



EZRA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199901411N)

PROPOSED DIVESTMENT OF SHARES IN THE CAPITAL OF EMAS CHIYODA SUBSEA LIMITED

1. INTRODUCTION

1.1 Background

The Board of Directors (the “**Board**”) of Ezra Holdings Limited (the “**Company**”) refers to the establishment of the 50 : 50 joint venture between the Company (through EMAS AMC (as defined below)) and Chiyoda Corporation (“**Chiyoda**”) in respect of the subsea services business (the “**Subsea Services Business**”) carried on by EMAS CHIYODA Subsea Limited (“**JVCo**”), its subsidiaries and associated companies, which came into effect on 31 March 2016 (the “**Initial Chiyoda Transaction**”).

1.2 Proposed Transaction

1.2.1 The Board is pleased to announce that the Company, together with its wholly-owned subsidiary, EMAS-AMC Holdings Pte Ltd (“**EMAS AMC**”), has today entered into a conditional framework agreement (the “**Framework Agreement**”) with Chiyoda and Nippon Yusen Kabushiki Kaisha (“**NYK**”) in relation to, *inter alia*, the sale by EMAS AMC of such number of issued ordinary shares (the “**Sale Shares**”) in the share capital of JVCo, representing 10 per cent. of the entire issued and paid-up share capital of JVCo, to NYK (the “**Proposed Transaction**”).

1.2.2 Concurrently with the Proposed Transaction, Chiyoda will also sell such number of issued ordinary shares in the share capital of JVCo, representing 15 per cent. of the entire issued and paid-up share capital of JVCo, to NYK (the “**Proposed Chiyoda Sale**”).

1.2.3 On completion of the Proposed Transaction (the “**Completion**”, and the date of such occurrence being the “**Completion Date**”), the Company and EMAS AMC will enter into a new shareholders’ agreement (the “**New Shareholders’ Agreement**”) with Chiyoda, NYK and JVCo, which agreement will contain terms governing the rights of Chiyoda, EMAS AMC and NYK as shareholders of JVCo.

1.3 Shareholders’ Approval

The Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) (details of which are set out in paragraph 7 of this Announcement). Accordingly, the Proposed Transaction is subject to the approval of the shareholders of the Company (the “**Shareholders**”).

2. INFORMATION ON NYK AND JVCO

2.1 Information on NYK

NYK is one of the world's leading transportation companies. At the end of March 2016, NYK and its group of companies were operating 821 major ocean vessels, as well as fleets of planes and trucks. The shipping fleet of NYK includes 377 bulk carriers, 119 car carriers, 99 containerships (including semi-containerships), 68 LNG carriers (including those owned by equity method affiliates), 68 tankers, 47 wood-chip carriers, one cruise ship, and 42 other ships (including multipurpose and project cargo vessels). NYK's revenue in the fiscal year 2015 exceeded US\$22 billion and NYK and its group of companies employ about 34,276 people worldwide. NYK is based in Tokyo and has regional headquarters in London, New York, Singapore, Hong Kong, Shanghai, Sydney, and Sao Paulo.

2.2 Information on JVCo

JVCo, a private company incorporated in England and Wales, is the holding vehicle of the Subsea Services Business operated by its subsidiaries and associated companies (together with JVCo, the "**JVCo Companies**"). As at the date of this Announcement, each of EMAS AMC and Chiyoda holds 50 per cent. of the entire issued and paid-up share capital of JVCo.

The Subsea Services Business is a global engineering, procurement, construction, installation and commissioning service provider of comprehensive subsea-to-surface solutions for the offshore oil and gas industry, especially in the SURF and subsea tie-back sector. Core business services include subsea installation of umbilicals or power cables, pipelines as well as platforms, floating platform storage offloading and floater installations.

3. PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

3.1 Divestment of Sale Shares by EMAS AMC

3.1.1 Based on the Framework Agreement, at and subject to Completion, EMAS AMC will sell and the Company will procure the sale of, and NYK will purchase, the Sale Shares, together with all rights attaching to such Sale Shares and free from all encumbrances (as defined in the Framework Agreement).

3.1.2 Completion shall take place contemporaneously with the completion of the Proposed Chiyoda Sale, and none of the Company, EMAS AMC, Chiyoda or NYK will be obliged to complete the Proposed Transaction or the Proposed Chiyoda Sale unless both transactions are completed simultaneously.

