



## ***Ezion Holdings Limited***

### **EZION HOLDINGS LIMITED**

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

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## **DISPOSAL OF VESSELS**

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### **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 four memoranda of agreement (the “**MOAs**”) had been entered into by several entities of the Group for the sale of the four liftboats “*Teras Conquest*”, “*Teras Fortress*”, “*Teras Conquest 5*” and “*Rising Phoenix*” (the “**Vessels**”) for a total cash consideration of US\$40 million as follows:

- A) A memorandum of agreement had been entered into between Teras Harta Maritime Limited and Bani Yas Inc, for the sale of the liftboat “*Teras Conquest*” for a cash consideration of US\$5 million;
- B) A memorandum of agreement had been entered into between Teras Conquest 3 Pte Ltd and Petrodrill Inc for the sale of the liftboat “*Teras Fortress*” for a cash consideration of US\$20 million;
- C) A memorandum of agreement had been entered into between Teras Conquest 5 Pte Ltd and QMS Gloria Inc for the sale of the liftboat “*Teras Conquest 5*” for a cash consideration of US\$8 million; and
- D) A memorandum of agreement had been entered into between Teras Conquest 2 Pte Ltd and QMS Amora Inc for the sale of the liftboat “*Rising Phoenix*” for a cash consideration of US\$7 million

(collectively, the “**Disposals**”).

The Group notes that the MOAs were executed by the following secured bank lenders:

- a. Oversea-Chinese Banking Corporation Limited in respect of the “*Teras Conquest*”;
- b. Malayan Banking Berhad in respect of the “*Teras Conquest 5*” and “*Teras Fortress*”;  
and
- c. DBS Bank Ltd in respect of the “*Rising Phoenix*”,

each as an attorney-in-fact of the respective Vessels, pursuant to powers of attorney granted as mortgagee under certain financing agreements in respect of the Vessels.

### **2. INFORMATION ON THE PURCHASERS**

Bani Yas Inc, Petrodrill Inc, QMS Gloria Inc and QMS Amora Inc are incorporated in Panama and are subsidiaries of Zakher Marine International Inc which is incorporated in Abu Dhabi.

Zakher Marine International Inc provides services to the offshore oil and gas industries and offshore marine construction companies and operates over 50 offshore support vessels and 20 jack-up barges.

### **3. CONSIDERATION**

The Group understands from its secured bank lenders that the sale consideration of totaling US\$40 million (the "**Consideration**") was 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 Vessels;
- (b) the market price of vessels with similar specification to the Vessels;
- (c) the prospect of hire for the Vessels in the current market conditions; and
- (d) the future burn rates of the Vessels.

### **4. SALIENT TERMS OF THE DISPOSAL AND USE OF PROCEEDS**

In respect of the Disposals, the Group has received 30% of the respective consideration as deposit.

The Consideration received from the Disposals will be utilised to repay the secured bank loans of the Group. The mortgages over the Vessels will be discharged pursuant to the Disposals.

### **5. RATIONALE**

The Group is of the view that without the required funding to reactivate and deploy the Vessels for work, the Disposals will allow the Group to stop incurring further operating costs and liabilities and will also allow the Group to 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 of the Vessels**

Based on the unaudited financial statements for the six month period ended 30 June 2021 (the “**2Q2021 FS**”), the net book value of the Vessels are as follows:

Teras Conquest: US\$ 5,000,000  
Teras Fortress: US\$ 20,000,000  
Teras Conquest 5: US\$ 8,000,000  
Rising Phoenix: US\$ 7,000,000

**6.3. Excess / deficit of the Consideration over the book value of the Vessels**

Based on the 2Q2021 FS, there is no excess or deficit of the Consideration over the book value of the Vessels.

**6.4. Net profits attributable to the Vessels**

Based on the 2Q2021 FS, the net losses generated for the six month period ended 30 June 2021 by the Vessels are as follows:

Teras Conquest: US\$ 845,286  
Teras Fortress: US\$ 777,496  
Teras Conquest 5: US\$ 223,458  
Rising Phoenix: US\$ 333,930

**6.5. Gain / loss on the Disposals**

The losses estimated to be generated from the Disposals are as follows:

Teras Conquest: US\$ 90,000  
Teras Fortress: US\$ 220,000  
Teras Conquest 5: US\$ 100,000  
Rising Phoenix: US\$ 90,000

**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\$40,000,000 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 increase from US\$36.82 cents to US\$36.84 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\$13.55 cents to a loss per share of US\$13.56 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 Conquest	Teras Fortress	Teras Conquest 5	Rising Phoenix	The Disposals
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net liability value.	-0.36%	-1.46%	-0.58%	-0.51%	-2.91 <sup>(1)</sup> %
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net loss.	-13.26%	-12.20%	-3.51%	-5.24%	-34.20 <sup>(2)</sup> %
(c)	Aggregate value of the consideration received, compared with the Company’s market capitalization <sup>(3)</sup> based on the total number of issued shares excluding treasury shares.	4.17%	16.67%	6.67%	5.83%	33.34 <sup>(4)</sup> %
(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.	N.A. <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the	N.A.	N.A.	N.A.	N.A.	N.A. <sup>(6)</sup>

	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.					
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**Notes:**

- (1) Computed based on the net book value of the Vessels of US\$40,000,000 and net liabilities value of the Group of US\$1,372.4 million, as at 30 June 2021.
- (2) Computed based on the net losses generated by the Vessels of US\$2,180,170 and net profits of the Group of US\$6.374 million, for the six month period ended 30 June 2021.
- (3) Computed based on the market capitalization of the Company of S\$161,297,171 (US\$119,977,068.58).
- (4) Computed based on the Consideration to be received of US\$40,000,000.
- (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.

The Disposals are undertaken by the Group pursuant to its secured bank lenders executing the MOAs, each as an attorney-in-fact of the respective Vessels, pursuant to powers of attorney granted as mortgagee under certain financing agreements in respect of the Vessels.

**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**

Copies of the MOAs 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](mailto: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  
26 October 2021