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

GENERAL BUSINESS UPDATES AND PROFIT GUIDANCE FOR THE GROUP'S UNAUDITED FINANCIAL RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2018

The Board of Directors ("**Board**") of Ezion Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") wishes to provide the following business updates and profit guidance for the unaudited consolidated financial statements for the fourth quarter ended 31 December 2018 ("**4Q2018**") and twelve months ended 31 December 2018 ("**12M2018**"), following a preliminary review of the draft unaudited management results to-date.

Further to the third quarter financial statement announcement for the nine months ended 30 September 2018 ("**9M2018**") where the Company mentioned that the execution of the security documents in relation to the loan agreements for all the secured lenders is expected to be completed by end of 2018. To date, the security documents for certain secured lenders are still being finalised.

These delays have severely impacted the deployment of the vessels and the Group's operations as the Group is unable to drawdown the required funds.

The deployment plan for 2019 as disclosed in the third quarter financial statement announcement for the nine months ended 30 September 2018 has also been affected. This includes the following:

- 2 of the Liftboats are rejected by a national oil company over concerns relating to operational and maintenance issues arising from the shortage of funds.
- 1 Liftboat and 1 Jack-up Rig are delayed due to lack of funding to commence modifications required by an oil major.
- 1 Liftboat encountered mechanical issues and requires funding for repairs.
- The builder (under administration) for 1 Liftboat is contesting ownership.
- 1 Jack-up Rig has to be redeployed and requires additional funding due to re-imposed sanctions on the country of deployment.

These vessels can only be deployed when the above issues are resolved.

The Group is striving to complete the security documents with these secured lenders so that it is able to obtain funding to resolve the above issues.

In view of the depressed market conditions and continued struggles of the industry, the Group has not been able to achieve meaningful deployment for some of the Jack-up Rigs. The Group is also facing payment delays and defaults by customers who are granted credit terms / or are on settlement plans. The Group is taking steps to recover the outstanding amounts and / or regain control of the relevant vessels.

As mentioned in the third quarter financial statement announcement for the 9M2018, the Group's Non-current Assets amounted to US$1,698.7 million as at 30 September 2018. The increase in Non-current Assets was mainly due to certain joint venture bank loans taken up at the Group level and hence an increase in shareholder loans to joint ventures. As the market conditions of the global oil and gas industry remains uncertain, the Group has carried out an assessment on the recoverability of the shareholder loans to joint ventures. While the value of the impairments are yet to be determined, the Group expects to record a net loss for 4Q2018 and 12M2018 from this exercise.

As mentioned in the third quarter financial statement announcement for the 9M2018, the Group has adopted the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and expects that the adoption of SFRS(I) will have no material impact to the Group's and Company's financial statements except for the adoption of SFRS (I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and SFRS(I) 9 *Financial Instruments*. In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The Group has elected the optional exemption in SFRS(I) 1 to measure the vessels owned by the Group at the date of transition to SFRS(I) at fair value and will use that fair value as the vessels deemed cost in its SFRS(I) financial statements. While the fair value of the vessels are still being reviewed, the Group expects a significant decrease in the net asset value of the Group from this fair value exercise.

Details of the Group's financial performance for 4Q2018 and 12M2018 will be disclosed when the Company announces its unaudited consolidated financial results for the relevant periods, which is scheduled to be released by end February 2019.

In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, shareholders, Securityholders and investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Goon Fook Wye Paul
Company Secretary
4 February 2019