3.1.3 Accordingly, immediately following Completion, the Company (through EMAS AMC), will hold 40 per cent., Chiyoda will hold 35 per cent. and NYK will hold 25 per cent. of the total issued ordinary shares in the capital of JVCo (the "**JVCo Shares**").

3.2 Consideration

- 3.2.1 Subject to the adjustments in accordance with paragraph 3.2.3, the aggregate sale consideration payable by NYK to EMAS AMC for the Sale Shares is US\$36,000,000 in cash (the “**Sale Consideration**”).
- 3.2.2 The Sale Consideration was arrived at on a negotiated, willing-buyer willing-seller basis and after taking into account, *inter alia*, the valuation attributed to the Subsea Services Business in the Initial Chiyoda Transaction and the strategy and rationale for the Proposed Transaction.
- 3.2.3 If certain leakages (the “**Ezra Leakages**”) occur during the period between 31 March 2016, immediately after completion of the Initial Chiyoda Transaction, and the Completion Date, the Sale Consideration may be reduced by the amount of 10 per cent. of such Ezra Leakages.
- 3.2.4 The Ezra Leakages relate to any payment or assumption of liability made by any JVCo Company to, on behalf of, or for the benefit of (excluding any JVCo Company) the Company or any of its subsidiaries (including EMAS AMC but excluding any JVCo Company) (the “**Ezra Group**”) or any of their shareholders or directors or connected persons (as defined in the Framework Agreement), and include without limitation any dividend or distribution declared or paid or made by any JVCo Company, and any redemption, repurchase, repayment or other return of capital by any JVCo Company, but excludes any permitted leakages agreed between the Company, Chiyoda and NYK, including any intra-group trade related indebtedness between any JVCo Company and any member of the Ezra Group incurred in the ordinary course on arm’s length and market competitive terms and any payment made under services agreement entered into between entities in the Ezra Group and a JVCo Company.

3.3 Conditions Precedent

- 3.3.1 Based on the Framework Agreement, the obligations of EMAS AMC to sell, and NYK to purchase, the Sale Shares shall be conditional upon the satisfaction or waiver of the following conditions (collectively, the “**Conditions**”):
- (i) the approval of the Shareholders having been obtained with respect to the Proposed Transaction;
 - (ii) all consents or notifications required under any applicable competition laws that are required for the completion of all the transactions contemplated under the Framework Agreement, having been filed, occurred or obtained and are in full force and effect or the waiting periods applicable thereto having terminated or expired;
 - (iii) all third party consents, waivers or notifications, as set out in the Framework Agreement, having been obtained or given;
 - (iv) there having been (a) no breach of the warranty relating to the title of the Sale Shares and (b) no material breach of any other warranties (as set out in the Framework Agreement) by EMAS AMC and the Company subsisting as at the Completion Date;

- (v) there having been (a) no breach of the warranty relating to the title of the JVCo Shares to be acquired by NYK from Chiyoda pursuant to the Proposed Chiyoda Sale, and (b) no material breach of any other warranties (as set out in the Framework Agreement), by Chiyoda subsisting as at the Completion Date;
- (vi) there having been no material breach of the warranties (as set out in the Framework Agreement) by NYK subsisting as at the Completion Date;
- (vii) no injunction, restraining order or any other or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or any other person which is subsisting as at the Completion Date and which prevents the consummation of the transactions contemplated by the Framework Agreement; and
- (viii) there having been no credible and plausible accusation or allegation, which has been reported in the mainstream press, made after the date of the Framework Agreement and on or prior to the Completion Date, that any JVCo Company, or any of their respective directors, employees, agents or advisors, has engaged in any conduct which constitutes or is likely to constitute a material breach of the warranties relating to bribery and improper payments, and anti-competitive conduct (as set out in the Framework Agreement), by the Company and EMAS AMC.

3.3.2 The Conditions shall be satisfied (or waived) on or before 30 September 2016 (the “**Long Stop Date**”) or such other date as the Company, Chiyoda, EMAS AMC and NYK may agree in writing. If the Conditions are not satisfied (or waived) on or before the Long Stop Date, the Framework Agreement will automatically terminate (other than certain provisions as may be specified to survive termination).

