



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

THE PROPOSED ISSUANCE OF 96,153,000 NEW ORDINARY SHARES IN THE CAPITAL OF EZION HOLDINGS LIMITED AND THE PROPOSED GRANT OF 137,614,000 OPTIONS TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF EZION HOLDINGS LIMITED

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Ezion Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that it has on 5 April 2018 entered into a subscription and options agreement (the “**Subscription and Options Agreement**”) with **Pavilion Capital Fund Holdings Pte. Ltd.** (the “**Subscriber**”), in relation to:

- (a) the proposed allotment and issue by the Company of **96,153,000** new ordinary shares in the capital of the Company (the “**Shares**”) (the “**Subscription Shares**”) to the Subscriber at an issue price of **S\$0.208** per Subscription Share (the “**Proposed Subscription**”); and
- (b) the proposed grant by the Company of **137,614,000** non-listed and non-transferable share options (the “**Options**”) to the Subscriber for S\$1.00, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares**”) at the exercise price of **S\$0.218** per Option Share (the “**Options Exercise Price**”) on the terms and conditions of the Subscription and Options Agreement (the “**Grant of Options**”).

The rationale for issuing the Subscription Shares and Options to the Subscriber is to allow the Group to raise gross proceeds of up to approximately **S\$50,000,000**, which will be used mainly for business expansion and the pursuit of new business opportunities, joint ventures or partnerships with various strategic industry partners and for working capital purposes. Please refer to Section 6 below for a more detailed breakdown of the intended use of proceeds.

The Board considers this injection of additional capital as a clear endorsement of Ezion and its business plans going forward. The Company is grateful to all its stakeholders for investing in its recovery and growth, giving management and staff the confidence to sail forward and capture growth opportunities in the market segment where Ezion has a strong competitive edge.

Pursuant to the Proposed Transactions, there shall be no adjustments made to (a) the 300 redeemable exchangeable preference shares issued by Teras Investments Pte. Ltd. (“**Teras Investments**”), a wholly-owned subsidiary of the Company, which are exchangeable into Shares pursuant to the subscription agreement dated 16 August 2013 as amended, modified and/or supplemented by the supplemental agreement dated 7 October 2016 entered into between the Company, Teras Investments, Evia Growth Opportunities II Ltd, Evia Growth Opportunities III Ltd, Venstar Investments II Ltd and Venstar Investments III Ltd; (b) the 355,099,387 free warrants in registered form allotted and issued by the Company pursuant to the terms and conditions set out in the deed poll dated 13 April 2016 entered into by the Company; and (c) the share options issued by the Company pursuant to its employee share option scheme which was approved by Shareholders on 23 November 2009.

2. THE SUBSCRIBER

The Subscriber is a Singapore-based private equity investment firm, a private limited company incorporated in Singapore and is a subsidiary of Pavilion Capital Holdings Pte. Ltd.. The Subscriber is participating in the Proposed Subscription and Grant of Options for its own investment purposes.

The Subscriber does not hold any Shares of the Company as at the date of this announcement. Upon completion of the Proposed Subscription, the Subscriber will hold 96,153,000 Shares representing 4.43% of the enlarged share capital of the Company as at the date of this announcement. Assuming full exercise of the Options, the Subscriber will hold an aggregate of 233,767,000 Shares representing 10.13% of the enlarged share capital of the Company as at the date of this announcement.

The Subscriber is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Subscriber is not a restricted person under Rule 812 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”), and is not acting in concert with any other shareholders of the Company.

There is also no connection (including business relationship) between the Company’s directors or substantial shareholders and the Subscriber.

3. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION AND GRANT OF OPTIONS

Pursuant to the Subscription and Options Agreement, the principal terms of the Proposed Subscription are summarised as follows:

Issue Price of Subscription Shares	The issue price per Subscription Share is S\$0.208. This is at a premium of 5.58% to the volume weighted average price of the Shares in respect of trades done on the SGX-ST on 8 August 2017, being the last full market day preceding the day on which the Subscription and Options Agreement was signed.
Gross Proceeds to be Raised from the Proposed Subscription	S\$19,999,824
Gross Proceeds to be Raised from Grant of Options	S\$29,999,852 (assuming the exercise of all the Options)
Conditions Precedent	<p>The completion of the Proposed Subscription and the Grant of Options shall be subject to, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> a) the share issue mandate which was approved by the shareholders of the Company at the annual general meeting of the Company held on 27 April 2017 being valid, subsisting and adequate for the purpose of the allotment and issue of the Subscription Shares and grant of Options as at the date of completion (“Completion Date”); b) the submission of the additional listing application and the receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Subscription Shares and the Option Shares on the Official List of the SGX-ST, and the same not being revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber, and to the extent that any conditions to such approval are required to be fulfilled on or before Completion, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them; c) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in the Subscription and Options Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and

