4 May 2015 entered into a definitive sale and purchase agreement in relation to the Proposed Acquisition (the "**Sale and Purchase Agreement**").

2. THE PROPOSED ACQUISITION

2.1 Information on the Proposed Acquisition

Please refer to the MOU Announcement for the following information on the Proposed Acquisition:

- (a) Sections 2.1 and 2.2: information on the Target and the Vendors;
- (b) Section 2.3: the rationale for and benefits of the Proposed Acquisition;
- (c) Section 2.4: the key terms of the Proposed Acquisition;
- (d) Section 2.7: the application by the Vendors for a waiver of the obligations of the Vendors and their concert parties to make a mandatory general offer under Rule 14 from the SIC;
- (e) Section 3: the details of the Proposed Acquisition as an interested person transaction as defined in Chapter 9 of the Listing Manual;
- (f) Section 4: the Share Consolidation; and
- (g) Section 5: the unaudited proforma financial information of the Target Group for each of the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014.

2.2 Key terms of the Proposed Acquisition

In addition to the key terms of the Proposed Acquisition set out in paragraph 2.4 of the MOU Announcement, Shareholders should note the following:

(a) The Sale Shares

- (i) The aggregate consideration for the purchase of the Sale Shares shall be the sum of S\$150,000,000 (the "**Consideration**"), which shall be satisfied in full by:

- (A) the cash payment of approximately S\$25,832,000 (the “**Cash Consideration**”) to the Vendor (and/or their designated nominees), which shall be set off against the Disposal Consideration owing by the Vendor(s) to Koastal Industries Pte. Ltd. pursuant to the Restructuring Exercise; and
 - (B) the balance amount of S\$124,168,000 shall be satisfied by the allotment and issuance of up to 359,907,246 new Consolidated Shares (the “**Consideration Shares**”) by the Company to the Vendors (and/or their designated nominees) at a price of S\$0.345 (on a post-consolidation basis) per Consideration Share.
- (ii) The Issue Price of S\$0.023 (on a pre-consolidation basis¹) is equal to the volume weighted average price of the Shares of S\$0.023 for trades done on the SGX-ST of 30 April 2015, being the last market day the Shares were traded on the SGX-ST immediately preceding the date the Sale and Purchase Agreement was executed.
 - (iii) The Consideration was determined at arm’s length on a willing-buyer willing-seller basis, taking into account the following:
 - (A) the valuation of the Koastal Group of US\$143.1 million (approximately S\$192.8 million based on an exchange rate of US\$1:S\$1.3472) based on the valuation report dated 15 April 2015 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer (the “**Initial Valuation**”); and
 - (B) the business prospects, track record and competencies of the Koastal Group and the benefits to the Purchaser arising from the Proposed Acquisition.
 - (iv) In addition to the Valuation Report, a separate independent valuation report will be prepared by an independent valuer to be appointed by the Company for an independent valuation of the Target Group as at 30 April 2015 (the “**Independent Valuation**”).
 - (v) In the event the Independent Valuation is less than 95% of the Initial Valuation, the number of Consideration Shares to be issued by the Company to the Vendors on Completion shall be adjusted in accordance with the following formula:

Number of Consideration Shares to be issued on Completion after adjustment =

$$\frac{(Z \div 143,140,000) \times 150,000,000 - 25,832,000}{0.345}$$

Where “Z” is the Independent Valuation of the Target Group based on the exchange rate of US\$1.00:S\$1.3472 as at 23 April 2015 (Source: Bloomberg L.P.)

¹ Please refer to Section 4 of the MOU Announcement, which sets out the details of a proposed share consolidation on a 15:1 ratio.

For the avoidance of doubt, if the Independent Valuation of the Target Group is above US\$143,140,000, the number of Consideration Shares to be issued on Completion will remain unchanged.

(b) The Warrants Exchange

- (i) Koastal has issued the Warrants, which have a total exercise value of US\$2,000,000 to the Warranholders.
- (ii) The Company has agreed that the Warranholders may exchange the warrants issued by Koastal to the Warranholders (the “**Existing Warrants**”) for new warrants (the “**New Warrants**”) to be issued by the Company. The New Warrants shall carry the right to subscribe for existing or new ordinary shares in the capital of the Company (“**Warrant Shares**”) at an agreed exercise price, subject to and in accordance with the terms and conditions of the New Warrants to be agreed upon between the Company and the Warranholders at a later date, which shall be on terms substantially similar to the Existing Warrants, subject to compliance with the laws and regulations applicable to the Company.
- (iii) The Vendors have agreed to use their best endeavours to procure that the Warranholders:
 - (A) do not exercise any of the Existing Warrants to subscribe for new ordinary shares in the capital of Koastal;
 - (B) enter into any supplemental or ancillary documents and agreements necessary to cancel the Existing Warrants; and
 - (C) enter into any supplemental or ancillary documents and agreements necessary for the issue of the New Warrants.

