

Vallianz Holdings Limited
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UPDATE ON THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Vallianz Holdings Limited (the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”) refers to the Company’s announcements dated 6 September 2016, 28 September 2016, 3 October 2016 and 13 October 2016 and the circular to the shareholders of the Company (“**Shareholders**”) dated 29 September 2016 (the “**2016 Circular**”) in respect of, amongst others, the Rights cum Warrants Issue, the despatch of the 2016 Circular and the postponement of the extraordinary general meeting of the Company originally scheduled to be held on 17 October 2016. Unless otherwise defined, all capitalised terms and references used herein shall have the same meanings ascribed to them in the 2016 Circular.
- 1.2 The Board further refers to the Company’s announcement dated 24 May 2017 (the “**24 May Announcement**”) in respect of, amongst others, the set-off and settlement agreement dated 24 May 2017 entered into between the Company, Swiber Holdings Limited (Judicial Managers Appointed) (“**SHL**”) and Swiber Offshore Construction Pte. Ltd. (Judicial Managers Appointed), a subsidiary of SHL (the “**SHL SOSA**”), and the set-off and settlement agreement dated 24 May 2017 entered into between the Company and Rawabi Holding Company Limited (“**RHCL**”) (the “**RHCL SOSA**”) to govern the participation of SHL and RHCL in the Rights cum Warrants Issue, respectively.
- 1.3 The SHL SOSA and the RHCL SOSA also provide for the set-off and settlement of amounts owing as between SHL and its subsidiaries and associated companies collectively (excluding the Company and any other entities within the Group) and the Group, and amounts owing by the Company to RHCL, on and subject to the terms and conditions of the SHL SOSA and the RHCL SOSA, respectively. The RHCL SOSA supersedes the irrevocable undertaking dated 5 September 2016 given by RHCL to the Company, the supplemental agreement thereto dated 23 January 2017, and the set-off and settlement agreement dated 5 September 2016 entered into between the Company and RHCL. Please refer to the 24 May Announcement for more information on the terms of the SHL SOSA and the RHCL SOSA.
- 1.4 The Board is pleased to announce that following the signing of the SHL SOSA and the RHCL SOSA, the Board now wishes to convene an extraordinary general meeting of the Company (the “**EGM**”), in order to seek the approvals of Shareholders for the Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares (each term as defined in paragraph 2.5 of this announcement), and the Independent Shareholders for the Whitewash Resolution. In order to cater for the change in the share capital of the Company since the date of the 2016 Circular, the Company has revised the size and use of proceeds in respect of the Rights cum Warrants Issue, the details of which are set out in paragraphs 2 and 3 of this announcement respectively.
- 1.5 **A fresh circular setting out, amongst others, the time, date and venue of the EGM and details of, and other relevant information pertaining to, the Rights cum Warrants Issue and the Whitewash Resolution, together with a fresh notice of the EGM, will be despatched by the Company to Shareholders in due course.**
- 1.6 Save as highlighted in this announcement, there are no changes to the principal terms of the Rights cum Warrants Issue detailed in the 2016 Circular. Shareholders should note that the terms and conditions of

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the Rights cum Warrants Issue are subject to such changes as the directors of the Company (the “**Directors**”) may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders after the relevant approvals are obtained at the EGM.

2. CHANGE TO THE SIZE OF THE RIGHTS CUM WARRANTS ISSUE

2.1. The Company wishes to provide an update on the size of the Rights cum Warrants Issue. As at the date of the 2016 Circular, the issued share capital of the Company consisted of 3,592,211,385 ordinary shares (“**Shares**”). As at the date of this announcement, the issued share capital of the Company consists of 4,479,061,385 Shares (the “**Existing Share Capital**”). The Company does not have any treasury shares. The details of the issue and allotment of 886,850,000 new Shares by the Company since the date of the 2016 Circular are as follows:

- (a) the issue and allotment of 350,000,000 new Shares to Greatwill Asset Global Limited at the issue price of S\$0.02 for each new Share for the aggregate consideration of S\$7.0 million; and
- (b) the issue and allotment of 536,850,000 new Shares at the issue price of S\$0.02 for each new Share to certain trade creditors of the Company’s subsidiaries named in Appendix 1 to each of the Company’s announcements dated 22 February 2017 and 19 June 2017, to set-off aggregate trade payables owing by the Company’s subsidiaries to such trade creditors of S\$10,737,000.

2.2. In addition, 4,000,000 new Shares may be issued on or prior to the Books Closure Date pursuant to the exercise of 4,000,000 ESOS Options, each carrying the right to subscribe for one (1) new Share, which may be exercised on or prior to the Books Closure Date.

