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### EZRA HOLDINGS LIMITED

(Incorporated in Singapore)

(UEN/Company Registration Number: 199901411N)

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## ANNOUNCEMENT – (I) PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE TO ENTITLED SHAREHOLDERS; AND (II) PROPOSED ISSUE OF CONVERTIBLE BONDS

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### 1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Ezra Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing:

- (a) a renounceable rights issue (the "**Rights Issue**") of up to 2,026,869,722 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price (the "**Issue Price**") which represents a discount of not more than 50 per cent. to the theoretical ex-rights price ("**TERP**") for each Rights Share, on the basis of up to 200 Rights Shares for every 100 existing ordinary shares in the capital of the Company ("**Shares**") held by shareholders of the Company ("**Shareholders**") as at a date and time to be determined by the Directors for

the purpose of determining the Shareholders' entitlements under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded; and

- (b) to issue fixed rate convertible bonds due 2020 (the "**Convertible Bonds**") with an aggregate principal amount of up to S\$200 million convertible into new ordinary shares in the capital of the Company at a conversion price to be determined (the "**Bonds Issue**").

As the Company expects the number of Rights Shares and Conversion Shares to exceed the number of new Shares which the Company may issue under its shares issue mandate obtained from Shareholders at the previous annual general meeting, the Company will be required to convene an extraordinary general meeting (the "**EGM**") to seek Shareholders' approval in respect of (i) the Rights Issue; and (ii) the Bonds Issue. The ordinary resolution in respect of the Bonds Issue is subject to and conditional upon the passing of the ordinary resolution in respect of the Rights Issue. A circular to Shareholders containing, *inter alia*, details of the Rights Issue and the Bonds Issue and the notice of EGM (the "**Circular**"), will be despatched to Shareholders in due course.

**An application has been made by the Company to the SGX-ST for the listing of and quotation of the Rights Shares on the Main Board of the SGX-ST. A listing application for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Main Board of the SGX-ST will be submitted to the SGX-ST after the EGM. The SGX-ST has not provided its in-principle approval for the listing of the Right Shares, the Convertible Bonds or the Conversion Shares and assumes no responsibility for the correctness of any statements or opinions contained in this announcement. The SGX-ST's in-principle approval, if obtained, is not to be taken to be an indication of the merits of the Rights Issue, the Rights Shares, the Convertible Bonds, the Conversion Shares, the Company or its subsidiaries. The SGX-ST's in-principle approval, for the listing of the Rights Shares, the Convertible Bonds, and the Conversion Shares if obtained, may be subject to various conditions. The Company will make an announcement if and when SGX-ST's in-principle approval is obtained, or in the event that any information contained in this announcement regarding the Rights Issue, the Rights Shares, the Convertible Bonds or the Conversion Shares has to be amended.**

The Company has appointed (i) Credit Suisse (Singapore) Limited, as the sole financial advisor, sole global coordinator and lead manager of the Rights Issue (the "**Lead Manager of the Rights Issue**") and the sole bookrunner of the Bonds Issue (the "**Sole Bookrunner of the Bonds Issue**"); and (ii) Credit Suisse (Singapore) Limited and DBS Bank Ltd. as the joint underwriters of the Rights Issue (the "**Joint Underwriters of the Rights Issue**")

## 2. THE RIGHTS ISSUE

Pursuant to the Rights Issue, up to 2,026,869,722 Rights Shares will be issued at the Issue Price on the basis of up to 200 Rights Share for every 100 existing Shares held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The Issue Price is a price which represents a discount of not more than 50 per cent. to the TERP. The TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market Value of the Shares}^{(1)} \text{ prior to the Rights Issue} + \text{Cash raised from the Rights Issue}}{\text{Number of Shares (excluding treasury shares) after the Rights Issue}}$$

**Note:**

- (1) Market value of the Shares (excluding treasury shares) prior to the Rights Issue ("**Market Value**") is calculated as the total number of Shares outstanding in the Company multiplied by the last closing price per Share on the Notice of Books Closure Date for the Rights Issue.

