

ANNOUNCEMENT

PROPOSED PLACEMENT OF 46,000,000 ORDINARY SHARES IN THE CAPITAL OF EMS ENERGY LIMITED (THE "SHARE PLACEMENT") AT AN ISSUE PRICE OF S\$0.065 FOR EACH SHARE

1. INTRODUCTION

The Board of Directors of EMS Energy Limited (the "**Company**") wishes to announce that the Company has on 31 December 2009 entered into placement agreement with DMG & Partners Securities Pte Ltd (the "**Placement Agent**"), pursuant to which the Placement Agent has agreed on a best effort basis to procure placees to subscribe for a total of 46,000,000 ordinary shares ("**the Placement Shares**") at S\$0.065 (the "**Placement Price**") for each Placement Share (the "**Placement Agreement**").

The names of the end Placees and the proportion of the Placement Shares are as follows:

Names of the Placees	No. of Shares	Before New Shares Allotted	After New Shares Allotted
Value Capital Asset Management Pte Ltd	20,000,000	4.25%	3.87%
Tan Chai Fong	15,000,000	3.19%	2.90%
Thong Soon Lay	11,000,000	2.34%	2.13%

Substantial Shareholders & Other Investors	No. of Shares	Before New Shares Allotted	After New Shares Allotted
Koastal Industries Pte Ltd	218,805,075	46.52%	42.37%
Mayban Nominees (S) Pte Ltd	28,982,796	6.16%	5.61%
Huynh Trung Nam	24,000,000	5.10%	4.65%
Ong See Kong	16,800,000	3.57%	3.25%
Morph Investments Ltd	12,783,000	2.72%	2.48%
Ang Guan Chye	11,035,662	2.35%	2.14%
Other Investors	157,948,269	33.58%	30.59%

*Note: Percentage of the shares is calculated based on existing 470,354,802 shares and after allotment of 516,354,802 shares. None of the Placees are existing shareholders of the Company.

2. THE SHARE PLACEMENT

In connection with, and to facilitate, the Share Placement, a securities lending agreement dated 31 December 2009 (the "Securities Lending Agreement") was entered into between the Company and its shareholder, namely Koastal Industries Pte Ltd. Upon the terms and subject to the conditions of the Securities Lending Agreement, Koastal Industries Pte Ltd has agreed to lend 46,000,000 shares to the Company to facilitate the allotment and issuance of the

Placement Shares to the Placees. The Company will be submitting an application to the Sponsor and the SGX-ST for the listing and quotation of new shares, which will be redelivered to Koastal Industries Pte Ltd.

Koastal Industries Pte Ltd does not receive any financial benefits (directly or indirectly) from the arrangement with the Company pursuant to the Securities Lending Agreement. The Company will apply for a waiver to the Securities Industry Council (“SIC”) to dispense Koastal Industries Pte Ltd. from making a mandatory offer pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers. The issuance of the New Shares is therefore conditional upon the grant of the aforesaid waiver and the conditions as may be imposed by SIC.

The Placement Shares, which will be priced at S\$0.065 each, represent a discount of 18.75% to the weighted average price of S\$0.08 for trades done on the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the full market day on 30 December 2009, being the market day immediately preceding the day on which the Placement Agreement is signed. The Placement Shares, when issued and fully paid, shall rank *pari passu* in all respect with and carry all rights similar to the existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date which falls on or before the date of the Completion of the Share Placement.

The approval of the shareholders of the Company for the issue of Shares not exceeding 100% of the issued share capital of the Company for the time being was obtained at the Annual General Meeting of the Company held on 25 April 2009. The Placement Shares represent approximately 9.78% of the total number of issued and paid up shares of the Company and represent approximately 8.91% of the enlarge issue share capital of 516,354,802 shares.

Pursuant to the terms of the Placement Agreement, the Share Placement is conditional upon:

- 1) the fulfilment by the Company of the following conditions:
 - (a) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company and/or the Placees;
 - (b) on the Completion Date (as defined in the Placement Agreement), the representations and warranties of the Company in Placement Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations herein to be performed on or before the Completion Date; and
- 2) the fulfilment by the Placement Agent of the following condition:
 - (a) on the Completion Date, the representations and warranties of the Placement Agent in this Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Placees having performed in all material respects all of its obligations herein to be performed on or before the Completion Date.

If any of the conditions set forth in Clause 1 & 2 above is not satisfied on or before the Completion Date, this Agreement shall *ipso facto* cease and determine thereafter and none of the parties shall have any claim against the other for damages, losses, compensation or otherwise. The rights of the Placees in the new shares rank *pari passu* with the existing shares of the Company.