2.3. In the event that none of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,479,061,385 Shares (the “**Minimum Scenario**”). In the event that all of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,483,061,385 Shares (the “**Maximum Scenario**”).

2.4. Irrespective of the scenarios set out in paragraph 2.3 of this announcement, in view of the irrevocable undertaking by RHCL to subscribe for all the Excess Rights Shares with Warrants, the Rights cum Warrants Issue will be fully subscribed for subject to the terms and on the conditions of the RHCL SOSA.

2.5. Accordingly, since the 2016 Circular:

- (a) the maximum number of new Shares to be issued pursuant to the Rights cum Warrants Issue has increased from 3,596,211,385 new Shares to 4,483,061,385 new Shares (the “**Rights Shares**”);
- (b) the maximum number of free detachable warrants to be issued pursuant to the Rights cum Warrants Issue has increased from 7,192,422,770 warrants to 8,966,122,770 warrants (the “**Warrants**”); and

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- (c) the maximum number of new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants has increased from 7,192,422,770 new Shares to 8,966,122,770 new Shares (the “**New Shares**”),

on the basis of one (1) Rights Share at the issue price of S\$0.02 for each Rights Share, for every one (1) Share held by each Entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share, and each Warrant carrying the right to subscribe for one (1) New Share at the exercise price of S\$0.02 for each New Share during the Exercise Period.

- 2.6. The Company has, on 3 October 2016, announced its receipt of the listing and quotation notice (the “**LQN**”) from the SGX-ST for the listing and quotation of up to 3,596,211,385 Rights Shares, 7,192,422,770 Warrants and 7,192,422,770 New Shares on Catalist. Please note that the LQN is not an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company, its subsidiaries and their securities. In view of the increase in size of the Rights cum Warrants Issue, the Company will be making an application to the SGX-ST through its continuing sponsor, Provenance Capital Pte. Ltd., for the permission to deal in and for the listing and quotation of the increased number of Rights Shares, Warrants and New Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the increased number of Rights Shares, Warrants and New Shares on Catalist will be made in due course.

3. CHANGE TO THE USE OF PROCEEDS FROM THE RIGHTS CUM WARRANTS ISSUE

- 3.1. In view of the increase in the size of the Rights cum Warrants Issue, the following table illustrates (a) the gross proceeds arising from the Rights Cum Warrants Issue before the Warrants are exercised, and (b) the gross proceeds arising from the exercise of all the Warrants, in relation to the Minimum Subscription Scenario and the Maximum Subscription Scenarios (both terms as defined in paragraph 3.4 of this announcement), in each case inclusive of the proceeds which will be used to set-off against the RHCL Advances and the VHL Owing (both terms as defined in paragraph 3.3 of this announcement) in accordance with the RHCL SOSA and SHL SOSA.

Scenario	Gross Proceeds from the Rights Shares (before the exercise of the Warrants) (S\$ million)	Gross Proceeds from the exercise of all the Warrants (S\$ million)
Minimum Subscription Scenario	89.6	179.2
Maximum Subscription Scenarios	89.7	179.4

- 3.2. For the avoidance of doubt, the subscription by each of RHCL and SHL of Rights Shares with Warrants, and each of its respective exercise of the Warrants (where permissible, and to the extent of the RHCL Advances or VHL Owing), would be through a set-off and settlement mechanism in accordance with the RHCL SOSA and SHL SOSA respectively. Under such a mechanism, there would be no cash subscription by RHCL and SHL as the proceeds from their respective subscriptions of Rights Shares with Warrants and exercise of Warrants (where permissible, and to the extent of the RHCL Advances or VHL Owing) would be used purely to set-off against the RHCL Advances and the VHL Owing in accordance with the RHCL SOSA and SHL SOSA respectively.

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3.3. The Company intends to utilise the proceeds from the Rights cum Warrants Issue, before the exercise of the Warrants, as follows:

- (a) to partially repay the advances made by RHCL to the Company by way of a set-off, under which the total outstanding amount owing as at the date of this announcement is approximately US\$102,087,467.21 (equivalent to approximately S\$141,676,986.99 based on the illustrative exchange rate of US\$1: S\$1.3878 (the “**Exchange Rate**”)) (the “**RHCL Advances**”);
- (b) to partially repay the US\$29,393,692.12 (equivalent to approximately S\$40,792,565.92 based on the Exchange Rate) owing by the Company to SHL as at the date of this announcement (the “**VHL Owing**”) by way of a set-off in accordance with the SHL SOSA;
- (c) for partial repayment of bank loans and working capital purposes; and
- (d) for professional fees and expenses relating to the Rights cum Warrants Issue.