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be traded on the Main Board of the SGX-ST over a period to be determined by the Board in compliance with the rules of the Listing Manual of the SGX-ST. Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce, or in the case of Entitled Depositors (as defined herein) only, trade their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors who do not wish to subscribe for the Rights Shares may choose to sell their entitlements during the "nil-paid" rights trading period. All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for excess Rights Shares, or dealt with in such manner as the Directors in their absolute discretion deem fit. In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and the substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and the allotment of excess Rights Shares.

## 2.1 Approvals and Other Conditions to the Rights Issue

Shareholders should note that the Rights Issue is subject to, *inter alia*, the following:

- (a) the in-principle approval from the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST being granted and not having been withdrawn or revoked on or prior to the completion of the Rights Issue;
- (b) the Rights Issue being approved by the Shareholders at the EGM; and
- (c) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in connection with the Rights Issue, with the MAS.

## 2.2 Undertakings

As at 25 May 2015, being the date of the Undertakings, Mr Lee Kian Soo held directly, 15,652,000 Shares (the "**Existing LKS Shares**") and Mr Lee Chye Tek Lionel held, directly and indirectly (including through his shareholding in Jit Sun Investments Pte. Ltd.<sup>1</sup>), 234,797,675 Shares (the "**Existing LCT Shares**") (Mr Lee Kian Soo and Mr Lee Chye Tek Lionel, the "**Undertaking Shareholders**"). The Shares held by the Undertaking Shareholders represent in aggregate approximately 24.71% of the existing issued share capital (excluding treasury shares) of the Company.

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<sup>1</sup> Mr Lee Chye Tek Lionel holds 100% of the shares in Jit Sun Investments Pte. Ltd.

To show their support for the Company and the Rights Issue, each of the Undertaking Shareholders has separately given an undertaking, pursuant to which each of them has irrevocably undertaken to the Company that, *inter alia*:

- (a) with respect only to Mr Lee Kian Soo's Undertaking, Mr Lee Kian Soo will vote all of the Existing LKS Shares in favour of the resolutions to be proposed at the EGM to be held or any adjournment thereof, to approve, *inter alia*, (i) the Rights Issue, including the issue of the Rights Shares, and (ii) the Bonds Issue, including the issue of the Convertible Bonds and the Conversion Shares;
- (b) with respect only to Mr Lee Chye Tek Lionel's Undertaking, Mr Lee Chye Tek Lionel will vote, and procure the voting of, all the Existing LCT Shares in favour of the resolutions to be proposed at the EGM to be held or any adjournment thereof, to approve, *inter alia*, (i) the Rights Issue, including the issue of the Rights Shares, and (ii) the Bonds Issue, including the issue of the Convertible Bonds and the Conversion Shares;
- (c) as at 5.00 p.m. (Singapore time) on the Books Closure Date, each of Mr Lee Kian Soo and Mr Lee Chye Tek Lionel will, and with respect only to Mr Lee Chye Tek Lionel's Undertaking, Mr Lee Chye Tek Lionel will procure Jit Sun Investments Pte. Ltd. to, have not less than the number of Existing LKS Shares or Existing LCT Shares (as the case may be) credited to the respective securities accounts held by them with The Central Depository (Pte) Limited ("**CDP**");
- (d) with respect only to Mr Lee Kian Soo's Undertaking, in accordance with the terms and conditions of the Rights Issue, Mr Lee Kian Soo will, not later than the Closing Date of the Rights Issue, accept, subscribe and pay in full for his pro-rata entitlement under the Rights Issue in relation to the Existing LKS Shares; and
- (e) with respect only to Mr Lee Chye Tek Lionel's Undertaking, in accordance with the terms and conditions of the Rights Issue, Mr Lee Chye Tek Lionel will and will procure that Jit Sun Investments Pte. Ltd. will, not later than the Closing Date of the Rights Issue, accept, subscribe and pay in full for, their respective pro-rata entitlements to the Rights Shares.

