

Issuer: EMS Energy Limited

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Meeting details:

Date: 31 October 2017

Time: 9.00 a.m.

Venue: 25 International Business Park, Level 5, East Wing, Munich Room, German Centre, Singapore 609916

Q1. As noted in the Chairman’s Statement (page 3 of the annual report), the scheme of arrangement (SOA) of Koastal Industries Pte Ltd (“KIPL”) was withdrawn on 28 July 2017 due to a condition precedent not being met. Following the withdrawal of the SOA, KIPL has initiated the process of the creditor’s voluntary liquidation (“CVL”).

- a) **What was the condition precedent that was not met for KIPL?**
- b) **What were the board’s and the management’s efforts in trying to get the condition precedent met or in trying to get a waiver for the said condition precedent?**
- c) **What is the impact of the creditor’s voluntary liquidation of KIPL to the group’s financial position and future growth plans?**
- d) **To help shareholders understand the strategic future of the group, can management please comment on the prospects of Koastal ECO Industries Co., Ltd (“KEI”) in Vietnam and the upcoming waterfront facility at Tuas (Tuas South Shipyard)?**

Q2. On 13 October 2017, in the announcement titled “Discrepancies between Unaudited and Audited financial statements for the financial year ended 31 December 2016”, the company disclosed that it had made certain material adjustments and reclassifications to the Unaudited Results (first announced on 31 August 2017), following the finalisation of the audit.

Loss before income tax increased by \$(0.5) million to \$(120.1) million and total deficit decreased by \$(0.5) million to \$(112.4) million.

Reasons provided include the following reclassifications:

- From “Trade and other receivables” to “Tax recoverable”
 - From “Amounts due from contract customers” to “Trade and other payables”
 - From “Amount due to a director” to “Trade and other payables”
 - From “Borrowings from third parties” to “Convertible loan”
 - From “Proceeds from third parties loan” to “Proceeds from bank borrowings”
 - Reclassification of cash flow arising from “Proceeds from sale of investment property” from “Operating activities” to “Investing activities”
 - Reclassification of cash flow arising from “Purchase of property, plant and equipment” from “Operating activities” to “Investing activities”
- a) **As management is responsible for the preparation of financial statements to give a true and fair view in accordance with the provisions of the Act and FRSs, how can shareholders get the assurance from management that the financial statements are prepared in accordance with the provisions of the Act and FRSs?**
 - b) **As directors’ responsibilities include overseeing the group’s financial reporting process, can the board help shareholders understand how it has helped management to improve its financial reporting?**

Specifically, the audit committee (comprising Lim Siong Sheng (as chairman), Lim Poh Boon and Ung Gim Sei,) has the responsibility to review “the financial statements of the Company and the Group, especially any significant financial reporting issues and judgements so as to ensure their integrity, before submission to the Board.” (page 30)

- c) **Can the members of the audit committee explain their involvement in the preparation of the financial statements?**
- d) **What are the board’s recommendations to management to prevent such material restatements from happening again?**

Q3. The three independent directors, namely Mr Lim Poh Boon, Mr Ung Gim Sei and Mr Lim Siong Sheng, were appointed on 1 June 2007, 31 August 2007 and 1 June 2008 respectively.

As required by the 2012 Code of Corporate Governance, the nominating committee (NC) subjected to the long tenured directors to a rigorous review of their independence.

The NC comprises Mr Ung Gim Sei (as Chairman), Mr Lim Siong Sheng and Mr Lim Poh Boon.

- a) As all three directors who were subjected to the rigorous review sit in the NC, can the board and the NC confirm that no director was involved in the assessment of his own independence?**

Notwithstanding that “the Board has determined that each of Mr Lim Poh Boon, Mr Ung Gim Sei and Mr Lim Siong Sheng continues to be considered an Independent Director”, Guideline 2.4 of the CG Code calls for the board to “also take into account the need for progressive refreshing of the Board”.

- b) What are the company’s plans to ensure the progressive refreshing of the Board?**
- c) What is the company’s search and nomination process for new directors, especially independent directors?**