The amount and percentage allocation of the use of proceeds for these purposes will depend on the amount of Rights Shares with Warrants allocated to RHCL and subscription of the Rights Shares with Warrants by other Entitled Shareholders (including SHL). Please refer to paragraph 3.4 of this announcement for further information on the amount and percentage allocation of the use of proceeds. Please also refer to the 24 May Announcement for more information on the RHCL Advances and the VHL Owing.

3.4. **For illustrative purposes only,**

Assuming that:

- (a) based on the Minimum Scenario; and
- (b) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA (the “**Minimum Subscription Scenario**”),

up to 4,479,061,385 Rights Shares with 8,958,122,770 Warrants will be issued under the Rights cum Warrants issue.

Assuming that:

- (a) based on the Maximum Scenario; and
- (b) either (i) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA (the “**Maximum Subscription Scenario 1**”); or (ii) all the Entitled Shareholders (including RHCL and SHL) subscribe in full for their *pro rata* entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue (the “**Maximum Subscription Scenario 2**”), collectively (the “**Maximum Subscription Scenarios**”),

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up to 4,483,061,385 Rights Shares with 8,966,122,770 Warrants will be issued under the Rights cum Warrants issue.

In the Maximum Subscription Scenario 2, which assumes a full subscription by all Entitled Shareholders (including RHCL and SHL), each of RHCL and SHL will only be allocated its *pro rata* entitlement of Rights Shares with Warrants. Based on RHCL's shareholding of approximately 15.0% of the Existing Share Capital and SHL's shareholding of approximately 20.2% of the Existing Share Capital, the actual aggregate issue price payable by RHCL and SHL to the Company for each of its subscription of its *pro rata* entitlement of Rights Shares with Warrants in the Maximum Subscription Scenario 2 will be approximately S\$13.4 million (the "**RHCL Actual Subscription Amount**") and S\$18.1 million (the "**SHL Actual Subscription Amount**") respectively. Accordingly, in the Maximum Subscription Scenario 2, only the RHCL Actual Subscription Amount of S\$13.4 million will be set-off and settled against the RHCL Advances to the extent of the RHCL Actual Subscription Amount, and the SHL Actual Subscription Amount of S\$18.1 million will be set-off and settled against the VHL Owing to the extent of the SHL Actual Subscription Amount, and the remaining net cash proceeds arising out of the subscription by Entitled Shareholders other than RHCL and SHL will be utilised as set out in the table below.

Use of proceeds	Minimum Subscription Scenario		Maximum Subscription Scenario 1		Maximum Subscription Scenario 2	
	In S\$ million	% allocation	In S\$ million	% allocation	In S\$ million	% allocation
1. Partial repayment of RHCL Advances by way of set-off ⁽¹⁾	89.6	100.0	89.7	100.0	13.4	14.9
2. Partial repayment of VHL Owing by way of set-off ⁽²⁾	-	-	-	-	18.1	20.2
3. Working capital and partial repayment of bank loans	-	-	-	-	57.7	64.3
4. Estimated expenses ⁽³⁾	-	-	-	-	0.5	0.6
Gross proceeds	89.6	100.0	89.7	100.0	89.7	100.0

Notes:

- (1) As stated in paragraph 3.3 of this announcement, the total outstanding RHCL Advances as at the date of this announcement is approximately US\$102,087,467.21 (equivalent to approximately S\$141,676,986.99 based on the Exchange Rate). In accordance with the terms and subject to the conditions of the RHCL SOSA, RHCL shall subscribe in full for its *pro rata* entitlement of the Rights Shares with Warrants; and subject to availability, Excess Rights Shares with Warrants, in accordance with the terms and conditions of the Rights cum Warrants Issue, and subject to such subscription, the RHCL Actual Subscription Amount shall be set-off and settled against the RHCL Advances to the extent of the RHCL Actual Subscription Amount.
- (2) As stated in paragraph 3.3 of this announcement, the total outstanding VHL Owing as at the date of this announcement is approximately US\$29,393,692.12 (equivalent to approximately S\$40,792,565.92 based on the Exchange Rate). In accordance with the terms and subject to the conditions of the SHL SOSA, upon SHL's subscription of its *pro rata* entitlement (to the extent not subject of Renunciation (as defined in paragraph 2.1(e) of the 24 May Announcement)) of the Rights Shares with Warrants in accordance with the terms and conditions of the Rights cum Warrants Issue, the SHL

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Actual Subscription Amount shall be set-off and settled against the VHL Owing to the extent of the SHL Actual Subscription Amount.

- (3) In the Minimum Subscription Scenario and the Maximum Subscription Scenario 1, professional fees and expenses relating to the Rights cum Warrants Issue will be paid out of the Company's existing resources. However, in the Maximum Subscription Scenario 2, professional fees and expenses relating to the Rights cum Warrants Issue will be deducted from the gross proceeds of the Rights cum Warrants Issue, to the extent of fresh funds being raised from Entitled Shareholders other than RHCL and SHL, with any shortfall being paid out of the Company's existing resources.

