

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, 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 Owning	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 (1) & (2).	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) & (2).	The Company will provide updates on further developments at the appropriate juncture.

Since the announcement released on 9 March 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). 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:

- (a) 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);
 - (b) 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
 - (c) any creditor or the Applicants may write to the Court for an earlier case management conference if the need arises.
- (2). On 10 February 2017, the Company announced that the Group have been informed by the Registry that a case management conference has been fixed on 9 May 2017, 5 pm for updates to be given to the Court on the status of the scheme proposals.

The Company has provided a written update to all creditors on the status of the scheme proposals and interests from any potential investors on 7 April 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

Ting Teck Jin
Executive Chairman
7 April 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.