



EZION HOLDINGS LIMITED

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

**RESPONSES TO THE QUESTIONS RECEIVED FOR THE ANNUAL GENERAL MEETING (“AGM”) TO
BE HELD ON 29 JULY 2021**

1. Introduction

The Board of Directors of Ezion Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s notice of AGM announced on 14 July 2021, and in particular, to the invitation for shareholders to submit questions in advance of the AGM. The Company has received 15 questions in total and for the ease of reference, the Company has grouped together questions which are similar in nature or pertain to the same subject matter. The Company wishes to thank shareholders for the questions submitted.

2. Responses to Questions from Shareholders

The responses to the questions raised by the shareholders for the Company’s AGM to be held on 29 July 2021 are as follows:

Question 1: Can the Company’s officers and directors explain the losses, and what actions are taken to protect shareholders?

Question 2: Can the Board share on the current condition of the Company and the plan to revive the situation?

Question 3: What is the future outlook for Ezion?

The Group’s core business of owning and chartering strategic marine assets to support the marine and offshore oil and gas sector was heavily impacted by the global oil and gas market downturn in 2016, as global oil prices fell from an average of US\$80-US\$110 per barrel between 2012 and 2014, to an average of US\$30-US\$60 per barrel between 2016 and 2018.

As the global oil prices stayed depressed for a protracted period of time, many international oil majors and national oil companies had cancelled prospective or planned projects, scaled down heavily on capital expenditure, as well as deferred maintenance and workover programs. In addition, the entire industry ecosystem was affected by a liquidity crunch, with many companies operating in the sector unable to access new or existing credit lines. A significant number of the Group’s charter contracts were not renewed upon expiry and most of the new projects and contracts which the Group was prospecting for were cancelled and/or delayed indefinitely. Furthermore, most of the Group’s customers had difficulties in making timely payment on the charter contracts.

Early into the oil and gas downturn, the Group had identified diversification into the offshore wind market at an early stage to partially hedge against a long protracted downturn. The Group explored growing its technical and operational capabilities in the offshore wind market and chartered a few assets to support

the offshore wind sector, in various capacities, including offshore accommodation service as well as wind turbine installation.

In 2017, the Company had identified that it would need to stabilise the financial footing of the Group via an extensive refinancing and restructuring exercise that it had carried out from 2017 to 2020, in two broad phases.

Phase 1 – Stabilising the financial footing of the Group via a refinancing and restructuring package with the Group’s creditors

In 2017 and 2018, the Company:

- (a) Refinanced its medium term notes and perpetual securities totalling S\$575 million through a consent solicitation exercise with its noteholders and securityholders;
- (b) Refinanced its bank loans of approximately US\$1.5 billion, reducing the interest rates on the loans, reducing fixed principal repayments, and extending the loan tenures by 6 years;
- (c) Obtained additional revolving credit facilities of up to US\$118 million for the purpose of reactivating and redeploying the assets; and
- (d) Raised additional equity capital of S\$20 million for the purpose of funding future business growth and to capitalise on new opportunities.

Notwithstanding the extensive refinancing package, the offshore oil and gas market condition continued to deteriorate, and the systemic credit crunch in the whole industry impacted shipyards, equipment suppliers and service providers, which imposed tighter credit terms, further exacerbating the difficulties of the Group. The Group was also unable to drawdown the required funds from its secured lenders in a timely manner which severely affected the Group’s ability to reactivate, deploy, operate and maintain its assets.

In light of the extended difficulties, the Group hastened its efforts on the second phase of the restructuring exercise to de-leverage and recapitalise the Group.

Phase 2 – Investment by a strategic investor to de-leverage and recapitalise the Group

- (a) On 31 March 2019, the Company entered into a conditional debt conversion agreement with Yinson Eden Pte. Ltd. (the “**Subscriber**”). The transaction was to de-leverage the Group significantly and reduce its debt by approximately US\$916 million. As announced by the Group on 12 April 2019, 15 April 2019 and 1 October 2019, the Subscriber had not entered into the various debt assignment agreements with the respective secured lenders of the Group by the long-stop date, and the conditional debt conversion agreement was terminated as a result.
- (b) The Company continued to engage with the Subscriber and its secured lenders on a revised transaction, and subsequently, after protracted negotiations, had entered into a revised transaction with the Subscriber, as announced by the Company on 28 February 2020. The revised transaction encompassed a proposed scheme of arrangement, and would de-leverage the Group significantly, reducing its debts by over US\$1.1 billion, to less than US\$403 million. In addition, the Company would raise US\$47 million of cash in equity, and up to US\$170 million more in cash, from options and convertible notes.

