



Ezion Holdings Limited

EZION HOLDINGS LIMITED

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

THE PROPOSED ISSUE OF UP TO APPROXIMATELY 22,573,570,909¹ NEW ORDINARY SHARES IN THE CAPITAL OF EZION HOLDINGS LIMITED AND THE PROPOSED GRANT OF 3,360,495,867 OPTIONS TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF EZION HOLDINGS LIMITED

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Ezion Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the prior announcements made on 4 February 2019 and 1 March 2019 in relation to advanced discussions with a potential strategic investor.

The Board has been informed by Yinson Eden Pte. Ltd. (the “**Subscriber**”) that the Subscriber is in advanced stage discussions with certain lenders (“**Designated Lenders**”) of the Group and jointly controlled companies (and hereinafter, reference to the “**Group**” shall include such jointly controlled companies, and each, a “**Group Company**”), where the Subscriber is desirous of acquiring the benefits and rights of such Designated Lenders in respect of up to US\$916,000,000 of the existing loans extended to the relevant Group Companies under the relevant facility and/or credit agreements with such Designated Lenders (the “**Relevant Debt**”). The Relevant Debt, subject to the terms and conditions of the debt assignment agreements (“**Debt Assignment Agreements**”) to be entered into subsequently, and is inter-conditional upon the completion of the Conditional Debt Conversion Agreement (as defined below), shall be assigned to the Subscriber and shall be owed by the relevant Group Companies directly to the Subscriber upon the completion of such Debt Assignment Agreements (the “**Debt Assignment**”).

The Subscriber is an indirect wholly-owned subsidiary of Yinson Holdings Berhad (“**Yinson Holdings**”), a public limited company incorporated in Malaysia with its shares listed and quoted on the Main Market of Bursa Malaysia (“**Bursa**”).

In relation to the above, the Board wishes to announce that the Company has on 31 March 2019 entered into:

- (a) a conditional debt conversion agreement with the Subscriber (the “**Conditional Debt Conversion Agreement**”) to capitalise all of the Relevant Debt (being an amount up to US\$916,000,000, as may be so acquired by the Subscriber pursuant to the Debt Assignment Agreements to be entered into) owed by the Company and/or the relevant Group Company to the Subscriber via the allotment and issue of up to approximately

¹ For the purposes of this Announcement, an exchange rate of US\$1:S\$1.3554 has been applied. However, please note that the applicable final exchange rate for the Proposed Subscription is to be determined and all references to Subscription Shares, the resultant share figures, share capital, shareholding percentages and any financial effects computed premised on the Subscription Shares pursuant to the Proposed Subscription are approximate figures.

22,573,570,909 new ordinary shares in the capital of the Company (the “**Shares**”) (the “**Subscription Shares**”) to the Subscriber and/or to such other entities as the Subscriber may direct at an issue price of **S\$0.055** per Subscription Share, with fractional entitlements to be disregarded (the “**Proposed Subscription**”). Following the capitalisation of all of the Relevant Debt via the completion of the allotment and issue of such Subscription Shares by the Company to the Subscriber, the relevant Group Companies shall be deemed to have repaid all of the Relevant Debt to the Subscriber and the Subscriber shall fully release and discharge the relevant Group Companies from their payment obligations of such Relevant Debt; and

- (b) a conditional option agreement with the Subscriber (the “**Conditional Option Agreement**”) for the proposed grant by the Company of 3,360,495,867 non-listed and transferable share options (the “**Options**”) to the Subscriber for S\$1.00, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares**”) at the exercise price of S\$0.0605 per Option Share (the “**Option Exercise Price**”) on the terms and conditions of the Conditional Option Agreement (the “**Proposed Grant of Options**”) and collectively with the Proposed Subscription, the “**Proposed Transactions**”).

Shareholders of the Company (the “**Shareholders**”) should note that completion of the Proposed Subscription, Proposed Grant of Options and Debt Assignment are inter-conditional and shall take place simultaneously. Accordingly, if completion of any one of the Proposed Subscription, Proposed Grant of Options and/or the Debt Assignment does not proceed, neither the Company nor the Subscriber shall be obliged to proceed with the other.

