

ANNOUNCEMENT

SUBSCRIPTION OF AN AGGREGATE OF 84,000,000 SHARES TO RAISE GROSS PROCEEDS OF S\$4,284,000

1. Introduction

The board of directors of the Company (the “**Directors**”) wishes to announce that the Company has entered into a share subscription agreement dated 25 January 2011 with fourteen (14) investors set out below (the “**Share Subscribers**”), pursuant to which the Share Subscribers shall subscribe, and the Company shall allot and issue, 84,000,000 new ordinary shares (the “**Subscription Shares**”) for the sum of S\$4,284,000, being the aggregate issue price of S\$0.051 for each Subscription Share (the “**Share Subscription**”).

2. Share Subscription

The number of Subscription Shares and the proportion of the consideration payable in respect of each Share Subscriber are as follows:

Share Subscribers	No. of Subscription Shares	Consideration (S\$)
Bobby Lim Chye Huat	9,000,000	459,000
Foo Seck Huat	6,000,000	306,000
Tan Thiam Chye	2,000,000	102,000
Ho Kok Fi	6,000,000	306,000
Tan Sze Seng	6,000,000	306,000
Teo Yong Ping	6,000,000	306,000
Lee Hong Ngie	5,000,000	255,000
Toh Tiong San	5,000,000	255,000
Goh Kian Tat	1,000,000	51,000
Clarissa Choh Sok Pheng	10,000,000	510,000
Peh Li Na	7,000,000	357,000
Cheong Chi Kin	7,000,000	357,000
Kwan Wai Keong	7,000,000	357,000
Lew Fai Kah David	7,000,000	357,000

The Company will allot and issue the Subscription Shares pursuant to the general share issue mandate granted by shareholders of the Company at the annual general meeting held on 24 April 2010 (the “**Share Issue Mandate**”).

The Company has undertaken that it shall apply for the Subscription Shares to be listed and quoted on the Catalist, and it shall execute all documents and do all acts and things as may be reasonably necessary for such purpose, including the submission of an additional listing application (“**ALA**”) to the Company’s Sponsor.

Each of the Share Subscribers has warranted that he is not a director or substantial shareholder of the Company or any other person specified under Rule 812 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). As far as the Directors are aware, the Share Subscribers are persons who wish to invest in the Company and were introduced to the Company.

3. Ranking and Issue Price

The Company shall allot and issue the Subscription Shares free from all encumbrances, and the Subscription Shares shall rank *pari passu* in all respects with and carry all rights similar to existing ordinary shares of the Company (“**Shares**”), save that they will not rank for dividend, right, allotment or other distributions, the record date of which falls on or before the date of completion of the Share Subscription.

The issue price of S\$0.051 for each Subscription Share represents a discount of approximately 7.3% to the volume weighted average price of S\$0.055 for trades done on the Shares on the SGX-ST on 24 January 2011 (being the full market day preceding the execution of the Share Subscription Agreement) up to the time of the trading halt on 25 January 2011.

4. Financial Effects of Share Subscription

Pursuant to the issue of the Subscription Shares, the issued and paid share capital of the Company will increase from S\$22.6 million divided into 516,354,802 Shares to S\$26.8 million divided into 600,354,802 Shares. The Subscription Shares represents approximately 16.3% of the existing issued share capital of the Company (excluding treasury shares), and approximately 14.0% of the enlarged issued share capital of the Company (excluding treasury shares).

The Loss per Share (“LPS”) and the net asset value (“NAV”) per Share of the Company and its subsidiaries (the “Group”) based on the audited financial statements of the Group for the financial year ended 31 December 2009 (“FY2009”) were 0.94 cents and 3.27 cents respectively. The LPS and NAV per Share of the Group for FY2009, after adjusting for the Share Subscription, would be 0.83 cents and 3.50 cents respectively.

5. Conditions of Share Subscription

Completion of the Share Subscription is conditional upon, *inter alia*, the following:

- (a) the Share Issue Mandate being valid, subsisting and adequate for the purpose of the allotment and issue of the Subscription Shares as at the date of completion of the Share Subscription;
- (b) approval in-principle in respect of the ALA being obtained from the Company’s Sponsor, and approval for the listing of and quotation for the Subscription Shares on the Catalist being obtained from the SGX-ST, such approvals not being revoked or amended as at the date of completion of the Share Subscription and, if such approvals are subject to conditions, such conditions being reasonably acceptable to the Company and the Share Subscribers; and
- (c) the allotment and issue of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Share Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore.

If the conditions for the Share Subscription are not satisfied by 28 February 2011 (or such other date as may be mutually agreed between the parties), the Share Subscription Agreement shall terminate and the obligations of the Company to issue the Subscription Shares and the Share Subscribers to subscribe for the Subscription Shares shall *ipso facto* cease and determine thereafter, and no party shall have any claim against the others for costs, expenses, damages, losses, compensation or otherwise in respect of the Share Subscription, save for any antecedent breach of the Share Subscription Agreement or the parties’ respective liability for the payment of costs and expenses.

The completion of the Share Subscription is expected to take place within five (5) business days after the conditions set out in sub-paragraph (b) above have been satisfied.

6. Purpose and Use of Proceeds

The gross proceeds raised from the Share Subscription of S\$4,284,000 will, after deducting expenses relating thereto of approximately S\$250,000, be used for the following purposes:

- (a) approximately S\$3,000,000 will be used to finance the US\$12 million pipelay system contract secured from Koastal Industries Pte Ltd, as announced on 13 December 2010; and
- (b) the balance will be used for general working capital purposes. The Company would be tendering for several projects in the current financial year, and it is envisaged that the working capital requirements would increase.

Pending the deployment of the net proceeds for the purposes as set out above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market and/or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

The Company will make periodic announcements on the utilisation of the net proceeds from the Share Subscription when such proceeds are materially disbursed and will provide a status report on the use of such proceeds in the Company's annual report.

In the event that any of the proposed uses of the net proceeds does not materialise or proceed as planned within a reasonable period of time, the Directors will carefully evaluate the situation and may reallocate the funds to other uses. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company through SGXNET.

7. General

The Directors are of the opinion that, after taking into consideration the internal resources and present bank facilities of the Group and the net proceeds from the Share Subscription, the working capital available to the Group is sufficient to meet its present requirements.

None of the Directors, and as far as the Directors are aware, none of the substantial shareholders of the Company, has any interest, direct or indirect, in the Share Subscription, other than in their respective capacities as the Director or substantial shareholder of the Company.

The Share Subscription would not result in any transfer of controlling interest in the Company.

The Company will make the necessary announcements when it has received the approval-in-principle from the Company's Sponsor and the listing and quotation notice from the SGX-ST for the listing of and quotation for the Subscription Shares.

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
Company Secretary
25 January 2011

This announcement has been reviewed by the Company's sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

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.

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