

ANNOUNCEMENT

APPLICATION FOR EXTENSION OF TIME TO SUBMIT A RESUMPTION PROPOSAL PURSUANT TO RULE 1304(1) OF THE CATALIST RULES

Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Company's announcement dated 19 November 2018 (the "**Previous Announcement**").

The board of directors (the "**Board**") of EMS Energy Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the Previous Announcement, whereby SGX-ST has granted the Company a further extension of time up to 31 December 2018 for the Company to enter into binding agreement(s) with investor(s) to address issues pertaining to its financial and business viability as well as demonstrate its ability to operate as a going concern.

The Company had on 31 December 2018 entered into a binding memorandum of understanding (the "**MOU**") with the Vendors (as defined below) in relation to the proposed acquisition of 52.76% of the issued and paid-up share capital of the Target (as defined below). Please refer to the announcement dated 2 January 2019 for more information.

Following from the above, the Board wishes to announce that the Company's sponsor, on behalf of the Company, had on 7 January 2019 made an application to SGX-ST for a further six (6) months extension of time to submit the resumption proposal pursuant to Rule 1304(1) of the Catalist Rules (the "**Resumption Proposal**"), on the following grounds:

- (a) The Company had on 31 December 2018 entered into an exclusive binding MOU with NVS Holdings Pte. Ltd. and Son Truong Co Ltd (the "**Vendors**") in relation to, *inter alia*, the proposed acquisition (the "**Proposed Acquisition**") of 52.76% of the issued and paid-up share capital of Nosco Shipyard Joint Stock Company (the "**Target**"). The Target is in possession of a 100 hectares industrial land with a 50-year lease, of which 50 hectares are currently used in the business of ships repairing, ships and other marine assets construction and recycling. The remaining 50 hectares of land is currently vacant and is authorised for expansion and other projects to support the industrial development.
- (b) The MOU sets out certain terms and conditions which will form the broad basis of the sale and purchase agreement (the "**SPA**"), to be entered into in relation to the Proposed Acquisition. The terms of the SPA will be negotiated further between the parties and formalised in due course. The MOU shall automatically terminate if the SPA has not been entered into by 15 April 2019, unless there is a mutually agreed extension between the parties.
- (c) The consideration for the Proposed Acquisition shall be S\$16.6 million (the "**Consideration**"), subject always to further negotiations between the parties and taking into account, *inter alia*, the audited net tangible assets of the Target for the financial year ended 31 December 2018 (such audit to be conducted by a reputable Singapore-based audit firm) and the market value of 52.76% of the equity interest in the Target as set out in an independent business valuation report (produced in connection with the Proposed Acquisition valuing the business of the Target by an independent business valuer). For the avoidance of doubt, such further negotiations taking into account the foregoing may result in the Consideration being adjusted. In this regard, the Consideration is to be satisfied by the allotment and issuance of new ordinary shares in the capital of the Company to the Vendors at an issue price of S\$0.0015 (the "**Consideration Shares**").
- (d) The parties will be conducting broad-based legal and financial due diligence on the Target and such due diligence shall be conducted during the three (3) month period commencing from the date of the MOU or for such other longer period as may be agreed in writing between the parties. It is agreed under the MOU that the broad-based due diligence may include but is not limited to:
 - (i) historical areas such as operating track record, management continuity, conflicts of interests, disclosures by directors, officers and substantial shareholders of the Target;
 - (ii) prospective areas such as forecasts, corporate prospects, and industry prospects;

- (iii) valuation judgement by an independent business valuer (if any is to be appointed) as to the consideration being contemplated for the Proposed Acquisition; and
 - (iv) areas that are deemed relevant from the provisions of the Catalist Rules and the laws of Singapore.
- (e) It is agreed under the MOU that the Vendors shall bear all costs and expenses (including but not limited to legal, accounting, due diligence and incidental expenses required by the Company to evaluate and consummate the Proposed Acquisition) incurred by the Company in relation to the Proposed Acquisition, and shall, within two calendar weeks of signing the MOU, deliver to the Company, the sum of S\$500,000 to be held in escrow by a third party to be agreed upon by the parties (the “**Third Party**”) for the purposes of the Company paying all costs and expenses related to the Proposed Acquisition as well as any outstanding fees owed to professionals (the “**First Tranche Escrow Monies**”). The First Tranche Escrow Monies shall be released by the Third Party at the request of the Company as and when necessary for the purposes of making the necessary payments, without further need to seek consent from the Vendors.
- (f) It is further agreed under the MOU that upon the receipt of the approval of the SGX-ST in relation to the Resumption Proposal, the Vendors shall, within two weeks of the receipt of such approval, deliver to the Third Party an additional S\$500,000 for the purposes stated in paragraph (e) above (the “**Second Tranche Escrow Monies**”). The Second Tranche Escrow Monies shall be released by the Third Party at the request of the Company as and when necessary for the purposes of making the necessary payments, without further need to seek consent from the Vendors.
- (g) The Vendors and the Company agrees that in event the Proposed Acquisition is not consummated, the Company shall not be required to make repayment of the First Tranche Escrow Monies and Second Tranche Escrow Monies to the Vendors, save for such amounts that have not been utilised for the purposes stated in paragraphs (e) and (f) above.
- (h) As the Proposed Acquisition is expected to constitute a very substantial acquisition under Chapter 10 of the Catalist Rules and an interested person transaction under Chapter 9 of the Catalist Rules, it will be subject to, *inter alia*, approval of SGX-ST and the shareholders of the Company at an extraordinary general meeting to be convened pursuant to Rules 1015 and 906 of the Catalist Rules, respectively.

Based on the reasons detailed above, the Company had sought a waiver from compliance with Catalist Rule 1304(1), such that the Company is granted an extension of six (6) month until 30 June 2019 to submit the Resumption Proposal.

The Board will make further update as necessary.

By Order of the Board
EMS Energy Limited

Wee Woon Hong
Company Secretary

7 January 2019

*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 Catalist. 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 person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.