



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

PROPOSED BONUS ISSUE OF UP TO 323,935,880 FREE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF EZION HOLDINGS LIMITED WITHIN FOUR (4) YEARS FROM ISSUANCE DATE AT AN EXERCISE PRICE OF S\$0.50 FOR EACH NEW SHARE AND ON THE BASIS OF ONE (1) WARRANT FOR EVERY FIVE (5) EXISTING ORDINARY SHARES HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The board of directors ("**Directors**") of Ezion Holdings Limited ("**Company**") together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing a bonus issue ("**Bonus Warrants Issue**") of up to 323,935,880 free warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**New Share**") within four (4) years from issuance date at an exercise price of S\$0.50 for each New Share ("**Exercise Price**"), to be credited and allotted to the shareholders of the Company ("**Shareholders**") on the basis of one (1) Warrant for every five (5) existing ordinary shares ("**Shares**") in the capital of the Company held by the shareholders of the Company ("**Shareholders**") as at the books closure date to be determined by the Directors ("**Books Closure Date**"), fractional entitlements to be disregarded.

The Warrants and the New Shares will be issued pursuant to the general mandate approved by the Shareholders at the annual general meeting held on 22 April 2015 ("**Share Issue Mandate**").

2. RATIONALE OF THE BONUS WARRANTS ISSUE AND USE OF PROCEEDS FROM EXERCISE OF WARRANTS

2.1 Rationale

The Directors believe that the Bonus Warrants Issue will reward Shareholders for their continued participation in and support for the Company by providing Shareholders with an opportunity to increase their equity participation in the Company and participate in the future growth of the Company. In addition, the proceeds arising from the exercise of the Warrants will potentially increase the Company's capital base, strengthen its balance sheet and provide additional financial flexibility to the Group.

2.2 Use of Proceeds

Assuming that 323,935,880 Warrants are issued and are all exercised, the Company will receive gross proceeds of approximately S\$161.97 million. The estimated net proceeds ("**Net Proceeds**") from the exercise of the Warrants, after deducting estimated expenses of the Bonus Warrants Issue, will amount to approximately S\$161.77 million. The Company intends to utilise the Net Proceeds for investments, repayment of borrowings and/or general working capital purposes for the Group, as the Directors may deem fit in the interests of the Company. The percentage allocation for each intended use cannot be determined at this moment.

As and when any significant amount of the Net Proceeds is deployed, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such Net Proceeds in its annual report. Pending the deployment of the Net Proceeds for the uses identified above, the Net Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

3. PRINCIPAL TERMS OF THE BONUS WARRANTS ISSUE

3.1 Terms of the Warrants

The Warrants, to be credited and allotted free to Shareholders, will be in registered form and be constituted in an instrument by way of a deed poll ("**Deed Poll**") that sets out the terms and conditions of the Warrants and which may from time to time be amended or supplemented.

Each Warrant will, subject to the terms and conditions to be set out in the Deed Poll, carry the right to subscribe for one (1) New Share at an exercise price of S\$0.50 for each New Share payable in cash; during the period ("**Exercise Period**") commencing from and including the date of issue of the Warrants and expiring at 5:00 p.m. on the market day immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants. Any Warrant which remains unexercised at the end of the Exercise Period shall thereafter lapse and cease to be valid for all purposes.

The Exercise Price of S\$0.50 for each New Share represents the last transacted price of S\$0.50 per Share on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Mainboard**") on 29 February 2016 (being the date of this announcement). The Exercise Price and the number of Warrants will be subject to adjustments under certain circumstances in accordance with the Deed Poll.

