



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

DISPOSAL OF VESSELS AND 100% SHAREHOLDING IN WHOLLY-OWNED SUBSIDIARY

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:

- (i) two memoranda of agreement (the “**MOAs**”) had been entered into by Meridian Maritime Pte. Ltd., a wholly owned subsidiary of the Company (“**MMPL**”) and ZhongXie (HK) Industrial Company., Limited (the “**Purchaser**”) for the sale of two towing tugs “*Teras Darius*” and “*Teras Eden*” (collectively, the “**Tugs**”) for a cash consideration of US\$1,730,000 each, totalling US\$3,460,000 for the Tugs; and
- (ii) a share purchase agreement (the “**SPA**”, and together with the MOAs, the “**Agreements**”) had been entered into by the Company and the Purchaser to dispose its 100% effective interest in Teras Sunrise Pte. Ltd. (“**TSPL**”) (the “**Sale Shares**”, and collectively with the Tugs, the “**Disposal Assets**”) at a consideration of US\$80,200,000. TSPL is a wholly owned subsidiary of the Company incorporated in Singapore which owns the liftboat “*Teras Sunrise*” (collectively with the Tugs, the “**Vessels**”).

(collectively, the “**Disposals**”)

The Agreements were executed respectively by United Overseas Bank Limited (“**UOB**”) as attorney-in-fact of MMPL and DBS Bank Limited (“**DBS**”) as attorney-in-fact of the Company, pursuant to powers of attorney granted to UOB and DBS respectively as mortgagees and/or chargees under certain financing agreements in respect of the Vessels.

2. INFORMATION ON THE PURCHASERS

ZhongXie (HK) Industrial Company., Limited is a company incorporated under the laws of Hong Kong, with its main business in the provision of marine logistic services to the offshore energy and marine construction sector in East Asia.

3. CONSIDERATION

The Group understands from UOB and DBS that the respective considerations of US\$3,460,000 for the Tugs and US\$80,200,000 for the Sale Shares (collectively, the

“**Consideration**”) were 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 Tugs;
- (b) the market price of vessels with similar specification to the Vessels;
- (c) the hire prospects for the Vessels in the current market conditions;
- (d) the existing debt secured by the Vessels;
- (e) the value of the charter contract by TSPL;
- (f) the value of the charter receivables in TSPL; and
- (g) the future burn rates of the Vessels.

4. SALIENT TERMS OF THE DISPOSALS AND USE OF PROCEEDS

In respect of the MOAs, MMPL will receive 20% of the consideration as deposit within seven (7) banking days from the signing of the MOAs.

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

In respect of the SPA, the Purchaser will place a deposit of US\$15,000,000 within five (5) days of signing the MOA with an escrow agent. The deposit shall be non-refundable save in the case of a seller's default.

The balance of the consideration for the Sale Shares shall be placed with the escrow agent five (5) days before closing and shall, together with the deposit, be released to the Company at closing in accordance with the terms of the escrow arrangement.

S\$100,000 of the consideration of US\$80,200,000 shall be for the purchase of the Sale Shares, and the remaining US\$80,124,812 shall be used for the partial repayment of the debt owing by TSPL to DBS.

At closing, the Sale Shares are to be delivered to the Purchaser on a free of encumbrance basis, and TSPL shall have no material assets other than the ownership over the vessel “*Teras Sunrise*” and the other charter receivables for the charter of the vessel “*Teras Sunrise*”. At closing, the vessel “*Teras Sunrise*” shall be free of encumbrances (save for charterparties), and TSPL shall be free of debt owing to any party (other than the Purchaser), including to DBS and members of the Group.

5. RATIONALE

The Disposals are in line with the Group's restructuring plan as previously announced on 20 June 2021, and to will allow the Group to stop incurring further operating costs and liabilities. The Group will also 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

Based on the unaudited financial statements for the year ended 31 December 2020 (the "FY2020 FS"), the net book value of the Disposal Assets are as follows:

Teras Darius:	US\$1,730,000
Teras Eden:	US\$1,730,000
Sale Shares:	US\$64,996,717

6.3. Excess / deficit of the Consideration over the book value of the Disposal Assets

Based on the FY2020 FS, the excess of the Consideration over the book value of the Disposal Assets are as follows:

Teras Darius:	NIL
Teras Eden:	NIL
Sale Shares:	US\$15,203,283

6.4. Net profits / losses attributable to the Disposal Assets

Based on the 4Q2020 FS, the net losses generated for the year ended 31 December 2020 by the Disposal Assets are as follows:

Teras Darius:	US\$700,269
Teras Eden:	US\$114,442
Sale Shares:	US\$8,942,111

6.5. Gain / loss on the Disposals

The gain or loss estimated to be generated from the Disposals are as follows:

Teras Darius:	loss of US\$58,750
Teras Eden:	loss of US\$58,750
Sale Shares:	gain of US\$13,148,283

6.6. Financial effects

(a) Illustrative nature of financial effects

The financial effects of the Disposals on the net liabilities per share (“NL”) 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\$83,660,000 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) NL

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 decrease from US\$36.80 cents to US\$36.46 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 decrease from a loss per share of US\$13.51 cents to US\$13.10 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 Darius	Teras Eden	Sale Shares	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%	-4.71%	-4.96% ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net loss.	0.02%	0.14%	1.77%	1.93% ⁽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.	1.42%	1.42%	65.74%	68.57% ⁽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.	N.A.	N.A.	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.	N.A.	N.A.	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the net book value of the Disposal Assets of US\$66,726,717 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 Disposal Assets of US\$9,642,380 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\$83,660,000.
- (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.

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

The Agreements 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
13 July 2021