(c) Convertible Notes

The Company was informed that as at the date of this announcement, Koastal is in negotiations with Venstar Investments III Ltd. (“**Venstar**”) for the proposed subscription of convertible notes with an aggregate principal value of US\$5,000,000 (the “**Notes**”), which shall be convertible at the option of Venstar into new ordinary shares in the capital of the Listco (as defined in the Notes) (the “**Exchanged Shares**”), subject to and in accordance with the terms and conditions of the Notes. Please refer to Appendix 1 for a summary of the indicative key terms of the Notes.

The Company has agreed that if the Proposed Acquisition proceeds to Completion and the Notes are issued to Venstar on terms acceptable to a majority of the Company’s independent directors (acting reasonably), the Company shall cooperate with the Vendors to issue the Exchanged Shares to Venstar on the terms and subject to the conditions of the Notes and/or negotiate and enter into such other documents or agreements as are necessary to give effect to the terms of the Notes.

(d) Conditions Precedent

In addition to the conditions precedent disclosed in the MOU Announcement, Completion shall also be conditional on, amongst others, the following conditions:

- (i) the approval of the independent Shareholders and the Board being obtained for the Sale and Purchase Agreement and all transactions contemplated under the Sale and Purchase Agreement, including,
 - (A) the allotment and issuance of the Consideration Shares;
 - (B) the issuance of the New Warrants and the allotment and issuance of such number of shares as may be required or permitted to be allotted and issued on the exercise of the New Warrants; and
 - (C) the allotment and issuance of such number of Exchange Shares as may be required or permitted to be allotted and issued on the conversion of the Notes
- (ii) the Independent Valuation report having been issued to the Company;
- (iii) the terms and conditions of the New Warrants having been agreed upon by and definitive agreements having been entered into between the Company and the Warranholders;
- (iv) the terms and conditions of the Notes having been agreed upon and the note certificate(s) representing the Notes having been duly issued by Koastal in favour of Venstar;
- (v) the issuance of the New Warrants, the allotment and issuance of the Warrant Shares and the allotment and issue of the Exchanged Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the Warranholders or Venstar, as the case may be.

3. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Acquisition on the NTA and earnings of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”) (being the latest available information prior to the date of this announcement) and the unaudited pro forma financial statements of the Target Group for FY2014. The pro forma financial effects of the Proposed Acquisitions are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the enlarged group following Completion.

For the purposes of illustrating the financial effects of the Proposed Transactions, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Proposed Transactions on the NTA of the Group are computed assuming that the Proposed Transactions had taken place on 31 December 2014;

- (b) the financial effects of the Proposed Transactions on the earnings and earnings per Share (“EPS”) of the Group are computed assuming that the Proposed Transactions had been completed on 1 January 2014;
- (c) the share consolidation of every fifteen Shares into one (1) Consolidated Share, fractional entitlements to be disregarded; and
- (d) the expenses in connection with the Proposed Transactions are disregarded for the purposes of calculating the financial effects.

3.1 NTA per Share

S\$'000	Before the Proposed Transactions	After the Share Consolidation	After the Proposed Acquisition
NTA attributable to the equity holders of the Group as at 31 December 2014	28,352	28,352	44,777
Number of Shares (or Consolidated Shares, as the case may be)	1,480,709,604	98,713,973	458,621,220
NTA per Share (or Consolidated Shares, as the case may be) (cents)	1.91	28.7	9.76

3.2 EPS

	Before the Proposed Transactions	After the Share Consolidation	After the Proposed Acquisition
Group profits after tax (S\$'000)	825	825	15,095
Number of Shares (or Consolidated Shares, as the case may be)	1,480,709,604	98,713,973	458,621,220
EPS (cents)	0.06	0.84	3.29

4. THE PROPOSED ACQUISITION AS A VERY SUBSTANTIAL ACQUISITION

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. Based on the audited

consolidated financial statements of the Group for FY2014, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value ⁽¹⁾	N.A.
(b)	The net profits ⁽²⁾ of approximately S\$17,566,000 attributable to the Target Group, compared with the Group's net profits of approximately S\$825,000 for FY 2014	2,129.2%
(c)	The Consideration of S\$150.0 million compared with the Company's market capitalisation of approximately S\$34.06 million as at 30 April 2015, being the last market day the Shares were traded on the SGX-ST immediately preceding the date the Sale and Purchase Agreement was executed ⁽³⁾	440.4%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁴⁾⁽⁵⁾	364.6%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	N.A.

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items. The net profit of the Target Group is based on unaudited pro forma financial statements for FY2014 and the net profit of the Group is based on audited consolidated financial statements for FY2014.
- (3) The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 1,480,709,604 Shares (excluding treasury shares), by S\$0.023 (being the volume-weighted average traded price of such Shares on 30 April 2015, being the last market day immediately preceding the date of the Sale and Purchase Agreement. (Source: Bloomberg)
- (4) Based on the issue of the maximum number of 359,907,246 Consideration Shares.
- (5) The number of equity securities in issue assumes that the Proposed Share Consolidation had been effected immediately after the close of trading on the last market day immediately preceding the date of the Sale and Purchase Agreement.

As the relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual exceed 100%, and the

Proposed Acquisition will not result in a change in control of the Company², the Proposed Acquisition would constitute a very substantial acquisition under Rule 1015 of the Listing Manual.