2. THE SUBSCRIBER

The Subscriber is a private limited company incorporated in Singapore and is an indirect wholly-owned subsidiary of Yinson Holdings. To the best of the Company’s knowledge, the Subscriber is participating in the Proposed Transactions for its own investment purposes.

Yinson Holdings is a premier Malaysian integrated offshore production and support services provider company listed on the Bursa. Yinson Holdings was established in 1983 as a transport agency partnership business in Johor Bahru. In 2011, Yinson Holdings and its subsidiaries (“**Yinson Group**”) ventured into the offshore services industry through the provision of chartering services as well as vessel management. In 2014, Yinson Holdings achieved another milestone in marine services when it acquired Fred. Olsen Production ASA. With the acquisition, Yinson Holdings inherited three floating production storage and offloading (“**FPSO**”) and one mobile offshore production unit management contract which was also complemented with a strong and experienced FPSO team to grow the business. In 2016, the Yinson Group disposed all of its non-oil & gas business segments and streamlined its business to be a full-fledged oil & gas company. Currently, Yinson Holdings is the sixth largest independent FPSO leasing company globally having a wide geographical presence in Malaysia, Vietnam, Singapore, Norway, USA and Africa.

Yinson Group’s current market capitalisation stands at approximately RM5.03 billion as at 29 March 2019.

As at the date of this Announcement, neither Yinson Holdings nor the Subscriber (i) holds any Shares, or (ii) is related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between Yinson Holdings and the Subscriber and the Company’s directors or substantial shareholders.

Upon completion of the Proposed Subscription, the Subscriber will hold up to approximately 22,573,570,909 Shares representing up to approximately 85.9% of the enlarged share capital of the Company as at the date of this Announcement. Assuming full exercise of the Options, the Subscriber will hold an aggregate of up to approximately 25,934,066,776 Shares representing up to approximately 87.5% of the enlarged share capital of the Company as at the date of this Announcement. For the avoidance of doubt, these figures include the Subscription

Shares which may be allotted and issued to other entities as the Subscriber may direct the Company. Please see “Placees of the Subscription Shares” under paragraph 4.1 (*Principal Terms of the Proposed Subscription*) below for more information.

The Company will be seeking specific approval from Shareholders at an extraordinary general meeting (the “**EGM**”) in relation to, *inter alia*, the Proposed Subscription, Proposed Grant of Options and the Proposed Whitewash Resolution (as defined below). Please see below paragraph 9 (*Regulatory and Shareholder Approvals Required*) for further information.

3. BACKGROUND TO AND RATIONALE OF THE PROPOSED TRANSACTIONS

3.1. Background of the Proposed Transactions

Notwithstanding the completion of a refinancing exercise in 2018 by the Group, the market conditions remained very challenging for the Group due to the uncertainty in the oil prices that has affected the Group’s clients as well as the persistent oversupply of certain marine assets like tugs, barges, workboats and jack ups. The industry also appears to be saddled with systemic problems. Some of the shipyards, equipment suppliers and service providers which the Group is working with are similarly affected and their problems have also affected the deployment plans of the Group significantly.

The above mentioned factors resulted in a severe negative impact on the financial position of the Group as cashflows were delayed due to the inability for the Group to deploy its vessels as a result of the lack of funding. The Group’s fleet of tugs, barges, workboats and jack ups recognized additional impairments due to the persistent oversupply of these assets.

In order for the Group to deploy its vessels, grow its market share in the liftboat business as well as strengthen the Group’s financial position, there is a need for the Group to have a new strategic investor.

The management team has been in discussions with various potential strategic investors for more than a year and is of the opinion that there are many synergies in the business activities that can be further developed between the Group and the Subscriber.

3.2. Rationale of the Proposed Transactions

The rationale for issuing the Subscription Shares and Options to the Subscriber is to allow the Group to improve its financial position by allowing the Group to reduce its borrowings, debt-to-equity ratio and debt service obligations, and to allow the Group to have access to additional funds in the event the Subscriber exercises its Options. Notwithstanding the general caution of bank lenders and financial institutions towards the offshore oil and gas industry, the improved financial position of the Group will enable it to gain ease of access to the funds required by the Group to deploy its assets and grow its market share in the liftboat business.