Unfortunately, within a month after entering into the revised transaction, COVID-19 had spread rapidly around the world, and was declared a pandemic by the World Health Organisation. In Singapore, non-essential workplace premises were closed, non-essential court hearings were postponed and the proposed scheme of arrangement was delayed. Global oil prices collapsed and fell below zero for the first time in history. At the same time, financial institutions remained adverse to lending to the entire industry segment, and global economic conditions were bleak and uncertain.

Amidst this uncertain economic backdrop, the strategic investment by the Subscriber failed to materialise and lapsed on 1 September 2020. The Board and Management, in consultation with the Group's secured lenders, then explored the various restructuring options available to the Group, including but not limited to liquidation or winding up, judicial management and receivership. These discussions were centred on preserving the maximum possible value for all the Company's stakeholders, and cumulated in the adoption of the current restructuring plans which focus on transitioning and refocusing the Group's business to the provision of project management, vessel management and consultancy services with an asset light capital structure (the "**Restructuring Plans**"), while continuing the search for an investor to recapitalise the Company on the basis of a vessel and project management service company, and/or realise the value of the listed status of the Company.

Question 4: Is Ezion moving away from oil business and moving towards opportunities in green energy?

The Group will continue to leverage on its operational experience and track record to explore new opportunities in both the offshore renewable energy sector, as well as the offshore oil and gas sector, with a focus on providing vessel management, project management or consultancy services.

Furthermore, as announced by the Company on 20 June 2021, 16 March 2021 and 7 December 2020, Teras Offshore Pte Ltd ("**TOPL**"), a subsidiary of the Company had been awarded a wind turbine transportation and installation contract (the "**Contract**") by Foxwell Energy Corp Ltd. In addition, as announced on 16 March 2021, TOPL had entered into a cooperation agreement with 特瑞斯海事技術服務(股)公司 ("**TRS**") where TOPL would provide project management and consultancy services in relation to the procurement, transportation and installation of the subsea foundations, subsea cables and offshore substations for the Taipower II Project.

However, as previously announced on 20 June 2021, with the developments on the Restructuring Plans as described above and the resurgence of Covid-19 globally, discussions with the TRS have been impeded and coupled with expected delays. The Group is currently engaging TRS in discussions on details of the scope of work, fee structure and payment terms and expects to finalise these discussions by end of 3Q2021.

Question 5: When do you expect Ezion to produce profits?

With reference to the Consolidated Income Statement (on page 51 of the Company's Annual Report) for the Financial Year ended 31 December 2020 ("**FY2020**"), the gross loss from continuing operations was approximately US\$18.9 million (the gross loss from discontinued operations was approximately US\$18.2 million for FY2020).

In addition, with reference to Note 23 accompanying the Annual Report, the total net interest expense of the Group was approximately US\$15.1 million for FY2020. In particular, the interest expense due to the Group's bank loans was approximately US\$15.8 million for FY2020, of which approximately US\$4.5 million was related to the offshore jack-up rig and offshore support vessel segments, which have been classified as discontinued operations.

As announced on 20 June 2021 in relation to the update on the Restructuring Plans, the Group had at the time of the announcement divested 31 of its liftboats, rigs, vessels and barges. With the continuing divestment of the assets, the Group has reduced its outstanding bank liabilities and this will result in a reduced interest cost for the Group, assuming macroeconomic conditions and US dollar interest rates stay relatively stable.

Notwithstanding the above, at current market prices, with a disposal of all the Group's liftboats, rigs, vessels and barges, the Group would still have an estimated bank debt burden of more than US\$1 billion.

The Group is currently taking steps to on the following:

- (i) complete a restructuring, and will, at an appropriate time, seek the approvals of its Major Secured Lenders (as defined in the earlier announcements), medium term noteholders, perpetual securityholders, other creditors and shareholders, in order to fully alleviate the debt burden and associated finance costs; and
- (ii) secure more contracts to provide vessel management, project management, or consultancy services to more customers in the energy sectors. Upon the Restructuring Plans being carried out, the Group will then be able to have better clarity on its operational and financial condition, going forward.

Question 6: Shareholders have been very patient for returns from Ezion. Shouldn't they be rewarded with some form of dividends?

The Board and Management is grateful for the patience and support extended by the shareholders to date and the Company will continue to use its best efforts to preserve the value for all shareholders and other stakeholders.

However, pursuant to the Companies Act (Cap 50 of Singapore), Section 403, dividends may only be payable to shareholders out of profits.

As the Company is in a negative equity position and recorded a net loss for FY2020, the Company is unable to pay dividends to shareholders.

Question 7: The value of Ezion's shares have declined by 97.21% and is almost a total loss. Is there any reason to keep the company and pay directors and all other overheads, if any. Isn't it better just to liquidate it to prevent further losses & paying expenses for no purpose? Unless the management has a good plan to turnaround the company?

Question 8: How likely is it to get funding from 3rd party Investors?

