

RESPONSE TO THE SGX-ST'S QUERIES

The Board of Directors (the “**Board**”) of EMS Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) relating to the emphasis of matter in the audited financial statements for the financial year ended 31 December 2015. The Company appends the SGX-ST queries and its corresponding responses below:

1. SGX-ST's Query

We refer to the Company's announcement dated 6 April 2016 in relation to the emphasis of matter highlighted by auditor for the financial year ended 31 December 2015.

For the SGX-ST's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on “going concern”, please provide the following information:

- a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.; and
- b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's Response

- (a) With reference to the Emphasis of Matter in the Independent Auditors' Report and Note 4 to the Audited Financial Statements, the Board is of the opinion that the Group and the Company will be able to continue as a going concern for the next 12 months after taking into consideration the following reasons:
 - (i) the Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the 15 months ending 31 March 2017. Based on the forecast, the Board has estimated that adequate liquidity exists to finance the working capital requirements of the Group and the Company for the next financial year. In preparing the cash flow forecasts, the Board has considered the operating cash requirements of the Group and the Company as well as other key factors, including the ability of the Group and the Company to generate sufficient revenue or obtain additional funding to satisfy the Group's, continual support from the creditors and the Company's future working capital requirements, which may impact the operations of the Group and the Company during the next 15 months. The Board is of the opinion that the assumptions which are included in the cash flow forecast are reasonable;
 - (ii) the management is negotiating to reschedule payment of borrowing from third parties amounting to \$10.47 million to allow the Group to repay the outstanding balance in 3 tranches commencing from July 2016 till 31 January 2017;
 - (iii) subsequent to the financial year end, the Group plans to divest certain non-core assets to raise proceeds for working capital needs, if necessary; and
 - (iv) subsequent to the financial year end, the Group has managed to refinance certain of its bank borrowings which are due on or before the date of this report. The management believes that the bankers will continue to provide support to the Group and allow for refinancing of bank loans as and when they fall due. In addition, the Group is also sourcing for additional funding from other banks

(b) The Board's confirms that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board
EMS Energy Limited

Teo Yak Huat
Executive Finance Director
11 April 2016

*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 SGX-ST. The Sponsor and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

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