Accordingly, the Proposed Acquisition shall be conditional upon, *inter alia*, the approval of the SGX-ST and the Shareholders being obtained pursuant to Rule 1015 of the Listing Manual.

5. PROPOSED NEW DIRECTOR

As at the date of this Announcement, no director is proposed to be appointed to the Board in connection with the Proposed Acquisition. The Company will disclose details of any service contracts in the event any director is proposed to be appointed to the Board in accordance with Rule 1010(12) of the Listing Manual.

6. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will release a further announcement when the independent financial adviser to the independent Shareholders and the independent directors of the Company in connection with the Whitewash Resolution and the IPT respectively is appointed.

7. FURTHER INFORMATION

7.1 Circular

Subject to the approval of the SGX-ST, a circular setting out, *inter alia*, the terms of the Proposed Acquisition, the Warrants Exchange, the allotment and issuance of the Exchanged Shares and the Share Consolidation, and the opinion and recommendation of the independent financial adviser in relation to the IPT and the Whitewash Resolution, together with a notice of EGM, will be despatched by the Company to the Shareholders in due course.

7.2 Documents for Inspection

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 1 Robinson Road #17-00 AIA Tower Singapore 048542, for a period of three months from the date of this announcement:

- (a) the MOU;
- (b) the Sale and Purchase Agreement; and
- (c) the Valuation Report.

² There is no change of control as Mr. Ting Teck Jin, one of the Vendors, is already an existing controlling shareholder of the Company as at the date of this announcement.

8. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition, the Warrants Exchange, the allotment and issuance of the Exchanged Shares and the Share Consolidation are subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition, the Warrants Exchange, the allotment and issuance of the Exchanged Shares and/or the Share Consolidation will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition, the Warrants Exchange, the allotment and issuance of the Exchanged Shares and/or the Share Consolidation.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. RESPONSIBILITY STATEMENT

The directors of the Company 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 full and true disclosure of all material facts about the Proposed Acquisition, the Warrants Exchange, the allotment and issuance of the Exchanged Shares, the Share Consolidation, the Company and its subsidiaries, and the directors of the Company 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 of the Company 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
EMS Energy Limited

Gwendolyn Gn Jong Yuh
Company Secretary
4 May 2015

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 rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

The contact person for the Sponsor is Mr Alvin Soh, at 8 Anthony Road #01-01 Singapore 229957, telephone (65) 6590 6881.

APPENDIX 1

Indicative Key Terms of the Notes

The following is a summary of the proposed terms of the investment by Venstar in Koastal.

For the purposes of the summary below, “Listco” shall refer to the Company and “VSA” shall mean a very substantial acquisition under Rule 1015 of the listing rules of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

1. Instrument	S\$ equivalent of US\$5 million Redeemable Convertible Loan (“ Investment Amount ”).
2. Profit Guarantee	Koastal’s net profit after tax and minority interests (“ NPATMI ”) (excluding exceptional items) is at least US\$12m in the financial year ended 31 December 2014.
3. Closing Date	Date of disbursement of the Investment Amount
4. Maturity Date	3 years from the Closing Date
5. Redemption Events	<p>On Maturity Date or at the option of the Investors if any of the events below occur:-</p> <ol style="list-style-type: none"> 1. Cancellation of any secured contracts in excess of US\$20 million (cumulative) within any 12 months period 2. Impairment of receivables or potential default by clients in excess of US\$5 million (cumulative) within any 12 months period 3. If the net tangible assets (“NTA”) of Koastal is below US\$10 million at any point 4. If the net debt to NTA ratio exceeds 1.5 times at any point 5. Failure to meet at least 75% of the Profit Guarantee 6. Any misrepresentations or breach of warranties 7. If Koastal fails to submit a VSA application within 12 months after Closing date or procure a VSA within 18 months after Closing Date 8. Rejection of a VSA application by the SGX-ST 9. Cross defaults
6. Interest Rate	15% per annum on the outstanding amount, to be accrued and paid annually.
7. Redemption Price	Principal amount together with any accrued interest unpaid at such date
8. Conversion Option	The Investor has the option to convert the Investment Amount into Shares of the Listco upon a VSA, in 3 tranches as follows:

	<ol style="list-style-type: none"> 1. US\$1.25 million, at the point of VSA (the “First Tranche”); 2. US\$1.75 million, at any time between the earlier of the first anniversary of VSA or 6 months before the Maturity Date and the Maturity Date (the “Second Tranche”); and 3. Any remaining amount unconverted, at any time between the earlier of the secondary anniversary of the VSA or 6 months before the Maturity Date and the Maturity Date (the “Third Tranche”). <p>Interest accrued on any converted amount shall be paid at Conversion.</p>
<p>9. Conversion Price per share</p>	<p>First Tranche: The conversion price per share shall be at a 33% discount to the VSA price per share.</p> <p>Second Tranche and the Third Tranche: The conversion price per share shall be at the VSA price per share.</p> <p>For the purpose of calculating the conversion price, the VSA price per share of the Listco shall be capped at 10 times FY2014 NPATMI (excluding exceptional items) of the Listco.</p>