

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

ANNOUNCEMENT IN RELATION TO THE DISPOSAL OF (I) EZION OFFSHORE LOGISTICS HUB PTE LTD; AND (II) TERAS AUSTRALIA PTY LTD

The Board of Directors (the “**Board**”) of Ezion Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 22 July 2014 (the “**S&P Agreement**”) with AusGroup Limited (“**AusGroup**”), pursuant to which AusGroup shall purchase, and the Company shall sell, the Company’s entire shareholding in Ezion Offshore Logistics Hub Pte Ltd (“**EOLH**”) and Teras Australia Pty Ltd. (“**Teras**”, together with EOLH, the “**Targets**”) (the “**Proposed Sale**”) for an aggregate consideration of S\$55 million.

1. INFORMATION ON EOLH AND TERAS

EOLH

EOLH, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in Singapore with an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares.

EOLH has the following direct and indirect wholly-owned subsidiaries:

Subsidiary of EOLH	Principle Activity
Ezion Offshore Logistics Hub (Tiwi) Pty Ltd (“ EOLH (Tiwi) ”)	Engaged in the business of operating a port and a marine supply base providing, <i>inter alia</i> , administrative, storage and logistics support to various vessels, including those from oil and gas projects in the region However, EOLH Tiwi is still in the process setting up the port and the marine supply base and has yet to fully commence operations.
Ezion Offshore Logistics Hub (Exmouth) Pty Ltd (“ EOLH (Exmouth) ”)	Dormant
Subsidiary of EOLH (Tiwi)	Principle Activity
Indigenous Marine Logistics Pty Ltd (“ IML ”)	Dormant

Teras

Teras, a company incorporated in Australia and a 90%-owned subsidiary of the Company, provides ship chartering services and maritime training to indigenous workers in Australia with an issued and paid-up share capital of A\$1,250,000 comprising 1,111,111 ordinary shares.

2. INFORMATION ON THE PROPOSED SALE

2.1 Consideration

The aggregate consideration of S\$55 million (the “**Consideration**”) was arrived at on a willing-buyer and willing-seller basis, after negotiations which were conducted on arm’s length between the parties, and take into account, *inter alia*, the net tangible assets of the Targets and the fair market value of the Targets of approximately S\$55 million set out in the independent valuation report dated 10 July 2014 commissioned by the Company and prepared by Stone Forest Corporate Advisory Pte. Ltd.

The Consideration of S\$55 million shall be satisfied in the following manner on completion of the Proposed Acquisition (“**Completion**”):

- (a) S\$14 million in cash; and
- (b) 92,155,541 new fully paid ordinary shares in the capital of the Company (“**Consideration Shares**”) having a total value of S\$41 million, issued at a price of S\$0.4449 per Consideration Share (the “**Issue Price**”).

2.2 Rationale for and benefits for the Proposed Sale

In line with the prospect statement made in 1Q2014 results announcement on 7 May 2014, the Proposed Sale will allow the Company to continue its focus on investments in Service Rigs to meet the strong demand for such Service Rigs.

Furthermore, the business of the Targets and AusGroup are complementary but not in competition due to different services provided to similar clients in the similar geographical area of operations.

The Company will own approximately 17.83% of the enlarged share capital of AusGroup upon completion of the Proposed Sale and will enjoy the synergy from the fusion of the two complimentary business.

2.3 Conditions Precedent

Pursuant to the terms of the S&P Agreement, completion of the Proposed Sale is conditional upon, *inter alia*, the following conditions being satisfied or waived:

- (a) the Proposed Sale not being deemed a “very substantial acquisition” or a “reverse takeover” as defined in Chapter 10 of the listing manual of the SGX-ST (“**Listing Manual**”);

- (b) the results of a due diligence exercise by AusGroup over the business, affairs, operations, assets, financial condition, prospects and records of the Targets and their subsidiaries (the “**Target Group Companies**”) being satisfactory to the Company in its reasonable discretion;
- (c) the receipt by AusGroup of such waivers or consents as may be necessary to enable AusGroup and/or its nominee(s) to be registered as holder of any and all of the shares of the Targets that AusGroup is acquiring (the “**Sale Shares**”);
- (d) AusGroup having obtained shareholders’ approval at the extraordinary general meeting in respect of the proposed acquisition of the Targets;
- (e) the Company (and/or its subsidiaries) and AusGroup executing a legally binding transitional arrangements agreement on or prior to Completion pursuant to which the Company (and/or its subsidiaries) will provide AusGroup with such support and assistance following Completion as AusGroup may reasonably require to become able to operate the Target Group (and their respective business activities) on a day-to-day basis as soon as practicable after the Completion; and
- (f) the receipt by AusGroup of in-principle approval of the SGX-ST for the listing and quotation of the Consideration Shares.

If any of the conditions are not satisfied or waived by the date falling three (3) months from the date of the S&P Agreement, the S&P Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses) and no party shall have claim against the other for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the S&P Agreement.

The Proposed Sale is expected to have a positive impact on the consolidated net tangible assets and earnings per share of the Company for the financial year ending 31 December 2014.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the S&P Agreement are available for inspection during normal business hours at the Company’s registered office at 15 Hoe Chiang Road #12-05, Tower Fifteen, Singapore 089316, for a period of three (3) months from the date of this announcement.

4. CAUTION IN TRADING

The Company will make further announcements relating to the Proposed Sale as and when necessary. The proposed acquisition by AusGroup of the Targets is subject to the approval of the shareholders of AusGroup, and there is no assurance that the aforementioned transactions will be completed. Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Larry Johnson who has options in Ausgroup and is a non-executive non-independent director of AusGroup, none of the directors or controlling shareholders of the Company has any interests, direct or indirect, in the above-mentioned transactions, other than through their respective shareholding interests in the Company.

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary

23 July 2014