4. PRINCIPAL TERMS OF THE PROPOSED TRANSACTIONS

4.1. Principal Terms of the Proposed Subscription

Issue Price of Subscription Shares	The issue price per Subscription Share is S\$0.055. This is at a premium of 27.9% to the volume weighted average price of S\$0.043 of the Shares in respect of trades done on the SGX-ST on 26 February 2019, being the last full market day preceding the day on which the Conditional Debt Conversion Agreement and Conditional Option Agreement was signed.
Relevant Debt to be capitalised pursuant	Up to US\$916,000,000, to be converted into Singapore dollars at an exchange rate to be determined.

to the issue of the Subscription Shares	
Total number of Subscription Shares	Up to approximately 22,573,570,909 Shares, representing up to approximately 85.9% of the enlarged share capital of the Company as at the date of this Announcement.
Places of the Subscription Shares	<p>All of the Subscription Shares shall be allotted and issued to the Subscriber, save for such Subscription Shares which the Subscriber may direct the Company to allot and issue to other entities as consideration to the Designated Lenders (“DL Entities”) under the Debt Assignment Agreements to be entered into subsequently.</p> <p>If or as and when such other entities are identified, the Company will make the necessary announcement(s) in accordance with Rule 810(2) of the Listing Manual of the SGX-ST.</p>
Moratorium	<p>The Subscriber irrevocably and unconditionally undertakes not to, directly or indirectly:</p> <ul style="list-style-type: none"> (a) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, transfer or otherwise dispose of, any of or any interest in, the Subscription Shares; (b) enter into any swap, hedge, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Subscription Shares; (c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b); (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) publicly announce any intention to do any of the above, <p>for three (3) calendar months after the date of listing of the Subscription Shares on the Main Board of the SGX-ST.</p> <p>This moratorium shall not apply to such Subscription Shares which may be allotted and issued to the DL Entities as consideration to the Designated Lenders under the Debt Assignment Agreements to be entered into subsequently.</p>
Conditions Precedent	<p>The completion of the Proposed Subscription shall be subject to, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> (a) the approval in-principle of the SGX-ST for the listing and quotation of the Subscription Shares and the Option Shares on the Main Board of the SGX-ST having been obtained from the SGX-ST (and such approval not having been withdrawn or revoked), and if such approval is granted subject to conditions, such conditions being reasonably acceptable to the Company