Each of the Undertakings is subject to and conditional upon the following:

- (a) the in-principle approval granted by the SGX-ST for the dealing in, listing of and quotation of the Rights Shares on the Main Board of the SGX-ST not being withdrawn;
- (b) the Rights Issue being approved by Shareholders at the EGM;
- (c) all other approvals of any government whether Singapore or foreign, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body, which the Undertaking Shareholders reasonably determine are necessary to implement the transactions contemplated by the Undertakings having been obtained either unconditionally or on conditions satisfactory to the Undertaking Shareholders acting reasonably and not having been withdrawn or revoked; and
- (d) the lodgment of the Offer Information Statement, together with all other accompanying documents by the Company in respect of the Rights Issue with the Monetary Authority of Singapore,

(the “**Undertaking Conditions**”).

The Undertakings shall terminate (i) if the Company decides not to proceed with the Rights Issue, upon the release of an announcement by the Company through SGXNET of such decision; (ii) upon the non-fulfilment of any of the Undertaking Conditions, on the date of such non-fulfilment; or (iii) at 5.30 p.m. on 31 August 2015 or such other date as the parties may mutually agree in writing, whichever is the earliest.

No commission or fee will be payable by the Company to the Undertaking Shareholders in consideration of the Undertakings.

### **2.3 Underwriting of the Rights Issue**

The Rights Shares, save for the Rights Shares to be subscribed by the Undertaking Shareholders pursuant to the Undertakings, will be underwritten by the Joint Underwriters of the Rights Issue pursuant to the terms and subject to the conditions contained in the underwriting agreement dated 30 May 2015 (the “**Underwriting Agreement**”).

Under the Underwriting Agreement, the Company has agreed, among other matters, that it will not, other than or in connection with the Rights Issue and the Bonds Issue and in transactions relating to the Company's share buy-back mandate, employee share option scheme and performance share plan, at any time in the period from the date of the Underwriting Agreement up to 90 days after the settlement date of the Rights Issue, directly or indirectly, (i) offer, issue, sell, contract to issue or sell, grant any option to purchase any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe for or purchase Shares); (ii) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iii) deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe for or purchase Shares) in any depository receipt facility; (iv) issue any marketable securities (in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities) or Shares or options thereof, or vary, alter, subdivide or otherwise do anything to its capital structure (issued or otherwise), (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above, or (vi) publicly announce any intention to do any of the above, in each case, without the prior written consent of the Joint Underwriters (such consent not to be unreasonable withheld).

The Joint Underwriters of the Rights Issue are not entitled to terminate the Underwriting Agreement on the occurrence of certain “force majeure events” on or after the commencement of the trading of the Shares on an ex-rights basis.

The Rights Issue cannot be withdrawn after the commencement of the trading of the Shares on an ex-rights basis, without the approval of the SGX-ST.

The Joint Underwriters of the Rights Issue may, from time to time, enter into arrangements with sub-underwriters, save that no sub-underwriting arrangement shall be entered into with controlling shareholders and substantial shareholders where sub-underwriting fees will be paid.

### **2.4 Eligibility of Shareholders to participate in the Rights Issue**

The Company proposes to provisionally allot the Rights Shares under the Rights Issue at the Issue Price on the basis of their shareholdings as at the Books Closure Date to all Shareholders who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”), comprising Entitled Depositors, Entitled Scripholders and Entitled QIBs (as defined below).

**“Entitled Depositors”** are Shareholders with Shares standing to the credit of their securities accounts (the **“Securities Accounts”**) and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

**“Entitled Scripholders”** are Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar of the Company valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

**“Entitled QIBs”** are (a) beneficial holders of Shares who the Company reasonably believes is each a "qualified institutional investor" (as defined in Rule 144A under the Securities Act), after consultation with the Joint Underwriters and who have each provided to the Company, not later than the Settlement Date (or such other date as may be agreed by the Company and the Joint Underwriters), a signed investor representation letter substantially in the form attached to the Offer Information Statement; and (b) who are Entitled Depositors or Entitled Scripholders.

Entitled Shareholders will be eligible to participate in the Rights Issue and to receive the Offer Information Statement together with the application and acceptance form for Rights Shares and excess Rights Shares to be issued to an Entitled Depositor in respect of the provisional allotment of Rights Shares of such Entitled Depositor under the Rights Issue (the **“ARE”**) or the provisional allotment letter to be issued to an Entitled Scripholder, setting out the provisional allotment of Rights Shares of the Entitled Scripholder under the Rights Issue (the **“PAL”**) and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the ARE and the PAL may obtain them from CDP, the Share Registrar or any stockbroking firm during the period from the date the Rights Issue commences up to the Closing Date of the Rights Issue. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date of the Rights Issue.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Rights Shares) or, in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

For CPF Investment Scheme Members, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares, can only be made using CPF Funds. In the case of insufficient CPF Funds or stock limit, CPF Investment Scheme Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares.