In the event of non satisfaction of Clauses 1 & 2 and upon the lending of the securities as per the Securities Lending Agreement, the shareholding of Koastal Industries Pte Ltd in the Company will be diluted as table below while other shareholders remain constant:

Substantial Shareholders & Other Investors	No. of Shares	Before New Shares Allotted	No New Shares being Allotted
Koastal Industries Pte Ltd	172,805,075	46.52%	36.74%
Mayban Nominees (S) Pte Ltd	28,982,796	6.16%	6.16%
Huynh Trung Nam	24,000,000	5.10%	5.10%
Ong See Kong	16,800,000	3.57%	3.57%
Morph Investments Ltd	12,783,000	2.72%	2.72%
Ang Guan Chye	11,035,662	2.35%	2.35%
Other Investors	157,948,269	33.58%	33.58%

The Share Placement is being made to financial investors and the funds will be used to augment the existing working capital of the Company for further development of new products and/or expansion into new geographical regions.

Use of Proceeds

The purpose of the Share Placement is to allow the Company to raise net proceeds ("**Net Proceeds**") of approximately S\$2.8 million after deducting estimated costs and expenses associated with the Placement.

The Company intends to utilize the entire net proceeds for business expansion and general working capital of the Company and its subsidiaries. The approximate proportion of 15% of the proceed will be used for business expansion in developing new engineering capabilities, *inter alia* engineering software, product design, engineering instrument, etc, for entire energy supply chain and 85% of the proceeds will be allocated for general working capital inclusive of overheads of the Group, down payments and instalment payment for materials and engineering equipment requisite of hybrid crane.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available is sufficient to meet its present requirements and that the net proceeds of the Share Placement is to augment the existing working capital for further development of new products and/or expansion into new geographical regions.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and financial institutions or invested in short term money markets or debt instruments or for any other purpose on a short-term basis as the Directors of the Company may in their absolute discretion deem fit from time to time.

The Company will make periodic announcements on the utilisation of the proceeds from the Placement, as the funds from the Placement are materially disbursed and provide a status report on the utilisation of the proceeds from the Placement in the Company's annual report.

The net proceed of S\$2,546,000 raised during the recent placement of 50,000,000 new shares raised in the Company on 31 August 2009 has all been utilized for the following purposes:

- (i) approximately S\$2,043,000 has been utilized for working capital;
- (ii) approximately S\$104,000 for expenses incurred in connection with the Placement; and

- (iii) the remaining has been utilized as business expansion in the areas of marketing and distribution inclusive the region of Malaysia & Vietnam.

	S\$
Gross proceeds from share placement	2,650,000
Placement expenses	104,000
Net proceeds from share placement	<u>2,546,000</u>
 <u>Use of Proceeds:</u>	
General Working capital	162,000
General working capital in subsidiary	1,881,000
Business expansion	503,000
	<u>2,546,000</u>

Financial Effects of the Share Placement

As at the date of this announcement, the issued and paid-up ordinary share capital of the Company is S\$19,569,700 comprising 470,354,802 Shares. When completed and assuming 46,000,000 Placement Shares are issued, the Share Placement will increase the existing issued and paid-up ordinary share capital of the Company by 14.7% to S\$22,449,700 comprising 516,354,802 Shares. Based on the unaudited financial statements of the Company and the Group as at 30 June 2009, the net assets value per share of the Company, after adjusting for the issue of **46,000,000** Placement Shares and has taken into consideration of 50,000,000 Placement Shares in August 2009, will decrease from **6.26 Singapore cents** to **6.14 Singapore cents** and the net assets value per share of the Group, after adjusting for the issue of **46,000,000** Placement Shares and has taken into consideration of 50,000,000 Placement Shares in August 2009, will increase from **4.09 Singapore cents** to **4.38 Singapore cents**.

Before the Share Placement

	Unaudited Group 30 Jun 2009	Audited Group 31 Dec 2008
Net assets attributable to the equity holders/shareholders ('000)	17,189	16,771
Number of Shares		
Before adjustment	420,354,802	420,354,804
Sales of securities	-	-
After adjustment	<u>420,354,802</u>	<u>420,354,802</u>
Net assets value per Share attributable to the equity holders/ shareholders (Cents)	4.09	3.99

After the Share Placement

	Unaudited Group ^{(1) & (2)} 30 Jun 2008	Audited Group ^{(1) & (2)} 31 Dec 2008
Net assets attributable to the equity holders/shareholders ('000)	22,619	22,201

Number of Shares		
Before adjustment	420,354,802	420,354,804
Sales of securities in August 2009	50,000,000	50,000,000
Sales of securities	46,000,000	46,000,000
After adjustment	516,354,802	516,354,802
Net assets value per Share attributable to the equity holders/ shareholders (Cents)	4.38	4.30

Note:

- (1) Assumes the issuance of 50,000,000 New Shares at the beginning of each of the financial year ended 31 December 2008 and the financial period ended 30 June 2009 and the net proceeds of S\$2,550,000.
- (2) Assumes the issuance of 46,000,000 New Shares at the beginning of each of the financial year ended 31 December 2008 and the financial period ended 30 June 2009 and the net proceeds of S\$2,880,000

Based on the unaudited financial statements of the Group as at 30 June 2009, the loss per share of the Company attributable to the shareholders, after adjusting for the issue of 46,000,000 Placement Shares and has taken into consideration of 50,000,000 Placement Shares in August 2009, will decrease from 0.15 Singapore cents to 0.11 Singapore cents and the profit per share of the Group attributable to equity holders, after adjusting for the issue of 46,000,000 Placement Shares and has taken into consideration of 50,000,000 Placement Shares in August 2009, will decrease from 0.09 Singapore cents to 0.08 Singapore cents.