3.4 Termination Events

3.4.1 If, prior to Completion, any party to the Framework Agreement is in material breach of any representations or warranties given by it under the Framework Agreement, which causes or is reasonably likely to cause a material adverse change, and, if capable of remedy, such breach has not been cured to the reasonable satisfaction of the other non-defaulting parties within 30 days of any of the other non-defaulting parties (excluding EMAS AMC) providing notice in writing to such party of such breach, any of the other non-defaulting parties (excluding EMAS AMC) shall be entitled by notice in writing to such party to terminate the Framework Agreement (other than certain provisions as may be specified to survive termination).

3.4.2 If, prior to Completion, EMAS AMC or Chiyoda is in material breach of any pre-Completion obligations relating to the conduct of business of each JVCo Company (as set out in the Framework Agreement), which causes or is reasonably likely to cause a material adverse change and, if capable of remedy, such breach has not been cured to the reasonable satisfaction of NYK within 30 days of NYK providing notice in writing to EMAS AMC and Chiyoda of such breach, NYK shall be entitled by notice in writing to EMAS AMC and Chiyoda to terminate the Framework Agreement (other than certain provisions as may be specified to survive termination).

3.5 Warranties in favour of NYK

In connection with the Proposed Transaction and the Proposed Chiyoda Sale, the Company, EMAS AMC and NYK will enter into a warranty deed on Completion, whereby NYK will have the benefit of the warranties given by the Company to Chiyoda in the Initial Chiyoda Transaction, subject to certain agreed limitations of liability.

3.6 Post-Completion Funding

Based on the Framework Agreement, immediately after Completion, each of EMAS AMC, Chiyoda and NYK agree to make available the following to JVCo or a JVCo Company (as the case may be) for working capital purposes:

- 3.6.1 a shareholder's loan from EMAS AMC to JVCo for the amount of US\$36,000,000 using the proceeds of the Sale Consideration;
- 3.6.2 a shareholder's loan from Chiyoda to JVCo for the amount of approximately US\$11,670,000 or a corporate guarantee from Chiyoda securing a working capital loan made by a bank or financial institution to a JVCo Company up to such amount; and
- 3.6.3 a shareholder's loan from NYK to JVCo for the amount of approximately US\$8,330,000 or a corporate guarantee from NYK securing a working capital loan made by a bank or financial institution to a JVCo Company up to such amount,

(each, a "**Shareholder Funding**"). Each Shareholder Funding will be substantially on the same terms and will rank *pari passu* with one another. The relevant terms and conditions of each Shareholder Funding, which shall be on an arm's length basis and on market terms, shall be discussed in good faith and agreed on by the Company, Chiyoda, NYK and JVCo prior to Completion.

3.7 New Shareholders' Agreement

- 3.7.1 The New Shareholders' Agreement to be entered into by the Company, EMAS AMC, Chiyoda, NYK and JVCo upon Completion will replace the existing shareholders' agreement entered into between the Company, Chiyoda, EMAS AMC and JVCo on 31 March 2016, which governs the relationship between Chiyoda and the Company (through EMAS AMC) as shareholders of JVCo.
- 3.7.2 The New Shareholders' Agreement will include terms relating to (i) the transfer of the respective JVCo Shares held by each of EMAS AMC, Chiyoda and NYK in JVCo, (ii) matters requiring prior written approval of each of EMAS AMC, Chiyoda and NYK and (iii) corporate governance matters.

3.8 Guarantee by the Company

Under the terms of the Framework Agreement, the Company guarantees to each of Chiyoda and NYK the performance and observance by EMAS AMC of all its obligations under the Framework Agreement. The Company will provide a similar guarantee to each of Chiyoda and NYK in respect of the performance and observance by EMAS AMC of all its obligations under the New Shareholders' Agreement.

4. RATIONALE FOR THE PROPOSED TRANSACTION

4.1 Rationale for the Proposed Transaction

4.1.1 Build Scale

NYK is one of the largest shipping companies in the world with a fleet of over 800 vessels under its control. During its 130-plus years in business, NYK has evolved from a group based on maritime transport to a comprehensive logistics provider that now offers services by sea, land, and air. In accordance with its mid-term management plan, NYK has been expanding its activity in the offshore oil and gas segment.

Being an international player in the logistics industry, NYK is an experienced partner in managing vessel assets and will be able to bring expertise in vessel operations and asset management to the Subsea Services Business. JVCo is able to leverage on NYK's long-standing competence in oil and gas shipping and growing experience in several offshore businesses to enhance its capabilities to win, deliver and manage large and complex projects, including large engineering, procurement, construction and installation projects.