**Any application made by the abovementioned CPF Investment Scheme Members directly to CDP or through the automated teller machines of the participating banks to the Rights Issue will be rejected.** Such Shareholders should refer to the Offer Information Statement for the details relating to the offer procedure in connection with the Rights Issue.

### **Foreign Shareholders**

The Rights and the Rights Shares will not be offered to Shareholders who are not Entitled Depositors or Entitled Scripholders, with registered addresses outside Singapore as at the Books Closure Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in

Singapore for the service of notices and documents at least three market days prior to the Books Closure Date (the “**Foreign Shareholders**”). Accordingly, no provisional allotment of Rights will be made to Foreign Shareholders and no purported acceptance or application for Rights by Foreign Shareholders will be valid.

To the extent it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST, as soon as practicable after the commencement of trading of the provisional allotments. The net proceeds of such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and paid to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to a single or joint Foreign Shareholder and the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company. No Foreign Shareholder shall have any claim whatsoever against the Company, the Joint Underwriters of the Rights Issue, CDP, the CPF Board or the Share Registrar and their respective officers in respect of such sales or the proceeds thereof.

### 3. THE BONDS ISSUE

The issue price of the Convertible Bonds will be 100 per cent. of the aggregate principal amount of the Convertible Bonds. The Conversion Price (subject to adjustment in the manner provided in the terms and conditions of the Convertible Bonds) will be determined by the Company and the Sole Bookrunner of the Bonds Issue after trading closes on the day on which the Company, in its sole discretion, will determine and announce the Conversion Price (the “**Price Fixing Date**”). The Conversion Price will be at a premium of at least 15.0% to the last closing price of the Shares on the SGX-ST on the Price Fixing Date and rounded down to the nearest whole multiple of 0.5 cents.

For illustrative purposes only, assuming that the last closing price of the Shares on the SGX-ST on the Price Fixing Date is S\$0.267, the indicative Conversion Price will be S\$0.305 (the “**Indicative Conversion Price**”). Based on the Indicative Conversion Price and the principal amount of S\$200 million of the Convertible Bonds, the number of Shares to be allotted and issued by the Company pursuant to the full conversion of the Convertible Bonds (“**Conversion Shares**”) is 655,737,700 (rounded to the nearest 100 Shares) (the “**Indicative Conversion Shares**”).

As at the date of this announcement, the existing issued share capital (excluding treasury shares) of the Company comprises 1,013,434,861 Shares. For illustrative purposes only, assuming the Indicative Conversion Shares are allotted and issued pursuant to the full conversion of the Convertible Bonds, the Indicative Conversion Shares represent approximately 64.7% of the existing issued share capital (excluding treasury shares) of the Company.

Assuming completion of the Rights Issue and the issue of 2,026,869,722 Rights Shares, the enlarged issued share capital (excluding treasury shares) of the Company will comprise 3,040,304,583 Shares (the “**Enlarged Share Capital**”). For illustrative purposes only, assuming the Indicative Conversion Shares are allotted and issued pursuant to the full conversion of the Convertible Bonds, the Indicative Conversion Shares represent approximately 21.6% of the Enlarged Share Capital.

It is expected that, in the event the Company proceeds with the Bonds Issue, for purposes of the Bonds Issue, the Company will enter into a subscription agreement with the Sole Bookrunner of the Bonds Issue, pursuant to which the Sole Bookrunner of the Bonds Issue shall procure subscribers for the Convertible Bonds and failing which, subscribe and pay for the Convertible Bonds.

Further details on the terms and conditions of the Convertible Bonds will be provided in due course.

