

EOC Limited to sell 51% equity interest in the entities owning and operating the FPSO Lewek Arunothai

A reference is made to the stock exchange announcement made by the Company on 14 November 2012 (the "Announcement") where it was announced that EOC has secured a Letter Of Award ("LOA") from Hess Exploration and Production Malaysia B.V. ("Hess E&P Malaysia") via its Malaysian agent Larizz Petroleum Services Sdn Bhd ("Larizz"), for the charter of the FPSO Lewek Arunothai (the "FPSO") for a three year period with an extension option for up to three years (the "Hess Contract").

EOC Limited ("EOC" or the "Company") has today entered into a share sale and purchase agreement (the "SPA") with Perisai Petroleum Teknologi BHD ("Perisai") for the sale of 51% of the equity interest in the entities owning and operating the FPSO and the purchase of 50% of the equity interest in SJR Marine (L) LTD (the "Transaction").

The FPSO is currently held 100% by Lewek Emerald Shipping Pte. Ltd ("Lewek Emerald"), a wholly-owned subsidiary of EOC. In connection with the Transaction, the FPSO will be transferred to a recently incorporated company wholly-owned by EOC, Emas Victoria (L) BHD ("EVLB"), after which the issued and paid-up share capital of EVLB will be increased to USD 175,000,000. EVLB will be the owner of the FPSO and Victoria Production Services SDN BHD ("VPSSB"), another wholly-owned subsidiary of EOC, will be the company operating the FPSO. EOC is disposing of 51% of its equity interest in each of EVLB and VPSSB to Perisai (the "EOC Sale Shares").

The principal activity of SJR Marine (L) LTD ("SJR Marine") is the leasing of vessels, barges and equipment on bareboat basis. SJR Marine is the owner of a derrick lay barge, the Enterprise 3. The principal market for SJR Marine is Malaysia. At present, the Enterprise 3 is chartered on a bareboat basis to TL Offshore Sdn Bhd, a subsidiary of SapuraKencana Petroleum Berhad. This bareboat charter is for a continuous charter period of 4½ years commencing from November 2008. The Enterprise 3 has been deployed for use in offshore Malaysian waters. The Enterprise 3, which is the first Malaysian flagged offshore construction and pipelay vessel, has the capability of undertaking offshore construction work in the development of offshore oil and gas fields.

The purchase consideration for the EOC Sale Shares is the aggregate of: (a) USD 89,250,000 for 51% of the equity interest in EVLB; and (b) Ringgit Malaysia (RM) 51 for 51% of the equity interest in VPSSB. The purchase consideration for 50% of the equity interest in SJR Marine (the "Perisai Sale Shares") is USD 37,000,000.

Pursuant to the terms of the SPA, the purchase price for the EOC Sale Shares shall be partially satisfied by way of RM 51 in cash and issuance of 144,661,250 new ordinary shares in Perisai to EOC or its nominees (the "Consideration Shares"). The balance of USD 37,000,000 shall be set off against the purchase price of the Perisai Sale Shares.

In the event that the Hess Contract is terminated or the FPSO has suffered a total loss or a constructive total loss, as the case may be, at any time prior to the completion date of the Perisai Sale Shares, Perisai is entitled to terminate the SPA with 14 days' notice, and:

- (a) Perisai will not be required to complete the sale of the Perisai Sale Shares;

- (b) EOC will be obliged to pay to Perisai RM 159,127,375 in cash, being the value of the Consideration Shares allotted to EOC on the completion date of the EOCL Sale Shares; and
- (c) if the EOCL Sale Shares have been transferred to Perisai, Perisai will transfer the EOCL Sale Shares back to EOCL.

The SPA further provides for an adjustment of the purchase price of the Perisai Sale Shares, where the net asset value of SJR Marine shall be calculated on the completion date of the Perisai Sale Shares (the "Completion NAV"). In the event that 50% of the Completion NAV is higher than the purchase price of the Perisai Sale Shares, the difference shall be paid to Perisai in cash by EOC, and in the event that 50% of the Completion NAV is lower than the purchase price of the Perisai Sale Shares, the difference shall be paid to EOCL in cash by Perisai. Any material changes in the purchase price of the Perisai Sale Shares will be announced by the Company.