In view of the foregoing, JVCo will benefit from the broad range of capabilities from the Company, Chiyoda and NYK, and be able to consolidate its global position as a leading subsea services player.

4.1.2 Broaden Geographical Base

NYK's strong network of global clients, partners and vendors will allow the Subsea Service Business to gain access to a larger base of service providers and potential clients. NYK also has a solid network of overseas offices that can improve JVCo's access to new geographies and enhance JVCo's knowledge and capabilities in the different local markets.

4.1.3 Strengthen Financial Position

Through the Proposed Transaction, JVCo is expected to receive additional shareholders' loans and/or banking facilities guaranteed by the Company, Chiyoda and NYK for working capital purposes. This will improve the cashflow of the Subsea Services Business and thus the financial strength of JVCo, which will enable JVCo to drive growth and business going forward.

4.2 Benefits for the Company

4.2.1 Benefits from Partnership and Synergies

With the various benefits provided by the Proposed Transaction as set out in paragraph 4.1 above, the addition of a strong partner in NYK will ensure accelerated growth of the Subsea Services Business and the Company will continue to benefit from the positive growth and synergies derived from JVCo through its 40 per cent. stake in JVCo. The Proposed Transaction will allow the Company to realise its vision of being a trusted partner and leader in the subsea construction business.

4.2.2 Unlock Shareholder Value

The Proposed Transaction unlocks value for Shareholders as it allows the Company to partially monetise its stake in the JVCo Companies through the sale of the Sale Shares to NYK and participate in the further growth and expected synergies of the Subsea Services Business with the introduction of a strategic partner which enhances the value proposition of the Subsea Services Business.

5. FINANCIAL INFORMATION

5.1 Book Value

Based on the unaudited consolidated financial statements of the Ezra Group for the second quarter of the financial period ended 29 February 2016 (the “**Ezra Group’s 2Q2016 Financial Statements**”), the book value attributable to the Sale Shares (which constitutes a 10 per cent. interest in JVCo) is approximately US\$52,320,000. This takes into account the capitalisation of intercompany payables granted to the JVCo Companies by the Ezra Group as part of the Initial Chiyoda Transaction as well as the associated goodwill and other intangibles related to the initial acquisition of the JVCo Companies by the Company based on Ezra Group’s 2Q2016 Financial Statements. The deficit of the proceeds from the Sale Consideration over the book value attributable to the Sale Shares (which includes the associated goodwill mentioned above and other intangibles amount of approximately US\$21,320,000) is approximately US\$16,320,000.

5.2 Net Tangible Asset (“NTA”) Value

Based on the Ezra Group’s 2Q2016 Financial Statements, the NTA value attributable to the Sale Shares (which constitutes a 10 per cent. interest in JVCo), after the capitalisation of intercompany payables granted to the JVCo Companies by the Ezra Group as part of the Initial Chiyoda Transaction, is approximately US\$31,000,000.

5.3 Net Loss attributable to the Sale Shares

Based on the Ezra Group’s 2Q2016 Financial Statements, the aggregate net loss attributable to the Sale Shares (which constitutes a 10 per cent. interest in JVCo) is approximately US\$6,652,000.

5.4 Impact of the Proposed Transaction on the Company

Based on the Ezra Group’s 2Q2016 Financial Statements, the estimated net loss in relation to the disposal of the Sale Shares pursuant to the Proposed Transaction is approximately US\$1,574,000, after taking into account the subscription price of US\$30,000,000 paid to JVCo in relation to the subscription of JVCo Shares by Chiyoda pursuant to the Initial Chiyoda Transaction and the re-measured book value of the Company’s retained interest in JVCo after the Initial Chiyoda Transaction.

5.5 Use of Proceeds

It is expected that the net proceeds arising from the Sale Consideration will be utilised by the Company to provide a shareholder’s loan to JVCo for working capital purposes, as stated in paragraph 3.6.1 above.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

The financial effects have been prepared based on the audited consolidated financial statements of the Ezra Group for the financial year ended 31 August 2015 (“FY2015”), being the most recently completed financial year for which financial statements are publicly available as at the date of this Announcement, and are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Transaction on the NTA per ordinary share in the share capital of the Company (“Share”) and earnings per Share (“EPS”), nor do they represent the actual financial position and/or results of the Ezra Group immediately after the Proposed Transaction.