### 3.1 Conditions to the Bond Issue

Shareholders should note that the Bonds Issue is subject to, *inter alia*, the following conditions:

- (a) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation of the Convertible Bonds and Conversion Shares on the Main Board of the SGX-ST, and such in-principle approval not having been withdrawn as at the date of completion of the Rights Issue and Bonds Issue. An application will be made to the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares after the EGM should the Company proceed with the Bonds Issue;
- (b) the Bonds Issue, including the allotment and issue of the Convertible Bonds and the Conversion Shares, being approved by Shareholders at the EGM; and
- (c) the completion of the Rights Issue.

Notwithstanding Shareholders' approval being obtained (if obtained) for the Bonds Issue, the Company may, at its discretion, and, in consultation with the Sole Bookrunner of the Bonds Issue, not proceed with the Bonds Issue.

### 3.2 Equity Swap

Concurrent with the issuance of the Convertible Bonds, the Company intends to enter into an equity swap arrangement ("**Equity Swap**") with an initial notional value of up to 40.0% (with a target of 35.0%) of the issue size of the Convertible Bonds to facilitate the issue of the Convertible Bonds. The Equity Swap will be inter-conditional with the issue of the Convertible Bonds.

Under the terms of the cash-settled Equity Swap, the Company will be the buyer / receiver of the Equity Swap and Credit Suisse International will be the seller / payer of the Equity Swap. The underlying notional asset will be the Shares. In respect of the Shares underlying the Equity Swap, the Company will participate in any upside or downside in the future Share price. The Company will also receive any dividends paid in respect of the Shares underlying the Equity Swap, net of withholding taxes, if any. The Equity Swap will be effective from the Price Fixing Date. The scheduled termination date of the Equity Swap will be the same date as the maturity date of the Convertible Bonds, which is expected to be the date falling five years from the issue date of the Convertible Bonds.

The Equity Swap will help to facilitate hedging by investors, thereby broadening the investor base for the Bonds Issue, increase investor demand and contribute to the success of the Bonds Issue. The Equity Swap is expected to increase the value ascribed by Investors to the equity option component of the Bonds Issue by permitting investors to hedge their purchase of the Convertible Bonds, resulting in more attractive terms for the Company. Moreover, as investors hedge the Convertible Bonds with the Equity Swap, any initial short selling by investors (which is typically associated with the issuance of a convertible bond) is likely to be minimal. Funding of the Equity Swap will be through cash reserves and operational liquidity.

The Equity Swap is also expected to act as a dilution hedge for the Company in the event that the investors elect to convert the Convertible Bonds. The profit made by the Company under the Equity Swap in such an event would partially offset the dilutive impact of the Conversion Shares. Since the Equity Swap is cash-settled, there will not be any Shares actually issued or received by the Company pursuant to the Equity Swap. As such, there will not be any impact on the issued share capital of the Company or the shareholding interests of Shareholders.



#### 4. RATIONALE FOR THE RIGHTS ISSUE AND THE BONDS ISSUE AND USE OF PROCEEDS

The rationale for this capital-raising exercise is as follows:

(a) *Raise funds to repay certain securities*

The proceeds from the Rights Issue and the Bonds Issue will be primarily used to repay certain securities of the Company, including, the S\$225 million Fixed Rate Notes due September 2015 and the S\$150 million perpetual securities.

(b) *De-leverage balance sheet and reduce gearing ratios*

Upon completion of the Rights Issue, the Company's net gearing ratio will be reduced, thereby deleveraging its balance sheet.

(c) *Provide financial flexibility to capitalise on future growth opportunities*

The delivery of *Lewek Constellation* in the second quarter of 2015 is expected to contribute further operational cashflows for the Company, which, in combination with the moderation of capital expenditures post-delivery of *Lewek Constellation* is expected to meet the Company's planned capital expenditures and foreseeable debt maturities. In addition, upon completion of the Rights Issue and Bonds Issue, with a strengthened balance sheet, the Company will have further financial flexibility to capture future growth opportunities.

It is noted that the Offshore Services industry continues to experience headwinds and a weakening growth outlook in light of the current oil price environment with a number of announced deferral and cancellation of selected upstream oil and gas exploration and development projects.

