



Ezion Holdings Limited

EZION HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199904364E)

DISPOSAL OF VESSELS

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Ezion Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that five memoranda of agreement (the “**MOAs**”) had been entered into between the Teras 375 Pte Ltd (“**T375PL**”), Teras 336 Pte Ltd (“**T336PL**”), both wholly-owned subsidiaries of the Company, and Hoe Ee Trading Pte Ltd (the “**Purchaser**”) for the sale of five self-ballastable barges “*Teras 3701*”, “*Teras 3702*”, “*Teras 3703*”, “*Teras 3705*” and “*Teras 3717*” (collectively, the “**Vessels**”) at a cash consideration of US\$1.78 million each, totaling US\$8.9 million (the “**Consideration**”):

- A) Four memoranda of agreement were entered into between T375PL and the Purchaser in respect of the vessels “*Teras 3701*”, “*Teras 3702*”, “*Teras 3703*” and “*Teras 3705*”; and
- B) One memorandum of agreement was entered into between T336PL and the Purchaser in respect of the vessel “*Teras 3717*” .

The Group understands that the MOAs were executed by Malayan Banking Berhad (“**Maybank**”) as attorney-in-fact of T375PL and T336PL, pursuant to powers of attorney granted to Maybank as mortgagee under certain financing agreements in respect of the Vessels.

(collectively, the “**Disposals**”)

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore and is mainly involved in the business of providing engineering services to the shipbuilding industry, and the provision of specialised marine equipment to various players in the offshore oil and gas industry.

3. CONSIDERATION

The Group understands from Maybank that the Consideration was arrived at after arm's length negotiations, on a "willing buyer and willing seller" basis taking into account, amongst other factors:

- (a) the funds and time required to reactivate the Vessels;

- (b) the market price of vessels with similar specification to the Vessels;
- (c) the prospect of hire for the Vessels in the current market conditions; and
- (d) the future burn rates of the Vessels.

4. SALIENT TERMS OF THE DISPOSAL AND USE OF PROCEEDS

T375PL and T336PL will respectively receive a total of US\$10,000 per vessel, totalling US\$50,000, as initial deposit for the Vessels within three (3) banking days upon the execution of the respective MOAs, and a further deposit of US\$168,000 per vessel, totalling US\$840,000, as further deposit for the Vessels within three (3) banking days from the respective date of acceptance of the respective Vessels by the Buyers after inspection of the respective Vessels have been completed. The balance consideration of US\$1,602,000 per vessel, totalling US\$8,010,000, will be paid individually upon the completion of the sale of each of the respective Vessels.

The Consideration received from the disposal of the Vessels will be utilised to repay the secured bank loans of the Group. The mortgages over the Vessels will be discharged pursuant to the Disposals.

5. RATIONALE

The Group is of the view that without the required funding to reactivate and deploy the Vessels for work, the Disposals will allow the Group to stop incurring further operating costs and liabilities and will also allow the Group to reduce its outstanding liabilities via the partial repayment of the secured bank loans.

6. FINANCIAL INFORMATION

6.1. Share capital

The Disposals will not have any impact on the issued and paid-up share capital of the Company.

6.2. Net book value of the Vessels

Based on the unaudited financial statements for the twelve months period ended 31 December (the "4Q2020 FS"), the net book value of the Vessels are US\$ 8,900,000 or US\$ 1,780,000 each .

6.3. Excess / deficit of the Consideration over the book value of the Vessels

Based on the 4Q2020 FS, there is no excess / deficit of the Consideration over the book value of the Vessels.

6.4. Net losses attributable to the Vessels

Based on the 4Q2020 FS, the net losses generated for the twelve month period ended 31 December 2020 by the Vessels are as follows:

Teras 3701: US\$ 192,018
Teras 3702: US\$ 263,909
Teras 3703: US\$ 227,997
Teras 3705: US\$ 265,948
Teras 3717: US\$ 162,821
Total net losses: US\$ 1,112,693

6.5. Gain / loss on the Disposals

The loss estimated to be generated from the Disposals amounted to US\$ 16,325 or US\$ 3,265 each.

6.6. Financial effects

(a) Illustrative nature of financial effects

The financial effects of the Disposals on the net tangible liabilities per share (“**NTL**”) and losses per share (“**LPS**”) of the Group, prepared on a proforma basis on the audited consolidated financial statements for the year ended 31 December 2020 and on the assumption that the Disposals will result in the proceeds of US\$8,900,000 are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after the completion of the Disposals.

(b) NTL

Assuming that the Disposals had been effected on 31 December 2020, the net liabilities per share of the Group as at 31 December 2020 will increase from US\$36.80 cents to US\$36.81 cents.

(c) LPS

Assuming that the Disposals had been effected on 1 January 2020, the basic earnings per share and diluted earnings per share of the Group for the year ended 31 December 2020 will remain unchanged at a loss per share of US\$13.51 cents.

7. LISTING RULE 1006 RELEVANT FIGURES

The relative figures for the Disposals computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)					
		Teras 3701	Teras 3702	Teras 3703	Teras 3705	Teras 3717	The Disposals
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net liability value.	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.72% ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net loss.	0.04%	0.05%	0.05%	0.05%	0.03%	0.20% ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company’s market capitalization ⁽³⁾ based on the total number of issued shares excluding treasury shares.	1.46%	1.46%	1.46%	1.46%	1.46%	7.30% ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the net book value of the Vessels of US\$8,900,000 and net liabilities value of the Group of US\$1,380.6 million, as at 31 December 2020.
- (2) Computed based on the net losses generated by the Vessels of US\$1,112,691 and net losses of the Group of US\$505.9 million, for the twelve months period ended 31 December 2020.
- (3) Computed based on the market capitalization of the Company of S\$161,297,175 (US\$122,000,737).
- (4) Computed based on the Consideration to be received of US\$8,900,000.
- (5) No equity securities will be issued by the Company as consideration.
- (6) The Disposals are not of mineral, oil or gas assets by a mineral, oil and gas company.

Based on the above, as the computation for the relative figures under Rule 1006 of the Listing Manual of the SGX-ST involves negative figures and the relative figure in Rule 1006(c) of the Listing Manual of the SGX-ST is more than 5% but less than 20%, the Disposal constitutes a discloseable transaction under Rule 1010 of the Listing Manual of the SGX-ST and paragraph 4.4 of the Practice Note 10.1 of the Listing Manual of the SGX-ST and does not require the approval of the shareholders of the Company.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests arising by way of their directorships and/or shareholdings in the Company, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Disposals.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Disposals and accordingly, no service contracts in relation thereto will be entered into by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MOAs are available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 438B Alexandra Road #05-08/09 Alexandra Technopark Singapore 119968.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at ir@ezionholdings.com prior to making any visits to arrange for a suitable time slot for the inspection.

11. CAUTIONARY STATEMENT

Although the Company's shares are currently under suspension, shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares and securities of the Company.

BY ORDER OF THE BOARD

Goon Fook Wye Paul
Company Secretary
14 June 2021