The Warrants will be listed and traded on the Mainboard under the book-entry (scripless) settlement system. The listing of and quotation for the Warrants and the New Shares on the Mainboard, if approved, is expected to be subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of the Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

The New Shares arising from the exercise of Warrants will rank *pari passu* in all respects with the then existing issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls on or after the relevant exercise date of the Warrants, save as may be otherwise provided for in the Deed Poll. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as

may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

An offer information statement (“**OIS**”) will be lodged with the SGX-ST acting as agent of the Monetary Authority of Singapore (“**MAS**”) in relation to, and for the purpose of the Bonus Warrants Issue. However, the OIS will not be despatched to the Shareholders. Shareholders may download a copy of the OIS from the SGX-ST’s website after the OIS is lodged. An announcement will be made at a later date on the lodgement and uploading of the OIS on the SGX-ST’s website

3.2 Size of the Bonus Warrants Issue

As at the date hereof, the Company has 1,595,254,740 Shares (excluding treasury Shares) that have been issued and are fully paid-up (“**Existing Issued Share Capital**”). None of the Shares is subject to moratorium.

As at the date hereof, the Company has in force the Ezion Share Plan 2008 (“**Share Plan**”) and the Ezion Employee Share Option Scheme (“**Option Scheme**”). An aggregate of 10,699,080 share options (“**Share Options**”) which have been granted pursuant to the Option Scheme remain outstanding and are exercisable. Details of the Share Options granted under the Option Scheme which remain outstanding and are exercisable are set out below:

Date of Grant of Share Options	Exercise Price per Share	Options Outstanding as at the date hereof	Exercise Period
11/10/2011	S\$0.288	2,016,000	11/10/2012 to 11/10/2021
7/6/2012	S\$0.514	1,641,480	7/6/2013 to 7/6/2022
21/1/2013	S\$1.083	7,041,600	21/1/2015 to 21/1/2023

Further to the above, as at the date hereof, Teras Investment Pte. Ltd, a wholly subsidiary of the Company, has an outstanding aggregate of 300 redeemable exchangeable preference shares (“**REPS**”) pursuant to a subscription agreement entered into on 16 August 2013 (“**Subscription Agreement**”), where such REPS are exchangeable into Shares (“**Exchange Shares**”) at the exchange price of S\$2.1857 in accordance with the terms and conditions of the Subscription Agreement. The REPS are exchangeable into 13,725,580 Exchange Shares if all the REPS are exchanged into New Shares of the Company based on the exchange price of S\$2.1857.

Based on the Existing Issued Share Capital, the Bonus Warrants Issue will comprise up to 319,050,948 Warrants representing up to 20% of the Existing Issued Share Capital. Assuming that all the Warrants issued are exercised, the share capital would increase to 1,914,305,688 Shares, representing 120% of the Existing Issued Share Capital.

In the event that all the Share Options are exercised, awards pursuant to the Share Plan (“**Awards**”) are granted, REPS are exchanged into New Shares and New Shares are issued before the Books Closure Date, the issued Share capital excluding treasury shares will increase to 1,619,679,400 Shares (“**Enlarged Issued Share Capital**”).

Based on the Enlarged Issued Share Capital, the Bonus Warrants Issue will comprise up to 323,935,880 Warrants representing up to 20% of the Enlarged Issued Share Capital. Assuming that

all the Warrants issued pursuant to the Bonus Warrants Issue are exercised, the share capital would increase to 1,943,615,280 Shares, representing 120% of the Enlarged Issued Share Capital.

3.3 Trading of Odd-lots

All fractional entitlements to the Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders (as defined herein) and will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should note that subject to the requirement of SGX-ST, the warrants are quoted on the Mainboard in board lot sizes of 100 warrants. Following the Bonus Warrants Issue, Shareholders who hold odd lots of the Warrants (i.e. less than 100 Warrants) and who wish to trade in odd lots on the Mainboard should note (where applicable) the setting up of the Unit Share Market of the SGX-ST to allow for trading of odd lots.

3.4 Eligibility of Shareholders to Participate in the Bonus Warrants Issue

The Warrants to be issued pursuant to the Bonus Warrants Issue will be credited and allotted to Shareholders whose names appear in the records of the Central Depository (Pte) Limited (the “**CDP**”) or the Register of Members of the Company, as the case may be, as at the Books Closure Date, with registered addresses in Singapore or who have, at least three (3) consecutive market days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”). The Bonus Warrants Issue will be made on the basis of one (1) Warrant for every five (5) Share held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. Entitled Shareholders will be issued Warrants on the basis of their shareholdings as at the Books Closure Date.