	<p>and the Subscriber, and to the extent that any conditions to such approval are required to be fulfilled on or before completion of the Proposed Transactions, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them;</p> <p>(b) the approval from the Company's board of directors in respect of the capitalisation and the Proposed Subscription;</p> <p>(c) the approval by Shareholders having been obtained at the EGM to be duly convened for, <i>inter alia</i>, the allotment and issue of the Subscription Shares and the Option Shares, the transfer of controlling interest in the Company to the Subscriber and the Proposed Whitewash Resolution (as defined below);</p> <p>(d) the issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Conditional Debt Conversion Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or Malaysia;</p> <p>(e) there being no delisting of the Shares from the SGX-ST;</p> <p>(f) there having been no occurrence of any event or discovery of any fact rendering any of the representations, warranties and undertakings in the Conditional Debt Conversion Agreement untrue or incorrect in any material respect;</p> <p>(g) each the Company and the Subscriber not being in breach of any of its undertakings and the covenants in the Conditional Debt Conversion Agreement;</p> <p>(h) the completion of due diligence (including but not limited to legal, business, financial and accounting) on the Group, to the satisfaction of the Subscriber;</p> <p>(i) each of Yinson Holdings and the Subscriber having received approvals from:</p> <ul style="list-style-type: none"> (i) its board of directors and its shareholders in respect of the Debt Assignment, the Proposed Subscription and the acquisition of the Options; and (ii) Bank Negara Malaysia in respect of the Proposed Subscription and the Proposed Grant of Options (if required); <p>(j) the Securities Industry Council of Singapore (the "SIC") having granted the Subscriber and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "Takeover Code") for the Shares not held by the Subscriber and its concert parties following the issue of the Subscription Shares and Option Shares (including, where applicable, a waiver to make a general offer for the downstream companies held by the Company) and from having to comply with the requirements of Rule 14 of the Takeover Code, subject to (a) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber (the</p>
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	<p>“Whitewash Waiver”); and (b) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber and its concert parties in connection with the issue of the Subscription Shares and Option Shares (the “Proposed Whitewash Resolution”);</p> <p>(k) such consents, approval or waiver as may be required (or deemed necessary by the Company and/or the Subscriber, as the case may be) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Company and/or the Subscriber, as the case may be, in respect of the transactions contemplated in the Conditional Debt Conversion Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Company and/or the Subscriber, as the case may be; and</p> <p>(l) the entry into the following agreements:</p> <p>(i) Debt Assignment Agreements between the Subscriber and each of the Designated Lenders, in such form and substance satisfactory to the Subscriber in its absolute discretion;</p> <p>(ii) subscription agreements between the Company and each of the major secured lenders for the allotment and issue of the redeemable convertible preference shares (as part of the Group’s loan refinancing) (the “RCPS”)²;</p> <p>(iii) the Conditional Option Agreement; and</p> <p>(iv) amendment agreements between relevant Group Company and the respective lenders in relation of the relevant facility and/or credit facilities extended to such Group Company (as part of the Group’s loan refinancing), in form and substance reasonably acceptable to the Subscriber.</p>
<p>Further Conditions</p>	<p>The parties further agree that the completion of the Proposed Subscription is conditional upon:-</p> <p>(a) any trading halt or suspension in Shares on the SGX-ST being lifted as at the completion date of the Proposed Subscription, or such other date as may be mutually agreed between the parties in writing; and</p> <p>(b) the Subscription Shares less any such Subscription Shares allotted to the DL Entities representing not less than 70% of the enlarged share capital of the Company on the completion date of the Proposed Subscription, taking into account the Shares issuable upon the full conversion of the RCPS into</p>

² As and when such subscription agreements are entered into by the Company for the issue of the RCPS, the Company shall make the necessary announcements as required by the SGX-ST.

	Shares (assuming such full conversion on the completion date of the Proposed Subscription and excluding conversion of all other existing convertibles of the Company).
Inter-Conditionality	<p>Completion of the Proposed Subscription is conditional upon and shall take place simultaneously with the Debt Assignment and completion of all transactions contemplated under each of the Debt Assignment Agreements to be entered into.</p> <p>If the Conditional Debt Conversion Agreement is terminated in accordance with its terms, the Conditional Option Agreement shall automatically be terminated.</p> <p>If the Conditional Option Agreement or any Conditional Debt Assignment Agreement is terminated in accordance with its terms, the Conditional Debt Conversion Agreement shall automatically be terminated.</p>
Representations, Warranties and Undertakings	Each of the Company and the Subscriber have, in the Conditional Debt Conversion Agreement, provided such representations, warranties and undertakings as are customary for transactions of the nature of the Proposed Subscription or other similar transactions.
Status of the Subscription Shares	The Subscription Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Subscription Shares.
Long-Stop Date	If the Conditions Precedent are not satisfied within six (6) months from the date of the Conditional Debt Conversion Agreement (or such other date as may be mutually agreed between the Company and the Subscriber), the Conditional Debt Conversion Agreement shall terminate.
Termination Rights	<p>Each of the Company and the Subscriber shall be entitled to terminate the Conditional Debt Conversion Agreement in the event of any breach of the representations, warranties and undertakings which has not been remedied to the reasonable satisfaction of the non-defaulting party within seven (7) days of the receipt of notice of breach.</p> <p>If, within fourteen (14) days after the date of the Conditional Debt Conversion Agreement, the Subscriber and each of the Designated Lenders do not enter into the Debt Assignment Agreements in such form and substance satisfactory to the Subscriber in its absolute discretion, the Subscriber shall be entitled to terminate the Conditional Debt Conversion Agreement immediately.</p>

4.2. Principal Terms of the Proposed Grant of Options

Aggregate Number of Options	3,360,495,867 Options.
Exercise Rights of Options	Each Option entitles the holder of the Option to subscribe for one (1) Option Share at the Option Exercise Price.