	Unaudited HY 2009 ⁽¹⁾ (S\$'000)	Audited FY 2008 ⁽¹⁾ (S\$'000)
<u>Continuing operations</u>		
Turnover	18,400	35,043
Cost of sales	(12,298)	(27,414)
Gross profit	6,102	7,629
Other operating income	583	813
Administrative expenses	(5,150)	(9,358)
Financial expenses	(215)	(512)
Gain on disposal of subsidiaries	493	-
Share of results of associates and partnership	34	(52)
Profit/(Loss) before income tax	1,847	(1,480)
Tax expense	(538)	(1,283)
Profit/(Loss) from continuing operations	1,309	(2,763)
<u>Discontinued operations</u>		
Loss from discontinued operations, net of tax	-	-
Profit/(Loss) for the period	1,309	2,763
Attributable to:		
Equity holders of the Company	390	(3,922)
Minority interest	919	1,159
	1,309	(2,763)
Dividend declared per share	-	-

Weighted average number of ordinary shares for the purposes of basic loss of shares		
Before adjustment	420,354,802	420,354,802
Sales of securities in Aug 2009	50,000,000	50,000,000
Sales of securities	46,000,000	46,000,000
Basic Loss per shares (cents)		
Before adjustment	0.09	(1.69)
Sales of securities in Aug 2009	0.08	(1.40)
Sales of securities	0.08	(1.20)
Diluted Loss of Share (cents)		
Before adjustment	420,354,802	420,354,802
Sales of securities in Aug 2009	50,000,000	50,000,000
Sales of securities	46,000,000	46,000,000
Basic Loss per shares (cents)		
Before adjustment	0.09	(1.69)
Sales of securities in Aug 2009	0.08	(1.40)
Sales of securities	0.08	(1.20)

Note:

- (1) Assumes the issuance of 50,000,000 and 46,000,000 New Shares at the beginning of each of the financial period/ year ended 30 June 2009 and 31 December 2008.
- (2) No dividend declared for HY2009 and FY2008.

The Board is of the opinion that this share placement will have no significant impact on the Company's financial position and financial performance for the current year.

3. INTEREST OF THE DIRECTORS, CONTROLLING SHAREHOLDERS AND/OR SUBSTANTIAL SHAREHOLDERS

None of the Placement Shares will be placed by the Company to any person who is a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of Section B: Rules of catalyst of the SGX-ST Listing Manual.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Share Placement (other than through their shareholdings in the Company).

The Placees have submitted confirmation letters to the Company confirming that each of them (in the case of corporation, its directors and shareholders) are not or have no (as may be applicable):

- a) the immediate family (as defined in Listing Manual of SGX-ST Section B: Rules of Catalyst) of the directors and substantial shareholders of the Company and I am not a person to whom the Placement Shares may not be placed by virtue of Rule 812(1) of the Catalyst Rules;
- b) acting in accordance with instructions of any other Placee, in respect of the Share Placement;
- c) acting in concert with either other Placees or directors and substantial shareholders of the Company, in respect of the Share Placement;

- d) connection (including any business relationship) with the Company and its directors and substantial shareholders;
- e) a corporation in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%;
- f) a person who, in the opinion of the Exchange, falls within category (a) and (e); and

that all requirements stipulated under Rules 805, 806 and 813 of the Listing Manual of SGX-ST Section B: Rules of Catalyst have been duly complied with, in respect of the Share Placement.

4. GENERAL

The Placees are procured by the Placement Agent and the Placement Agent is entitled to a commission of 3% of the Placement Price for each Placement Share. The Placement Agent has agreed, on a best effort basis to procure subscriptions for the Placement Shares and the Placement is not underwritten by the Placement Agent.

The Placement Agent shall not do or permit or suffer anything to be done which would result in the breach by the Company of any statutory and regulatory requirements pertaining to the issue and allotment of the Placement Shares, including without limitation, the requirements of the SFA (in particular section 272B) and the Listing Manual. In accordance with the provisions of section 272B of the SFA, the Company will not issue an Offer Information Statement in relation to the issuance of the securities under the Share Placement.

5. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

By order of the Board
EMS Energy Limited

Gwendolyn Gn Jong Yuh
Company Secretary
4 January 2010

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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 Ms Foo Quee Yin
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