



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

DISPOSAL OF VESSEL

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 a bareboat charter with an obligation to purchase (the “**BBC**”) had been entered into between Teras Conquest 1 Pte Ltd (“**TC1PL**”), a wholly owned subsidiary of the Company, and April Pearl Pte Ltd (the “**Purchaser**”) for the bareboat charter of 24 months of a liftboat “*Teras Conquest 1*” (the “**Vessel**”) and the subsequent purchase of the Vessel at a cash consideration as further set out in paragraph 3 (*Consideration*) of this announcement (the “**Consideration**”) (the “**Disposal**”).

The BBC was executed by Caterpillar Financial Services Asia Pte Ltd (“**Caterpillar**”) as attorney-in-fact of TC1PL, pursuant to powers of attorney granted to Caterpillar as mortgagee under certain financing agreements in respect of the Vessel.

Together with the BBC, TC1PL had also entered into:

- (a) a charter earnings assignment with the Purchaser for the assignment of the charter earnings to TC1PL as security for the payment and discharge of its obligations under the BBC (the “**Charter Earnings Assignment**”);
- (b) a guarantee with JUB Pacific Pte. Ltd. for the guarantee of the obligations of the Purchaser under the BBC (the “**Guarantee**”); and
- (c) a security assignment agreement with Caterpillar for the assignment of the benefit of the Charter Earnings Assignment and the Guarantee to Caterpillar.

2. INFORMATION ON THE PURCHASER

The Purchaser is incorporated in Singapore and is a subsidiary of JUB Pacific Pte. Ltd..

JUB Pacific Pte. Ltd. is incorporated in Singapore and is an experience liftboat operator with a focus on the renewable space, primarily in Asia Wind Farm sector. This acquisition would further enhance the company’s offerings in the services provided to their clients in the wind farm industry.

3. CONSIDERATION

The Consideration payable for the Vessel is as follows:

Date (number of months after delivery of the Vessel)	Purchase Price
1 – 12	US\$11,350,000, less the Deposit, the Monthly Payments and any other amounts payable by the Purchaser and paid by the Purchaser as of the date of the purchase (the “ Minimum Consideration ”).
13 – 20	US\$11,450,000, less the Deposit, the Monthly Payments and any other amounts payable by the Purchaser and paid by the Purchaser as of the date of the purchase.
21 – 24	US\$11,500,000, less the Deposit, the Monthly Payments and any other amounts payable by the Purchaser and paid by the Purchaser as of the date of the purchase (the “ Maximum Consideration ”).

For the purposes of the Consideration:

“**Deposit**” means the non-refundable deposit of US\$300,000; and

“**Monthly Payments**” means US\$320,000 per month for the bareboat charter under the BBC, with the first Monthly Payment payable 60 days after delivery.

The Group understands that the Consideration was arrived at after arm's length negotiations, on a "willing buyer and willing seller" basis taking into account, amongst other factors:

- (d) the funds and time required to reactivate the Vessel;
- (e) the operating history of the Vessel;
- (f) the market price of vessels with similar specification to the Vessel;
- (g) the prospect of hire for the Vessel in the current market conditions; and
- (h) the future burn rates of the Vessel.

4. SALIENT TERMS OF THE DISPOSAL

TC1PL has received the Deposit of US\$300,000 and the rest of the Consideration is to be received in accordance with the terms set out in paragraph 3 (*Consideration*).

5. RATIONALE AND USE OF PROCEEDS

The Consideration received from the Disposal will be utilised to reduce its outstanding liabilities via the partial repayment of its loans. The mortgage over the Vessel will be discharged pursuant to the Disposal.

6. FINANCIAL INFORMATION

6.1. Share capital

The Disposal will not have any impact on the issued and paid-up share capital of the Company.

6.2. Net Book Value of the Vessel

Based on the unaudited financial statements of the Group for the second year and half year period ended 30 June 2021 (the “**2Q2021 FS**”), the net book value of the Vessel is US\$7,465,000.

6.3. Excess of the Consideration over the book value of the Vessel

Based on the Minimum Consideration and Maximum Consideration, the excess of the Consideration over the book value of the Vessel is US\$3,885,000 and US\$4,035,000, respectively.

6.4. Net losses attributable to the Vessel

Based on the 2Q2021 FS, the net losses generated for the six (6) months period ended 30 June 2021 by the Vessel is US\$1,411,868.

6.5. Gain on the Disposal

Based on the Minimum Consideration and Maximum Consideration, the gain estimated to be generated from the Disposal is US\$3,772,850 and US\$3,842,550 respectively, after considering expected transaction costs, including but not limited to shipbrokers fees, regulatory and compliance costs and fees for legal documentation.

6.6. Financial effects

(a) Illustrative nature of financial effects

The financial effects of the Disposal on the net tangible liabilities per share (“**NTL**”) 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 Disposal will result in the proceeds of US\$11,350,000 and US\$11,500,000 on the basis of the Minimum Consideration and the Maximum Consideration 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 Disposal.

(b) NTL

Assuming that the Disposal had been effected on 31 December 2020, the net liabilities per share of the Group as at 31 December 2020 will decrease from 36.82 US cents to 36.73 US cents and 36.72 US cents, based on the Minimum Consideration and the Maximum Consideration respectively.

(c) LPS

Assuming that the Disposals had been effected on 1 January 2020, the basic loss per share and diluted loss per share of the Group for the year ended 31 December 2020 will decrease from a loss per share of 13.55 US cents to a loss per share of 13.45 US cents and 13.45 US cents, based on the Minimum Consideration and the Maximum Consideration respectively.

7. LISTING RULE 1006 RELEVANT FIGURES

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), based on the Minimum Consideration and the Maximum Consideration as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net liability value.	-0.54% ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group’s net profits.	22.15% ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company’s market capitalization ⁽³⁾ based on the total number of issued shares excluding treasury shares.	9.46% ⁽⁴⁾ / 9.59% ⁽⁵⁾
(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. ⁽⁶⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the 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.	N.A. ⁽⁷⁾

Notes:

(1) Computed based on the net book value of the Vessel of US\$7,465,000 and net liabilities value of the Group of US\$1,372.417 million, as at 30 June 2021.

- (2) Computed based on the net losses generated by the Vessel of US\$1,411,868 and net profit of the Group of US\$6.374 million, for the six months 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 Minimum Consideration to be received.
- (5) Computed based on the Maximum Consideration to be received
- (6) No equity securities will be issued by the Company as consideration.
- (7) The Disposal is not of mineral, oil or gas assets by a mineral, oil and gas company.

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 Disposal.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the BBC is 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 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 prior to making any visits to arrange for a suitable time slot for the inspection.

11. CAUTIONARY STATEMENT

Although the Company's shares and securities 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
7 February 2022