Completion conditions

Completion of the transaction is contingent upon certain customary closing conditions as well as the following main conditions:

- the increase of the authorized and issued and paid-up share capital of EVLB to USD 175,000,000 in connection with the transfer of the FPSO to EVLB;
- approval of the shareholders of Perisai in an extraordinary general meeting for the acquisition of the EOCL Sale Shares and disposal of the Perisai Sale Shares pursuant to the terms of the SPA;
- each of EOCL and Perisai being satisfied with the results of their respective financial, technical and legal due diligence exercises on EVLB, VPSSB and/or SJR Marine (as the case may be);
- the approval in-principle for the listing of the Consideration Shares being obtained from Bursa Securities, where Perisai is listed, and such approval remaining valid and continuing to be in force and effect until the completion date of the EOC Sale Shares and, to the extent that any conditions for the listing and quotation of the Consideration Shares on Bursa Securities are required to be fulfilled on or before the completion date of EOC Sale Shares, they are so fulfilled;
- completion of the legal and beneficial transfer of ownership of the FPSO from Lewek Emerald Shipping to EVLB and the FPSO having been adequately insured;
- the issuance of a leasing license from Labuan Financial Services Authority to EVLB;
- receipt of confirmation from Perisai of its acceptance of the terms and conditions of the bareboat charter and operation maintenance contracts in respect of the FPSO between Larizz and Hess E&P Malaysia (the "Hess Contracts")
- receipt of approval from Hess E&P Malaysia and Petroliam Nasional Berhad for the acquisition of the EOC Sale Shares by Perisai (if required);

- the assignment of all rights and benefits whatsoever under the Hess Contract by Larizz to EVLB and VPSSB on terms and conditions acceptable to Perisai;
- receipt confirmation by Perisai from EOC that there are no material breaches of the terms of the Hess Contract;
- receipt of confirmation from EOC that the loan of not less than USD 284,000,000.00 has been granted by certain banks to EVLB together with a copy of the letter of offer and facility agreement in respect of the said loan;
- the execution of an agreement between EOC, Perisai and EVLB (the “TPC Agreement”) in relation to the Total Project Costs confirming that:
 - (i) in the event that Total Project Costs exceed USD157,410,000, the excess amount of Total Project Costs over USD 157,410,000 shall be fully borne and funded by EOC; and
 - (ii) in the event that Total Project Costs exceed USD 143,100,000 but is less than or equal to USD 157,410,000, the excess amount of Total Project Costs over USD143,100,000 shall be borne by EVLB and funded by EOC and Perisai in equal proportions via shareholders’ loans (save that EOCL shall provide Perisai’s shareholder’s loan to EVLB on Perisai’s behalf, on the terms (which for the avoidance of doubt, shall include, without limitation, the interest rate for such loan) set out in the TPC Agreement);

For the purposes of the SPA, “Total Project Costs” means project capital expenditure costs including but not limiting to conversion, refurbishment, mobilisation, offshore installation and commissioning, project management costs, operational readiness costs, insurance costs, finance charges, interests and other costs in relation to the conversion and refurbishment of the FPSO under the Hess Contracts based on the scope of work specified in Schedule 1 to each of the Hess Contracts as at their respective dates of execution; and

- the prior approval of the relevant financial institutions or lenders to the existing credit facilities and/or debt instruments being obtained by EVLB and VPSSB, and SJR Marine for the acquisition of the EOCL Sale Shares and Perisai Sale Shares (if required).

In connection with the Transaction, EOC and Perisai will enter into three shareholder agreements for the purpose of regulating the relationship between EOC and Perisai as shareholders of each of EVLB, VPSSB and SJR Marine.

Pursuant to the shareholders agreement in respect of SJR Marine, EOC is granted an option to acquire from Perisai the remaining shares in SJR Marine representing 50% of the equity interest in SJR Marine (the “Call Option”) at a price equal to 50% of the Completion NAV (the “Call Option Price”). EOC may exercise the Call Option at any time during the two-year period from the completion date of the Perisai Sale Shares (the “Call Option Period”). In the event that the Call Option is not exercised during the Call Option Period, EOC and Perisai shall procure the sale by SJR Marine of the Enterprise 3 to a third party within a period of twelve months from expiry of the Call Option Period (the “Enterprise 3 Disposal Period”). Where SJR Marine is unable to dispose of Enterprise 3 within the Enterprise 3 Disposal Period, Perisai shall have the option to sell to EOC all of its equity interest in SJR Marine at a price equal to the Call Option Price (the “Put Option”). Perisai may exercise its Put

Option within one month prior to the expiry of the Enterprise 3 Disposal Period, after which the Put Option will lapse.