	d) the Company and the Subscriber not being in breach of any of the undertakings and the covenants in the Subscription and Options Agreement as at the Completion Date.
Representations, Warranties and Undertakings	Each of the Company and the Subscriber have, in the Subscription and Options Agreement, provided such representations, warranties and undertakings as are customary for transactions of the nature of the Proposed Subscription or other similar transactions.
Status of the Subscription Shares	The Subscription Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Subscription Shares.
Long Stop Date	If the Conditions Precedent are not satisfied by 19 April 2018 (or such other date as may be mutually agreed between the Parties), the Subscription and Options Agreement shall terminate.

Pursuant to the Subscription and Options Agreement, the principal terms of the Grant of Options are summarised as follows:

Aggregate Number of Options	137,614,000 Options
Exercise Rights of Options	Each Option entitles the holder of the Option to subscribe for one (1) Option Share at the Options Exercise Price.
Options Exercise Price	S\$0.218 for each Option Share. This is at a premium of 10.66% to the volume weighted average price of shares of the Company in respect of trades done on the SGX-ST on 8 August 2017, being the last full market day preceding the day on which the Subscription and Options Agreement was signed.
Exercise Period	The period commencing on and including the date of issue of the Options and expiring on the third anniversary of the date of issue of the Options, unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date prior to the closure of the register of members or immediate preceding market day (as the case may be).
Gross Proceeds to be Raised from Grant of Options (assuming the exercise of all the Options)	S\$29,999,852 (assuming the exercise of all the Options)
Status of the Option Shares	The Option Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Option Shares.

Adjustments	The Options Exercise Price and the number of Options are subject to certain anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Options. Such circumstances relate to, <i>inter alia</i> : a) issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves; b) a capital distribution made by the Company to Shareholders; c) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or d) any consolidation, subdivision or conversion of Shares.
Notice of Expiration	The Company shall, not later than one (1) month before the expiry of the Exercise Period, announce the same on the SGXNet. Additionally, the Company shall, not later than one (1) month before the same, take reasonable steps to notify the Subscriber in writing of the expiry date and such notice shall be delivered personally or by post to the address of the Subscriber.
Alteration to Terms	No material alteration to the terms of the Options after the issue thereof to the advantage of the Subscriber shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought.
Others	The Grant of Options is subject to the same Conditions Precedent, Representations, and Warranties and Undertakings, and Long Stop Date as the Proposed Subscription.

4. AUTHORITY TO ISSUE SUBSCRIPTION SHARES

The authority to issue the Subscription Shares and Options was obtained pursuant to a general mandate (the “**General Mandate**”) approved by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 27 April 2017 (the “**AGM**”). The General Mandate authorises the Directors to allot and issue new shares not exceeding 50% of the total number of issued shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders shall not exceed 20% of the Company’s total number of issued shares (excluding treasury shares).

As at the date of the AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the “**Previous Share Capital**”) comprised 2,073,843,405 shares. According to the terms of the general mandate, the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed 414,768,681 Shares, being 20% of such Previous Share Capital.

The allotment and issue of the Subscription Shares and Options is within the limits of the General Mandate as no Shares have been set aside for allotment and issue by the Company under the General Mandate.

Shareholders' approval will not be required for the Proposed Subscription and Grant of Options and the Company will not be seeking the approval of shareholders for the Proposed Subscription and Grant of Options.

The Company does not expect any change in control of the Company arising from the issue of the Subscription Shares and Options.

5. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription and Grant of Options will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company and/or lodged with the SGX-ST in connection with the Proposed Subscription and Grant of Options.