- 3.5. Subject to the SHL Warrants Exercise Set-Off and Settlement Arrangement (as defined in paragraph 2.1 of the 24 May Announcement) and RHCL Warrants Exercise Set-Off and Settlement Arrangement (as defined in paragraph 4.1(b) of the 24 May Announcement), as detailed in the 24 May Announcement, as and when the Warrants are exercised, any additional cash proceeds arising therefrom may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing new business ventures through acquisitions and/or strategic investments, working capital (including partial repayment of bank loans) and/or such other purposes as the Directors may deem fit.
- 3.6. Pending deployment, the gross/net proceeds (as the case may be) of the Rights cum Warrants Issue (if any) may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Company.
- 3.7. The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, the issue of the Additional SHL Shares (as defined in paragraph 2.1(f) of the 24 May Announcement) and set-off and settlement arrangement contemplated under paragraph 3.3 of the 24 May Announcement, and the issue of the Additional RHCL Shares (as defined in paragraph 4.1(c) of the 24 May Announcement) and set-off and settlement arrangement contemplated under paragraph 5.3 of the 24 May Announcement, the working capital available to the Group is sufficient to meet its present requirements.
- 3.8. For the avoidance of doubt, the issue of Additional SHL Shares and Additional RHCL Shares, if any, are subject to certain conditions and approvals to be obtained at a later date after the completion of the Rights cum Warrants Issue.
- 3.9. The Company will make periodic announcements on the use of proceeds from the Rights cum Warrants Issue as and when the funds are materially disbursed, as well as provide status reports on the use of proceeds from the Rights cum Warrants Issue in the Company's annual reports until such time the proceeds have been fully utilized.

4. WAIVER OF MANDATORY OFFER OBLIGATION OF RHCL

- 4.1. On 22 August 2016, the Company obtained a waiver (the "**Whitewash Waiver**") from the Securities Industry Council (the "**Council**") of the obligation of RHCL to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for all the Shares not owned or controlled by RHCL in the event that the aggregate voting rights of RHCL in the Company increases to 30.0% or more as a result of the Rights Shares with Warrants, and Excess Rights Shares with Warrants (subject to availability), to be issued to RHCL pursuant to the Rights cum Warrants Issue, as well as after the exercise of the Warrants. Please refer to section 7.3 of the 2016 Circular for details of the conditions to which the Whitewash Waiver is subject (the "**SIC Conditions**").

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- 4.2. Assuming the Minimum Subscription Scenario as described in paragraph 3.4 of this announcement, the shareholding of RHCL will increase to approximately 57.5% of the share capital of the Company after the completion of the Rights cum Warrants Issue (the “**Enlarged Share Capital**”) before the exercise of all the Warrants and will increase further to approximately 78.8% of the Enlarged Share Capital after the exercise of all the Warrants.
- 4.3. The Company will be writing to the Council to seek the Council’s confirmation on whether, subject to compliance with the SIC Conditions, the Council has any objections to the changes to the Rights cum Warrants Issue highlighted in this announcement and if the Whitewash Waiver remains valid.

5. CONDITIONS OF THE RIGHTS CUM WARRANTS ISSUE

- 5.1. The Board wishes to remind Shareholders that the Rights cum Warrants Issue is subject to, amongst others:
- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist having been obtained and such approval not having been withdrawn or revoked on or prior to the Closing Date, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
 - (b) the lodgment of the Offer Information Statement, together with all other necessary accompanying documents in connection with the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore;
 - (c) the Whitewash Waiver granted by the Council not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue; and
 - (d) the approval of (i) Shareholders for the Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares, and (ii) the Independent Shareholders for the Whitewash Resolution, at the EGM.
- 5.2. For the avoidance of doubt, the Rights cum Warrants Issue is not conditional upon SHL obtaining, amongst others, the requisite approval of its shareholders to participate in the Rights cum Warrants Issue.

6. 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 Rights cum Warrants Issue, 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.

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7. FURTHER ANNOUNCEMENTS

The Company will keep Shareholders updated and release announcements relating to the Rights cum Warrants Issue (including any material developments and progress made) as may be appropriate from time to time.

8. CAUTIONARY STATEMENT

The Directors would like to advise Shareholders that completion of the Rights cum Warrants Issue is subject to certain conditions being fulfilled and there is no assurance that the Rights cum Warrants Issue would be completed. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in any doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

By Order of the Board

Ling Yong Wah
Chief Executive Officer
6 July 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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