Tentative timeline

The completion date of the EOCL Sale Shares shall take place seven business days after the last condition precedent is fulfilled, which is expected to occur in or around March or April 2013. The completion date of the Perisai Sale Shares is expected to take place on the due date of the first payment under the Hess Contract or 31 July 2013, whichever is later.

Information about the EOCL Sale Shares

EMAS Victoria (L) BHD

Company name	EMAS Victoria (L) BHD
Jurisdiction	Federal Territory of Labuan
Board of Directors	<ul style="list-style-type: none"> • Adarash Kumar • Lee Kian Soo • Lee Chye Tek Lionel • Chan Eng Yew • Jonathan Michael Dunstan
Executive management	None
Number of employees	None
Date of Incorporation	9 August 2012

There is no available financial information on EVLB as it was only incorporated on 9 August 2012 and its first financial year end is 31 August 2013. The key financial results shown here are the segmental results for Lewek Emerald for each of the financial years ended 31 August 2009, 31 August 2010 and 31 August 2011 as well as unaudited results for the financial year ended 31 August 2012 (as disclosed on a consolidated basis Q4 interim report of EOC for 2012) :

Key figures of Lewek Emerald (USD 100,000)				
P&L	2012 (unaudited)	2011	2010	2009
Revenues	13.414	53.350	41.635	-
EBITDA	(15.832)	37.019	32.313	(0.217)
Net Result (NPAT)	(23.584)	18.156	14.754	(0.217)
Balance	2012 (unaudited)	2011	2010	2009
Fixed assets	290.607	295.882	310.386	311.905
Current assets	43.211	78.463	36.471	1.236
Total Liabilities	313.045	329.988	320.656	300.522

Victoria Production Services SDN BHD

Company name	Victoria Production Services SDN BHD
Jurisdiction	Malaysia
Board of Directors	<ul style="list-style-type: none"> • Chan Eng Yew

	<ul style="list-style-type: none"> • Adarash Kumar • Jonathan Michael Dunstan • Lee Chye Tek Kionel • Lee Kian Soo • Shirley Tan
Executive management	None
Number of employees	None
Date of incorporation	24 September 2012

There is no available financial information on VPSSB as it was only incorporated on 24 September 2012 and its first financial year end is 31 August 2013.

Information about the Perisai Sale Shares

Company name	SJR Marine (L) LTD		
Jurisdiction	Federal Territory of Labuan		
Board of Directors	<ul style="list-style-type: none"> • Dato' Dr Mohammed Ariffin bin Hj. Aton • Adarash Kumar • Dato' Sharir bin Abdul Jalil • Zainol Izet bin Mohammed Ishak 		
Executive management	None		
Number of employees	None		
Date of incorporation	14 June 2006		
Key figures from the balance sheet (USD 100,000)			
P&L	2011	2010	2009
Revenues	22,800	23,620	25,475
EBITDA	19,378	19,012	21,813
Net Result	13,127	12,104	14,808
Balance	2011	2010	2009
Fixed assets	82,980	87,894	92,198
Current assts	37,273	21,018	4,357
Liabilities	62,676	59,463	59,210

Agreements entered into in connection with the transaction

The transaction does not trigger any success fee or similar to the benefit of members of the Board or executive management in EOC or any of the sold or acquired businesses.

Rationale for the proposed sale

The Company disclosed in the Announcement that it had secured a LOA from Hess E&P Malaysia via its Malaysian agent Larizz, for the provision and lease of the FPSO and related operation and maintenance services for Hess E&P Malaysia's development block situated at the North Malay Basin, Malaysia. Larizz is a 40% owned associated company of Perisai and the LOA was secured by Larizz acting on behalf of its principals for the project, EVLB and VPSSB. The rationale behind the proposed disposal of 51% of the equity interest in these companies is to enable EOC to form a strategic alliance with its Malaysian partners by allowing Perisai to participate in the equity of both EVLB, as the owner of the Lewek Arunothai, and VPSSB, as the provider of operations and maintenance services for the FPSO.

Rationale for the proposed acquisition

Draft extended stock exchange notice

The EOC Group's fleet currently includes three accommodation barges providing offshore construction services such as:

- pipe laying, heavy lifting, offshore transportation and installation
- hook-up and commissioning
- offshore accommodation and marine support
- leasing of offshore accommodation work barges and heavy-lift derrick lay vessels

SJR Marine is the owner of the Enterprise 3, a derrick lay barge, and its principal activities are the leasing of vessels, barges and equipment on a bareboat basis. The proposed acquisition therefore represents an opportunity for EOC to expand its existing capabilities and core business by participating in the equity of SJR Marine.

For further information, please contact:

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