



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

DISPOSAL OF VESSEL

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 a memorandum of agreement (the “**MOA**”) had been entered into between Teras Conquest 9 Pte Ltd (“**TC9PL**”), a wholly owned subsidiary of the Company, and SLH (Tianjin) Ship Leasing Co. Ltd (the “**Purchaser**”) for the sale of a liftboat “*Teras Conquest 9*” (the “**Vessel**”) at a cash consideration of US\$18,500,000 (the “**Consideration**”) (the “**Disposal**”).

The Group understands that the MOA was executed by United Overseas Bank Limited as attorney-in-fact of TC9PL, pursuant to powers of attorney granted to United Overseas Bank Limited as mortgagee under certain financing agreements in respect of the Vessel.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the People’s Republic of China and is mainly involved in the business of marine engineering for offshore platforms, electric instrument systems, hull engineering for luxury cruise ships and manufacturing of marine power distribution and lighting system equipment, as well as the chartering of marine vessels to support offshore operations. The director(s) and shareholder(s) of the Purchaser are not related or connected to the Company, the Directors or the Group.

3. CONSIDERATION

The Group understands from United Overseas Bank Limited that the sale consideration of US\$18,500,000 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 Vessel;
- (b) the operating history of the Vessel;
- (c) the market price of vessels with similar specification to the Vessel;

- (d) the prospect of hire for the Vessel in the current market conditions; and
- (e) the future burn rates of the Vessel.

4. SALIENT TERMS OF THE DISPOSAL AND USE OF PROCEEDS

A deposit of US\$1,850,000 shall be placed with TC9PL within five (5) banking days upon the execution of the MOA. The balance of Consideration of US\$16,650,000 shall be paid at least five (5) banking days prior to the expected delivery date of the Vessel.

The Consideration received from the Disposal will be utilised to repay the secured bank loans of the Group. The mortgage over the Vessel will be discharged pursuant to the Disposal.

5. RATIONALE

The Disposal will allow the Group to stop the incurrence of 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 Disposal will not have any impact on the issued and paid-up share capital of the Company.

6.2. Net Book Value of the Vessel

Based on the unaudited financial statements of the Group for the nine months period ended 30 September 2020 (the “**3Q2020 FS**”), the net book value of the Vessel is US\$16,575,000.

6.3. Excess of the Consideration over the book value of the Vessel

Based on the 3Q2020 FS, the excess of the Consideration over the book value of the Vessel is US\$1,925,000.

6.4. Net losses attributable to the Vessel

Based on the 3Q2020 FS, the net losses generated for the nine months period ended 30 September 2020 by the Vessel is US\$41,962,000.

6.5. Gain on the Disposal

The gain estimated to be generated from the Disposal is US\$1,350,000, after considering expected transaction costs, including but not limited to shipbrokers fees, regulatory and compliance costs and fees for legal documentation.

6.6. Financial effects

(a) Illustrative nature of financial effects

The financial effects of the Disposal 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 2019 and on the assumption that the Disposal will result in the proceeds of US\$18,500,000 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 Disposal.

(b) NTL

Assuming that the Disposal had been effected on 31 December 2019, the net liabilities per share of the Group as at 31 December 2019 will decrease from US\$23.27 cents to US\$23.24 cents.

(c) LPS

Assuming that the Disposals had been effected on 1 January 2019, the basic earnings per share and diluted earnings per share of the Group for the year ended 31 December 2019 will decrease from a loss per share of US\$16.51 cents to a loss per share of US\$16.47 cents.

7. LISTING RULE 1006 RELEVANT FIGURES

The relative figures for the Disposal 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 (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net liability value.	-1.24% ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net loss.	9.07% ⁽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.	15.71% ⁽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⁾
(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⁾

Notes:

- (1) Computed based on the net book value of the Vessel of US\$16,575,000 and net liabilities value of the Group of US\$1,335.5 million, as at 30 September 2020.
- (2) Computed based on the net losses generated by the Vessel of US\$41,962,000 and net losses of the Group of US\$462.6 million, for the nine months period ended 30 September 2020.
- (3) Computed based on the market capitalization of the Company of S\$161,258,268 (US\$117,775,539).
- (4) Computed based on the Consideration to be received of US\$18,500,000.
- (5) No equity securities will be issued by the Company as consideration.
- (6) The Disposal is not of mineral, oil or gas assets by a mineral, oil and gas 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 Disposal.

9. SERVICE CONTRACTS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MOA is 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 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
5 March 2021