Option Exercise Price	S\$0.0605 for each Option Share. This is at a premium of 40.7% to the volume weighted average price of S\$0.043 of the Shares in respect of trades done on the SGX-ST on 26 February 2019, being the last full market day preceding the day on which the Conditional Debt Conversion Agreement and Conditional Option Agreement was signed.
Exercise Period	The period commencing on and including the date of issue of the Options and expiring on the fifth (5th) anniversary of the date of issue of the Options, unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date prior to the closure of the register of members or immediate preceding market day (as the case may be).
Gross Proceeds to be Raised from Proposed Grant of Options (assuming the exercise of all the Options)	Approximately S\$203,310,000 (assuming full exercise of the Options).
Status of the Option Shares	The Option Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Option Shares.
Adjustments	<p>The Option Exercise Price and the number of Options are subject to certain anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Options. Such circumstances relate to, <i>inter alia</i>:</p> <ul style="list-style-type: none"> a) issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves; b) a capital distribution made by the Company to Shareholders; c) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or d) any consolidation, subdivision or conversion of Shares.
Notice of Expiration	The Company shall, not later than one (1) month before the expiry of the Exercise Period, announce the same on the SGXNet. Additionally, the Company shall, not later than one (1) month before the same, take reasonable steps to notify the Subscriber in writing of the expiry date and such notice shall be delivered personally or by post to the address of the Subscriber.
Alteration to Terms	<p>No material alteration to the terms of the Options after the issue thereof to the advantage of the Subscriber shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought.</p> <p>No modification or alteration shall materially adversely affect the rights attaching to any Option granted prior to such modification</p>

	<p>or alteration, except with the written consent of the option holders holding or representing not less than fifty per cent. (50%) of the Options for the time being unexercised.</p>
<p>Conditions Precedent</p>	<p>The completion of the Proposed Grant of Options shall be subject to, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> (a) the approval by Shareholders having been obtained at the EGM to be duly convened for, <i>inter alia</i>, the allotment and issue of the Subscription Shares and the Option Shares, the transfer of controlling interest in the Company to the Subscriber and the Proposed Whitewash Resolution (as defined below); (b) each of Yinson Holdings and the Subscriber having received approval from its board of directors and its shareholders for, amongst others, the acquisition of the Options; (c) the approval in-principle of the SGX-ST for the listing and quotation of the Subscription Shares and the Option Shares on the Main Board of the SGX-ST having been obtained from the SGX-ST (and such approval not having been withdrawn or revoked), and if such approval is granted subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber, and to the extent that any conditions to such approval are required to be fulfilled on or before the completion of the Proposed Transactions, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them; (d) such consents, approval or waiver as may be required (or deemed necessary by the Company and/or the Subscriber, as the case may be) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Company and/or the Subscriber, as the case may be, in respect of the transactions contemplated in the Conditional Option Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Company and/or the Subscriber, as the case may be; (e) there having been no occurrence of any event or discovery of any fact rendering any of the representations, warranties and undertakings in the Conditional Option Agreement untrue or incorrect in any material respect; (f) each the Company and the Subscriber not being in breach of any of its undertakings and the covenants in the Conditional Option Agreement; (g) the SIC having granted the Subscriber and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of the Takeover Code for the Shares not held by the Subscriber and its concert parties following the issue of the Subscription Shares and Option Shares (including, where applicable, a waiver to make a general offer for the downstream companies held by the Company) and from