6. USE OF PROCEEDS

The estimated net proceeds from the Proposed Subscription, after deducting estimated expenses pertaining to the Proposed Subscription, would be approximately S\$19,600,000 (the “**Subscription Proceeds**”). The Group, after taking into account its working capital position, intends to apply the Net Proceeds as follows:

Use of Subscription Proceeds	Amount (S\$'000)	Percentage of Net Proceeds
1) Business expansion or the pursuit of new business opportunities, including but not limited to, capital contributions or investments into joint ventures or partnerships with various strategic partners	11,600 to 13,600	59.18% to 69.39%
2) Repayment of certain contributions made by some of the Company's secured lenders (including contributions towards corporate overheads and coupon payments for the Series 004 S\$60,000,000 4.60% notes due 2018 (ISIN: SG57D3995685) (“ Series 004 Securities ”) and Series 006 S\$55,000,000 5.10% notes due 2020 (ISIN: SG6PB3000008) (“ Series 006 Securities ”) issued under the S\$1,500,000,000 Multicurrency Debt Issuance Programme)	6,000 to 6,100	30.61% to 31.12%
3) General working capital purposes	0 to 1,900	0% to 9.69%
Total	19,600	100%

The estimated net proceeds from the Grant of Options, after deducting estimated expenses pertaining to the Proposed Subscription and Grant of Options, would be approximately S\$29,400,000 (the “**Option Proceeds**”). As and when the Options are exercised, the Option Proceeds may, at the discretion of the Directors, be applied towards business expansion or the pursuit of new business opportunities, including but not limited to, capital contributions or investments into joint ventures or partnerships with various strategic partners, working capital and/or such other purposes as the Directors may deem fit.

Pending the deployment for the uses identified above, the Subscription Proceeds and Option Proceeds (collectively, the “**Net Proceeds**”) may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such funds are materially disbursed, and provide a status report on the use of the Net Proceeds from the Proposed Subscription and Grant of Options in the Company's half and full year financial statements issued under Rule 705 of the Listing Manual of the SGX-ST and its annual reports. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that, after taking into consideration its present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription and Grant of Options as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Company or its subsidiaries following the Proposed Subscription and Grant of Options.

As at the date of this Announcement, the issued and paid up share capital of the Company is approximately S\$848,615,128.75 divided into 2,073,843,405 Shares. Upon completion of the Proposed Subscription and Grant of Options, and the allotment and issuance of the Subscription Shares and Option Shares, the Company will have an enlarged issued share capital of approximately S\$897,615,128.75 comprising 2,307,610,405 Shares (assuming the Options have been fully exercised). The Subscription Shares and Option Shares when issued represent approximately 11.27% of the issued share capital of the Company as at the date of this Announcement prior to the Proposed Subscription and Grant of Options and would represent approximately 10.13% of the enlarged issued share capital of the Company after the completion of the Proposed Subscription and Grant of Options.

Based on the latest audited financial results announcement of the Group for the financial year ended 31 December 2017, and assuming that the Group raises net proceeds of approximately S\$49,000,000 from the issue of 96,153,000 Subscription Shares and exercise of all Options, the effect on the Group's net tangible assets ("NTA") per share and earnings per share ("EPS") will be as follows:

7.1. Net Tangible Assets per Share

Assuming that the Proposed Subscription and Grant of Options were completed on 31 December 2017, and further assuming full exercise of all Options, the effects of the Group's NTA per share would be as follows:

	Before Issue of Subscription Shares and Option Shares	After Issue of Subscription Shares and Option Shares
NTA (US\$'000)	304,826	341,862
Number of shares	2,073,843,405	2,307,610,405
NTA per share (US cents)	14.70	14.80

7.2. Earnings per Share

Assuming that the Proposed Subscription and Grant of Options was completed on 1 January 2017, and further assuming full exercise of all Options, the effects of the Group's EPS would be as follows:

	Before Issue of Subscription Shares and Option Shares	After Issue of Subscription Shares and Option Shares
Profit After Tax and Minority Interest (after distributions to Perpetual Securities) (US\$'000)	(1,025,236)	(1,025,236)
Weighted Average Number of shares (million)	2,073,843,405	2,307,610,405
EPS (US Cents)	(49.44)	(44.43)

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

9. DOCUMENT AVAILABLE FOR INSPECTION

The Subscription and Options Agreement is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 15 Hoe Chiang Road #12-05 Singapore 089316 for a period of three (3) months from the date of this announcement.

10. LISTING AND QUOTATION OF SUBSCRIPTION SHARES

The Company will apply to the SGX-ST for the admission to and listing and quotation of the Subscription Shares and Option Shares on the Main Board of the SGX-ST. The Company will make the necessary announcements upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Subscription Shares and Option Shares.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and Grant of Options, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. TRADING CAUTION

Shareholders, noteholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and noteholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and noteholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board
EZION HOLDINGS LIMITED

Goon Fook Wye Paul
Company Secretary
6 April 2018