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Warrants will NOT be offered or credited or allotted (as the case may be) to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Warrants which would otherwise be allotted to Foreign Shareholders will, if practicable, be sold on the Mainboard and the net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register or the Register of Members (as the case may be) as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such amount will be retained for the sole benefit of the Company or otherwise dealt with as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP or the Directors or share registrar or the SGX-ST and their respective officers in respect of such sales or the proceeds thereof, of such entitlements to the Warrants.

Where such Warrants are sold on the Mainboard, they will be sold at any such price or prices as the Company, may in its absolute discretion, decide and deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP or the Directors or share registrar or the SGX-ST in respect of such sales.

Any entitlements to the Warrants not taken up for any reason and fractional entitlements to the Warrants which are disregarded and not allotted to Entitled Shareholders will be aggregated and sold on the Mainboard for the benefit of the Company or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

4. APPROVAL FOR THE BONUS WARRANTS ISSUE

The Bonus Warrants Issue is subject to, *inter alia*, the following:

- (a) the receipt of the approval-in-principle from the SGX-ST for the listing of and quotation for up to 323,935,880 Warrants, and up to 323,935,880 New Shares on the Official List of the SGX-ST, and if any and where applicable, the Additional Exchange Shares (as defined herein), the Additional Awards (as defined herein), Additional Share Options (as defined herein), and their underlying Shares to be issued upon exercise, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (b) the listing and quotation notice ("**Notice**") from the SGX-ST for the listing of and quotation for all the Warrants and New Shares on the Mainboard;
- (c) the lodgement of the OIS, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Bonus Warrants Issue, with the Monetary Authority of Singapore; and
- (d) there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants.

An application will be made to the SGX-ST for permission to deal in, and the listing of and quotation for all the Warrants, the New Shares, and if any and where applicable, the Additional Awards (as defined herein), Additional Share Options (as defined herein), and the underlying Shares to be issued upon their relevant exercise on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course. The date for the Books Closure Date will only be fixed and announced after the SGX-ST has issued the Notice or approved the Bonus Warrants Issue (as the case may be).

5. ADJUSTMENTS TO AWARDS AND SHARE OPTIONS

Pursuant to the Share Plan and Option Scheme, the number of Awards, Share Options and their exercise prices shall be subject to adjustments in view of the Bonus Warrants Issue. Additional Awards ("**Additional Awards**") and additional Share Options ("**Additional Share Options**") may be issued as a result of such adjustment. As grant of the Additional Awards and Additional Share Options will be issued free (except for possible notional consideration in the case of Additional Share Options), there would be no proceeds arising from their issuance.

In addition, pursuant to the Subscription Agreement, the exchange price of the REPS shall be subject to adjustments in view of the Bonus Warrants Issue. Additional Exchange Shares ("**Additional Exchange Shares**") may be issued as a result of such adjustments. As no consideration is payable for the exchange of the REPS to Shares, there would be no proceeds arising from the issuance of the Additional Exchange Shares.

The Company will make such further announcements on the adjustments for the REPS, Awards and Share Options after such adjustments for REPS, Awards and Share Options have been confirmed or reviewed (as the case may be) pursuant to the rules of the Subscription Agreement, Share Plan and Option Scheme respectively.

All fractional entitlements to the Additional Awards and Additional Share Options will be disregarded in arriving at the entitlements of the holders of the Awards and Share Options and will not be issued.

6. OFFER INFORMATION STATEMENT

The terms and conditions of the Bonus Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Bonus Warrants Issue will be contained in the OIS to be issued by the Company in due course. All Entitled Shareholders will receive the appropriate application forms and accompanying documents at their Singapore addresses.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Save as disclosed in this announcement, none of the Directors and controlling shareholders of the Company has any interests, direct or indirect, in the Bonus Warrants Issue (other than in his capacity as Director or Shareholder of the Company).

8. RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) 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 Bonus Warrants Issue, 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 any 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.

9. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company in relation to the Bonus Warrants Issue as and when appropriate.

By Order of the Board

Lee Tiong Hock
Company Secretary
29 February 2016