6.2 NTA

For illustrative purposes only and assuming that the Initial Chiyoda Transaction and the Proposed Transaction had been completed on 31 August 2015, being the end of the most recently completed financial year of the Ezra Group, the pro forma financial effects on the NTA of the Ezra Group for FY2015 are as follows:

	Before the Initial Chiyoda Transaction and the Proposed Transaction	After the Initial Chiyoda Transaction and the Proposed Transaction
NTA (US\$ million)	1,337.8	1,338.2
No. of issued Shares (million)	2,939.0	2,939.0
NTA per Share (US\$)	0.46	0.46

6.3 EPS

For illustrative purposes only and assuming that the Initial Chiyoda Transaction and the Proposed Transaction had been completed on 1 September 2014, being the beginning of the most recently completed financial year of the Ezra Group, the pro forma financial effects on the EPS of the Ezra Group for FY2015 are as follows:

	Before the Initial Chiyoda Transaction and the Proposed Transaction	After the Initial Chiyoda Transaction and the Proposed Transaction
Net profit attributable to ordinary Shareholders (US\$ million)	43.7	68.4
Weighted average number of Shares (million) ⁽¹⁾	1,908.4	1,908.4
Basic EPS ⁽²⁾ (US cents)	2.29	3.58

Notes:

- (1) The weighted average number of Shares has been adjusted in accordance with FRS 33 Earnings Per Share to take into account the following events which took place in the financial year ended 31 August 2015:
- (i) the bonus issue of Shares on 23 December 2014 with respect to which the weighted average of Shares has been restated based on the assumption that the bonus issue of one bonus Share for every 25 existing Share has been issued and allocated before the beginning of 1 September 2014; and
 - (ii) the rights issue of Shares on 28 July 2015 with respect to which adjustments have been made to the weighted average of Shares as at 1 September 2014 on a pro-rata basis, based on an adjustment factor calculated based on the market price and theoretical ex-rights price of a Share.
- (2) The calculation of basic EPS is based on the net profit attributable to ordinary Shareholders.

6.4 Share Capital

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

7. MAJOR TRANSACTION

7.1 Chapter 10 of the Listing Manual

7.1.1 Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. The relative figures of the Proposed Transaction computed on the bases as set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Ezra Group's net asset value ⁽¹⁾	5.0
(b)	Net profits attributable to the assets disposed of, compared with the Ezra Group's net profits ⁽²⁾	Not applicable
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	20.2
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

(1) The net asset value of US\$52,320,000 (following the capitalisation of the intercompany payables in the Initial Chiyoda Transaction) attributable to the Sale Shares is based on the Ezra Group's 2Q2016 Financial Statements and the associated goodwill and other intangibles related to the initial acquisition of the JVCo Companies by the Company based on the Ezra Group's 2Q2016 Financial Statements. The net asset value of US\$1,044,123,000 in respect of the Ezra Group is based on the Ezra Group's 2Q2016 Financial Statements.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items.

The net loss attributable to the Company's 10 per cent. stake in JVCo based on the Ezra Group's 2Q2016 Financial Statements is approximately US\$6,652,000. The consolidated net loss of the Ezra Group based on the Ezra Group's 2Q2016 Financial Statements is approximately US\$329,634,000.

(3) The market capitalisation of the Company as at the date of this Announcement of approximately US\$178,576,000 was determined by multiplying 2,938,961,097 issued shares (excluding treasury shares) of the Company by the volume-weighted average market price of approximately S\$0.0818 per share as at the last market day on which the Shares were traded prior to the date of this Announcement and the assumed exchange rate of US\$1 : S\$1.347.

7.1.2 As the relative figure under Rule 1006(c) exceeds 20 per cent., the Proposed Transaction will constitute a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction will be subject to the approval of Shareholders.

7.2 EGM and Circular to Shareholders

The Directors will be convening an extraordinary general meeting ("EGM") to seek approval of the Shareholders for the Proposed Transaction. A circular setting out information on the Proposed Transaction, together with a notice of EGM to be convened, will be despatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

No Director or controlling Shareholder has any interest, direct or indirect, in the Proposed Transaction, save in respect of his/its shareholding (if any) in the Company.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS FOR INSPECTION

A copy of the Framework Agreement is available for inspection during normal business hours at the registered office of the Company, at 15 Hoe Chiang Road, Tower Fifteen, #28-01, Singapore 089316, for a period of three months commencing from the date of this Announcement.

By Order of the Board

Yeo Keng Nien
Company Secretary
10 June 2016