	<p>having to comply with the requirements of Rule 14 of the Takeover Code, subject to (a) the Whitewash Waiver; and (b) the independent Shareholders approving the Proposed Whitewash Resolution; and</p> <p>(h) the entry into the following agreements:</p> <p>(i) Debt Assignment Agreements between the Subscriber and each of the Designated Lenders, in such form and substance satisfactory to the Subscriber in its absolute discretion; and</p> <p>(ii) amendment agreements between relevant Group Company and the respective lenders in relation of the relevant facility and/or credit facilities extended to such Group Company, in form and substance reasonably acceptable to the Subscriber.</p>
Inter-Conditionality	<p>Completion of the Proposed Grant of Options is conditional upon and shall take place simultaneously with (i) the Debt Assignment and completion of all transactions contemplated under each of the Debt Assignment Agreements to be entered into; and (ii) the Proposed Subscription and completion of all transactions contemplated under the Conditional Debt Conversion Agreement.</p> <p>If the Conditional Option Agreement is terminated in accordance with its terms, the Conditional Debt Conversion Agreement shall automatically be terminated.</p> <p>If any of the Conditional Debt Conversion Agreement or any Debt Assignment Agreements are terminated in accordance with its terms, the Conditional Option Agreement shall automatically be terminated.</p>
Long-Stop Date	<p>If the Conditions Precedent are not satisfied within six (6) months from the date of the Conditional Option Agreement (or such other date as may be mutually agreed between the Company and the Subscriber), the Conditional Option Agreement shall terminate.</p>
Termination Rights	<p>Each of the Company and the Subscriber shall be entitled to terminate the Conditional Option Agreement in the event of any breach of the representations, warranties and undertakings which has not been remedied to the reasonable satisfaction of the non-defaulting party within seven (7) days of the receipt of notice of breach.</p>

5. USE OF PROCEEDS

As consideration of the Proposed Subscription, the Company shall capitalise up to US\$916,000,000 amounting to all the Relevant Debt owed to the Subscriber, pursuant to the Debt Assignment Agreements to be entered into. There shall be no proceeds from the Proposed Subscription.

The gross proceeds from the Proposed Grant of Options (assuming full exercise of the Options), are approximately S\$203,310,000 (the “**Option Proceeds**”). As and when the Options are exercised, such Option Proceeds may, at the discretion of the Directors, be applied towards business expansion or the pursuit of new business opportunities, including but not limited to,

capital contributions or investments into joint ventures or partnerships with various strategic partners, working capital and/or such other purposes as the Directors may deem fit.

Pending the deployment for the uses identified above, the Option Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Option Proceeds as and when such funds are materially disbursed, and provide a status report on the use of the Option Proceeds from the Proposed Grant of Options in the Company's half and full year financial statements issued under Rule 705 of the Listing Manual of the SGX-ST and its annual reports. Where the Option Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Option Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Option Proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that, as of the date of this Announcement, after taking into consideration the Proposed Transactions, the Option Proceeds and its present banking facilities, the working capital available to the Group is sufficient to meet its present requirements.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription and Proposed Grant of Options as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Subscription and Proposed Grant of Options.

As at the date of this Announcement, the share capital of the Company is US\$934,656,000 and its issued share capital less treasury shares is 3,728,006,259 ordinary shares (3,731,190,259 issued ordinary shares less 3,184,000 treasury shares).

Upon completion of the Proposed Subscription and Proposed Grant of Options, and the allotment and issue of the Subscription Shares and Option Shares, the Company will have an enlarged issued share capital of approximately up to US\$2,000,656,000 comprising up to approximately 29,662,073,035 Shares (assuming the Options have been fully exercised). The Subscription Shares and Option Shares when issued represent up to approximately 695.7% of the issued share capital of the Company as at the date of this Announcement prior to the Proposed Subscription and Proposed Grant of Options and would represent up to approximately 87.5% of the enlarged issued share capital of the Company after the completion of the Proposed Subscription and Proposed Grant of Options.

Based on the latest audited financial results announcement of the Group for the financial year ended 31 December 2018 and assuming that the Group raises gross proceeds of approximately S\$203,310,000 from the exercise of all Options, the effect on the Group's net tangible liabilities ("NTL") or net tangible assets ("NTA") per share and earnings or loss per share will be as follows:

6.1. Net Tangible Liabilities / Net Tangible Assets per Share

Assuming that the Proposed Subscription and Proposed Grant of Options were completed on 31 December 2018, and further assuming full exercise of all Options, the effects of the Group's NTL/NTA per Share would be as follows:

	Before Issue of Subscription Shares and Option Shares	After Issue of Subscription Shares and Option Shares
(NTL)/NTA (US\$'000)	(254,752)	811,248
Number of Shares	3,707,782,790	29,641,849,566
(NTL)/NTA per Share (US cents)	(6.87)	2.74