Notwithstanding the delivery of *Lewek Constellation*, the Company's flagship subsea construction vessel, in May 2015 and generally better cyclical performance in the second half of the financial year, the Company expects a challenging operating environment and a decline in operating performance in the second half of financial year ending 31 August 2015 vis-a-vis the corresponding period in the financial year ended 31 August 2014 due to certain project delays and slowdown in project wins whilst fixed costs continue to be incurred.

The Company continues to execute on its order book (aggregate US\$2.3 billion as of end-February 2015) and continues to believe that it is well-positioned to capitalize on market opportunities in the subsea and offshore services space. The Company remains focused on its strategy to grow its subsea business and continues to explore and review business opportunities, projects and proposals relating to the subsea and offshore services businesses from time to time which may include, amongst other things, acquisitions, entering into joint ventures and/or partnerships or disposals, in order to capitalise on market opportunities or to manage risks in light of market conditions. The Company may also obtain committed credit lines from financial institutions, from which they can draw down on from time to time for working capital and refinancing purposes. The Company will make the relevant disclosures in compliance with the Corporate Disclosure Policy of the SGX-ST Listing Manual, if any, at the appropriate time. The Rights Issue and Bonds Issue will further enable the Company in this respect.

The (i) total estimated gross proceeds from the Rights Issue and the Bonds Issue are (a) up to approximately US\$150 million in the case of the Rights Issue; and (b) up to S\$200 million (approximately US\$150 million) in the case of the Bonds Issue, resulting in an aggregate of up to approximately US\$300 million (the "**Gross Proceeds**"); (ii) net proceeds from the Rights Issue and the Bonds Issue is approximately US\$289.5 million (the "**Net Proceeds**"); and (iii) net proceeds from the Rights Issue only is approximately US\$145.3 million (the "**Net Proceeds from the Rights Issue**").

The Company intends to use the Gross Proceeds as follows:

<b>Purpose</b>	<b>% of Gross Proceeds</b>
1) Repayment of S\$225 million Fixed Rate Notes due September 2015	62
2) Repayment of S\$150 million perpetual securities	35
3) Issue expenses and working capital	3
<b>Total</b>	<b>100</b>

In the event the Company only undertakes the Rights Issue and not the Bonds Issue, the Company will use the Net Proceeds from the Rights Issue to partially repay the S\$225 million Fixed Rate Notes due September 2015. Apart from the Net Proceeds of the Rights Issue, the Group will utilise internal cash resources and available credit lines for funding the repayment of the S\$225 million Fixed Rate Notes due September 2015.

In relation to the S\$150 million perpetual securities (the “**Perpetual Securities**”), there is no fixed redemption date for the Perpetual Securities and the Company has the right to redeem or purchase them in accordance with the provisions of the conditions of the Perpetual Securities, with the first redemption date falling on 18 September 2015 (the “**First Reset Date**”). In the event the Company chooses not to redeem the Perpetual Securities on the First Reset Date, the distribution rate of the Perpetual Securities will be reset with the next date of redemption falling 3 years after 18 September 2015. If the Company does not proceed with the Bonds Issue, the Company will take into account, amongst other things, its internal cash resources and available credit lines for funding, before it decides whether to redeem the Perpetual Securities on the First Reset Date.

Pending the deployment of the net proceeds from the Rights Issue and Bonds Issue (“**Net Proceeds**”), such Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Directors of the Company may deem appropriate in the interests of the Group.

The Company will announce any material disbursement of the Net Proceeds accordingly. In addition, a status report on the use of the Net Proceeds will be provided in the Company’s annual report.

In relation to the Net Proceeds which are set aside for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in announcements and annual reports.

## **5. FINANCIAL EFFECTS OF THE RIGHTS ISSUE AND THE BONDS ISSUE AND INDICATIVE TIMELINE**

Details of the financial effects of the Rights Issue and the Bonds Issue as well as an indicative timeline for the Rights Issue and the Bonds Issue will be provided to Shareholders in due course.

## **6. ADJUSTMENTS TO SHARE AWARDS**

The Company may make adjustments with respect to the award of Shares granted pursuant to the Employee Share Plan to take into account the Rights Issue so that the participants under the Employee Share Plan will not be adversely affected thereby. Details of such adjustments will be communicated separately to such participants.

By Order of the Board

Yeo Keng Nien  
Company Secretary  
30 May 2015