



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 7 Pte Ltd, a wholly-owned subsidiary of the Company (“**TC7PL**”) and Elite Point Pte Ltd (the “**Purchaser**”) to sell the liftboat “*Teras Conquest 7*” (the “**Vessel**”) at a cash consideration of US\$13,000,000 (the “**Disposal**”).

The MOA was executed by CIMB Bank Berhad, Singapore Branch, as attorney-in-fact of TC7PL, pursuant to powers of attorney granted to CIMB Bank Berhad, Singapore Branch as mortgagee under certain financing agreements in respect of the Vessel.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore, and is in the business of chartering ships, barges and board with crew. 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 CIMB Bank Berhad, Singapore Branch, that the sale consideration of US\$13,000,000 for the Vessel (the “**Consideration**”), was arrived at after arm's length negotiations, on a "willing buyer and willing seller" basis taking into account the following, amongst other factors:

- (a) the market price of vessels with similar specification and age to the Vessel;
- (b) the value of the Vessel and the value of the existing charter contract;
- (c) the requirement for the Vessel to complete its dry docking survey;
- (d) the operating history of the Vessel; and
- (e) the present and future burn rates of the Vessel.

4. SALIENT TERMS OF THE MOA

4.1. Payment of Consideration

- (a) The Purchaser shall place a deposit of US\$650,000 (the “**Deposit**”) into a bank account with an escrow agent (the “**Escrow Account**”) within three (3) banking days after the date of execution of the MOA and the escrow agreement.
- (b) The Purchaser shall transfer the balance of the Consideration into the Escrow Account within seven (7) banking days after TC7PL provides the Purchaser notice of the date of which TC7PL intends to tender the notice of readiness for delivery of the Vessel.
- (c) On delivery of the Vessel, the Deposit and the balance of the Consideration (less (i) a deduction of a retention sum of US\$500,000 (the “**Retention Sum**”); and (ii) any adjustments which may be made in the event of any delay in completion of the dry docking / underwater inspection in-lieu of drydocking (“**UWILD**”), subject to a maximum of US\$600,000) shall be transferred to TC7PL.

4.2. Indemnity claims

Under the terms of the MOA, TC7PL shall indemnify the Purchaser against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery for which the Vessel can be lawfully arrested after the delivery of the Vessel to the Purchaser.

The total liability of TC7PL shall not exceed the amount of the Retention Sum of US\$500,000.

4.3. Release of Retention Sum

The Retention Sum (or the balance thereof) shall be released to TC7PL (a) six (6) months from the date of delivery of the Vessel under the MOA; or (b) if any claims have been made against the Vessel during the indemnity period, within seven (7) days after the issue of a final unappealable order from a court of competent jurisdiction in respect of such claims.

5. RATIONALE AND USE OF PROCEEDS

The Disposal will allow the Group to immediately reduce its outstanding liabilities via the partial repayment of the secured bank loans.

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

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 for the six (6) months period ended 30 September 2020 (the “**3Q2020 FS**”), the net book value of the Vessel is US\$12,300,000.

6.3. Excess / deficit 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\$700,000.

6.4. Net losses attributable to the Vessel

Based on the 3Q2020 FS, the net losses generated for the nine (9) months period ended 30 September 2020 by the Vessel is US\$37,233,765.

6.5. Gain / loss on the Disposal

The gain on disposal estimated to be generated from the Disposal for the nine (9) months period from 1 January 2020 to 30 September 2020 is US\$650,000, after considering expected transaction costs, including but not limited to shipbrokers fees, regulatory and compliance costs, and fees for legal documentation, and further assuming that the Consideration is received in full, no deductions are made against the Retention Sum and no adjustments are made for delays in completion of the dry docking / UWILD.

6.6. Financial effects

(a) Illustrative nature of financial effects

The financial effects of the Disposal on the net liabilities per share (the “**NL**”) and losses per share (the “**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\$13,000,000, 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) NL

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 increase from US\$23.27 cents to US\$23.26 cents.

(c) LPS

Assuming that the Disposal 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 increase from a loss per share of US\$16.51 cents to a loss per share of US\$16.49 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.	-0.92% ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net loss.	8.05% ⁽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.	11.04% ⁽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\$12,300,000 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\$37,233,765 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\$13,000,000.
- (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 will be 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 #05-08/10 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
29 January 2021