6.2. Earnings / Loss per Share

Assuming that the Proposed Subscription and Proposed Grant of Options were completed on 1 January 2018, and further assuming full exercise of all Options, the effects of the Group's earnings / loss per Share would be as follows:

	Before Issue of Subscription Shares and Option Shares	After Issue of Subscription Shares and Option Shares
Profit/(Loss) After Tax and Minority Interest (US\$'000)	(343,479)	(343,479)
Weighted Average Number of Shares (million)	3,149,357,417	29,083,424,192
Earnings/(Loss) per Share (US Cents)	(10.91)	(1.18)

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

8. PROPOSED WHITEWASH RESOLUTION

8.1. Under Rule 14.1 of the Takeover Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; and
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares (including, where applicable, to make a general offer for the downstream companies held by such company) ("**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

- 8.2. Upon completion of the Proposed Subscription, the Subscriber will hold up to approximately 22,573,570,909 Shares representing up to approximately 85.9% of the enlarged share capital of the Company as at the date of this Announcement. Assuming full exercise of the Options, the Subscriber will hold up to approximately 25,934,066,776 Shares representing up to approximately 87.5% of the enlarged share capital of the Company as at the date of this Announcement. This triggers the requirement for the Subscriber and its concert parties to make a Mandatory Offer, unless independent Shareholders approve at an EGM to be convened for, *inter alia*, the Proposed Whitewash Resolution.
- 8.3. The Company will in due course submit an application to the SIC to seek the Whitewash Waiver for the Subscriber and its concert parties to make a Mandatory Offer as a result of the Proposed Transactions, and will make the necessary announcements upon receipt of the Whitewash Waiver from the SIC.

9. REGULATORY AND SHAREHOLDER APPROVALS REQUIRED

- 9.1. The Proposed Transactions are subject to the conditions precedent as set out in the Conditional Debt Conversion Agreement and Conditional Option Agreement and specifically the following:
- (a) the receipt of the approval in-principle of the SGX-ST for the listing and quotation for the Subscription Shares and Option Shares (when exercised) on the Mainboard of the SGX-ST;
 - (b) approval of Shareholders for, *inter alia*, the Proposed Transactions (including the transfer of controlling interest in the Company to the Subscriber) at the EGM to be convened; and
 - (c) the Whitewash Waiver granted by the SIC; and
 - (d) approval of the independent Shareholders for the Proposed Whitewash Resolution at the EGM to be convened.
- 9.2. A circular to Shareholders containing, *inter alia*, further information on the Proposed Transactions, together with the notice of the EGM, will be despatched to Shareholders in due course.
- 9.3. The Company will in due course apply to the SGX-ST for the listing and quotation of the Subscription Shares and Option Shares on the Main Board of the SGX-ST, and will make the necessary announcements upon receipt of the approval in-principle of the SGX-ST for the listing and quotation of the Subscription Shares and Option Shares.

10. ANNOUNCEMENTS

Further announcements of the Proposed Transactions will be made in due course as and when appropriate.

11. DOCUMENT AVAILABLE FOR INSPECTION

The Conditional Debt Conversion Agreement and the Conditional Option Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 15 Hoe Chiang Road #12-05 Tower Fifteen Singapore 089316 for a period of three (3) months from the date of this Announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and Proposed Grant of Options, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

13. TRADING CAUTION

Shareholders, noteholders and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and noteholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests and to exercise caution when dealing in the securities of the Company. The completion of the Proposed Transactions is subject to numerous conditions. THERE IS NO CERTAINTY OR ASSURANCE AS AT THE DATE OF THIS ANNOUNCEMENT THAT CONDITIONS TO THE PROPOSED TRANSACTIONS WILL BE MET OR THAT THE PROPOSED TRANSACTIONS WILL BE APPROVED AND/OR COMPLETED. The Company will make the necessary announcements when there are further developments. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors they have any doubt about the actions they should take.

By Order of the Board
EZION HOLDINGS LIMITED

Goon Fook Wye Paul
Company Secretary
31 March 2019