



Ezion Holdings Limited

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 25 JUNE 2020

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 10 June 2020, and in particular, to the invitation for shareholders to submit questions in advance of the AGM. The Company have received 10 questions in total and for the ease of reference, the Company have 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.

The responses to the questions raised by the shareholders for the Company’s AGM to be held on 25 June 2020 are as follow:

| No. | Question | Response |
|------------|--|---|
| A1. | What is the business strategy moving forward? | <p>As a result of the COVID-19 pandemic, various governments worldwide had imposed and put in place international travel restrictions and national level lockdowns. Stay-at-home advisories were also issued in many countries. Collectively, this resulted in a decrease in global demand for oil, further depressing global oil prices. Notwithstanding that economic activities are slowly recovering as a result of easing of restrictions and lockdowns in various countries, it is the general opinion that until the vaccine is found and administered globally, confidence is unlikely to be fully restored and the recovery is likely to be patchy.</p> <p>As a result, many of these international oil majors and national oil companies initiated cost cutting measures by reducing capital expenditure, deferring planned projects and reducing operating expenditure. This has negatively impacted the Company’s deployment plans.</p> <p>The Group’s main priority is to:</p> <ul style="list-style-type: none">• conclude the negotiations with Yinson Eden Pte Ltd and the Major Secured Lenders on the Corporate Restructuring (See footnote 1);• expedite the disposal of non-core assets;• secure charter contracts for its liftboats; and• reduce operating costs. <p>The conclusion and completion of the Corporate Restructuring will be crucial as it will allow the Group to right size its debts to a sustainable level to match the drastically changed environment. This will allow the Company to be in a position to capture future opportunities should the market return to normalcy.</p> |
| A2. | What do you see as the utmost priorities for Year 2020 and what is your plan to overcome the current challenges? | |
| A3. | What is the current climate of business and how is Ezion prepared to overcome the obstacles? | |

¹ Please refer to the Company’s announcement dated 8 June 2020 for updates on the Corporate Restructuring.

| No. | Question | Response |
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| B4. | Auditors raised a few disclaimer of opinions about annual report. Do you agree with the opinions? What is your response? | <p>The Auditors of the Company had included a disclaimer of opinion based on the use of going concern assumption on the FY2019 Annual Report. This “Basis of disclaimer of opinion” is set out in pages 59 to 60 of the FY2019 Annual Report.</p> <p>The Group addresses the going concern assumptions in note 2 on pages 69 to 70 of the FY2019 Annual Report which is replicated below for ease of reference (emphasis in bold):</p> <p><i>“As at 31 December 2019, the Group has outstanding loans and borrowings of US\$1,581,520,000 that were classified as “current liabilities”, caused by breaches of certain financial covenants. These loans and borrowings are repayable on demand. No statutory demand has, however, been served to the Company to recall the debt obligations as the Group is currently addressing the default of its loans and borrowings through the Corporate Restructuring. The Corporate Restructuring would involve a combination of capitalisation of existing debts into share capital of the Company, cash subscription by a prospective investor; and a simultaneous compromise of the Group’s debt obligations. The quantum of debt capitalisation and debt compromise, together with the cash subscription, are under negotiation with the lenders and prospective investor as at the date of this report.</i></p> <p><i>The Group expects the overall operating environment to remain challenging following the COVID-19 pandemic and the plunge in oil prices, but still expects to generate positive cash flows from customer contracts to meet its working capital needs and interest on debt obligations due in the next 12 months from the reporting date, with the expected continuing support and availability of banking facilities from the lenders. In this regard, the assumed interest payment in debt obligations is premised on the successful completion of the Corporate Restructuring from 1 January 2020. Note 31 has however separately disclosed the contractual interest obligations due and payable in the next 12 months.</i></p> <p><i>Notwithstanding the directors’ and management’s belief that the use of going concern assumption in the preparation of the financial statements remains appropriate, there are material uncertainties over (a) completion of the Corporate Restructuring as the Company, as at the date of this report, is still in negotiation with the lenders and prospective investor to draw out terms and conditions of the Corporate Restructuring, (b) generation of positive operating cash flows caused by the COVID-19 pandemic and the plunge in oil prices that arose subsequent to the year-end; and (c) the continuing support and availability of banking facilities from the lenders.</i></p> |

| No. | Question | Response |
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| | | <p><i>If for any reason the Group and Company are unable to continue as a going concern, it could have an impact on the Group's and Company's classification of assets and liabilities and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements."</i></p> |
| <p>C5.</p> <p>C6.</p> <p>C7.</p> <p>C8.</p> | <p>How confident is management that discussion between Yinson and the major lenders will come to an agreement?</p> <p>What are the alternative plans if the agreement with lenders is not achieved?</p> <p>Any plans for merger?</p> <p>When can we expect Ezion shares to begin trading again?</p> | <p>The Company, Yinson Eden Pte Ltd and the Major Secured Lenders are currently in negotiations to update certain terms of the Proposed Transactions and the Proposed Scheme of Arrangement. The Company is doing its best to help move things forward and try to conclude these negotiations by August 2020.</p> <p>When the negotiations are finalised with Yinson Eden Pte Ltd and the Major Secured Lenders, the Company will make the necessary announcements in relation to the expected timeline of the completion of the restructuring plan and the resumption of trading of its shares</p> <p>If an agreement is not achieved, the Company will endeavor to secure an alternative investor.</p> <p>Should there be any material developments either way, the Company will make the appropriate announcements as and when necessary.</p> |
| <p>D9.</p> <p>D10.</p> | <p>What would be your advice to the loyal investors who stood by the CEO all these years? Why should they continue to support Ezion?</p> <p>What is the future of the company?</p> | <p>The Company is thankful for the strong support from the investors who have stood by us all these years.</p> <p>The operating environment has been dramatically changed by: (a) the impact of the sustained low oil price over long periods, (b) more cautious approach taken by financial institutions towards companies in this industry, (c) decreased energy demand as a result of the COVID-19 pandemic and (d) the oil companies' cost cutting measures and capital expenditure reduction.</p> <p>The survival and viability of the Company will depend largely on whether the Company can find a strategic investor for capital injection, obtain the understanding and goodwill of all its lenders (banks and bondholders) to assist in right sizing the debts to a sustainable level and the support of its shareholders for a Corporate Restructuring exercise. While many of the factors are not within the control of the Company, we will continue to work incessantly and tirelessly to keep the company's position as the world's leading liftboat company. Do keep us in your prayers.</p> |

By Order of the Board

Goon Fook Wye Paul
Company Secretary
25 June 2020