Question 9: What happens if no strategic partners are willing to save Ezion? How long is Ezion going to wait?

The Restructuring Plans would allow for the Group to dispose of its liftboats, rigs, vessels and barges in an orderly fashion, and maximise the realisation of value from these assets, thereby reducing the debt burden of the Group to the maximum extent possible.

The Company has and will continue to use its best efforts to preserve the value of the Company and the Group. The Group is in the midst of carrying out a further reduction of its headcount to the bare minimum, as required for the sale of the remaining assets of the Group, the new business direction, and reporting and compliance purposes.

The Company is mindful for the Restructuring Plans to not cause further strain on the existing financial resources of the Group. With the further reduced corporate overheads, the Group has obtained approval from its secured lenders to continue funding and supporting the Group until October 2021, to carry out and execute the Restructuring Plans. The Company believes that this will preserve the most value for all stakeholders of the Company in comparison with the other options, including but not limited to judicial management or liquidation.

Should a potential recapitalisation of the Company not materialise, the Company will look to maximise and realise the value of its listed status, in order to maximise recovery for the Company's stakeholders through various methods including but not limited to judicial management or liquidation.

Question 10: When will Ezion shares resume trading?

Question 11: Ezion's shares are still suspended, what is being done about it?

Question 12: What is the rationale / reason for the extended suspension of the stock (since 2017)?

Question 13: If the intent is not to resume trading in the near term due to continuing uncertainty, would the board consider taking the company private?

Question 14: Would the company consider buying out retail investors, who otherwise are similarly "long suffering" and without recourse?

Since 1 September 2020, when the agreements with the Subscriber lapsed, the Company is no longer in voluntary suspension but is suspended due to going concern reasons under Rule 1303(3) of the Listing Manual as it has no certainty of a potential investor (i.e. no valid subscription agreement(s) signed). In order for the shares to resume trading, the Company would need to return to a solvent financial position and address the going concern of the Company, and this would involve negotiating and securing an investor to recapitalise and/or de-leverage the Company. Such an exercise would be similar to the earlier proposed transactions (as detailed in the response to Questions (1) – (3), and would need to include a debt-to-equity conversion of a very significant portion of the remaining liabilities of the Company after the disposal of all its liftboats, rigs, vessels and barges. The Group is currently in discussions with several potential investors on the basis of a vessel and project management business. Only upon finding a viable investor, will the Company be able to submit a resumption trading proposal in accordance with Rule 1304(1) of the Listing Manual. Subject to the progress of the discussions with these prospective investor groups, the Company may need to apply to SGX-ST to seek an extension for the submission of the trading resumption proposal, which is to be submitted within 12 months from 1 September 2020 (being the date of suspension under Rule 1303(3)).

The Company will continue to update its stakeholders and make the necessary announcements when there are further developments on the above, and will seek the requisite approvals from its stakeholders, including its shareholders, creditors and secured lenders to complete such an exercise in due course.

The Company believes that there is value in the listed status of the Company, and maintaining the listed status of the Company would enable the Company to realise this value which would accrue to the Company's stakeholders, including its secured lenders, unsecured lenders and shareholders.

Question 15: What are the chief officers' remunerations? Their pay should be reduced drastically, if not done so yet.

As previously presented by the Company in the Second Informal Securityholders Meeting on 2 October 2017 (presentation slides of which were released in an announcement on the same day), the remuneration structure for all the key management personnel had been revised downwards by the remuneration committee in FY2016 by 37% (as compared to FY2015). This was further reduced by 38% in FY2017, and the key management personnel had volunteered to take a further 20% reduction in FY2020, in further recognition of the increasingly challenging economic backdrop. As such, in line with such further reduction, the remuneration package bands, as announced in the Annual Reports, were revised from being denominated in US Dollars to Singapore Dollars.

Cumulatively, the total reduction in the remuneration packages for all the key management personnel have been reduced by over 77% since FY2015. In addition, in recognition of the challenging industry and financial circumstances that the Group faces, the Group has not declared any annual bonuses to any of its employees for performance periods from FY2016 onwards, and the additional wage supplement component of its remuneration packages for all its employees including its key management personnel was also removed from FY2020 onwards.

In addition to the reductions in remuneration packages, the Group's headcount had also been reduced from 108 employees in 2017 to 59 employees as at 31 December 2020. As previously shared in the Restructuring Plans, the Group is looking at avenues for further cost and headcount reduction and is

doing more with less financial and human resources. With the significant reduction in workforce, all existing employees of the Group have to perform more work and work longer hours.

3. Further Updates

The Company will keep its stakeholders informed of any further developments on its restructuring, including making the necessary announcements and obtaining relevant approvals where necessary.

4. Trading Caution

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, securityholder, 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 or securities of the Company.

By Order of the Board

Goon Fook Wye Paul
Company Secretary
28 July 2021