

Vallianz Holdings Limited
Co Reg No. 199206945E

3A, International Business Park, #01-13 Icon@IBP, Singapore 609935
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www.vallianzhholdings.com

INTERESTED PERSON TRANSACTIONS

1. The Board of Directors (“**the Board**”) of Vallianz Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the annual report for the financial year ended 31 March 2019 (“**2019 Annual Report**”) released on 15 July 2019 in relation to certain advances and corporate guarantees extended to its subsidiaries and joint venture companies which may be deemed as Interested Person Transactions (the “**IPTs**”) and which the Company had not disclosed or complied with under Chapter 9 of the Catalist Rules (the “**Relevant Rules**”). Pursuant to the Sponsor’s queries in relation to the 2019 Annual Report and clarifications provided by the Company, the Company had realized the non-disclosures and/or non-compliance of the IPTs and the Sponsor had informed the SGX-ST on this matter. The non-disclosures and/or non-compliance are unintentional and resulted from inadvertent oversight by the Company. The Company is currently undertaking a comprehensive review of its transactions which may be deemed as IPTs under the Relevant Rules. Our findings of the review are set out below.
2. Based on an initial assessment by the Company, the aforementioned IPTs relate to transactions involving the following entities:
 - (i) Rawabi Vallianz Offshore Services Company Limited (“**RVOS**”), which is directly and equally owned by each of the Company and Rawabi Holding Company Limited (“**RHC**”), a controlling shareholder of the Company. The Company acquired 50% of the shareholding interest in RVOS on 1 October 2013. RHC had an existing equity interest of 50% prior to the participation of the Company in RVOS. As at the financial year ended 31 December 2013 and since then, the directors of the Company had assessed and are of the opinion that the Company has the practical ability to direct the relevant activities of RVOS and therefore, RVOS has been classified as a wholly-owned subsidiary in the Group’s consolidated financial statements even though the Group has only a 50% ownership interest and voting rights.
 - (ii) Rawabi Vallianz International Company Limited (“**RVIC**”), which is a 50:50 joint venture set up by the Company and RHC on 11 December 2015. The directors of the Company had assessed and are of the opinion that the Company is able to exercise joint control over RVIC as the strategic financial and operating policy decisions relating to RVIC’s activities required the unanimous consent of both the Company and RHC. Accordingly, since the financial year ended 31 December 2015, RVIC has been accounted for as a joint venture in the Group’s consolidated financial statements.
 - (iii) Holmen Heavylift Offshore Pte. Ltd. (“**HOL**”) and its subsidiaries (“**HOL Group**”). HOL is owned by the Company and Swiber Holdings Limited (“**SHL**”), a controlling shareholder of the Company, in the proportion of 75% and 25% respectively. The 75% shareholding interest in HOL was acquired by the Company on 1 April 2016. HOL is classified as a 75%-owned subsidiary in the Group’s consolidated financial statements.

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- (iv) Resolute Pte. Ltd. (“RPL”), which is owned by the Company and SHL in the proportion of 51% and 49% respectively. The 51% shareholding interest in RPL was acquired by the Company on 3 March 2011. RPL is classified as a subsidiary in the Group’s consolidated financial statements.

The Company changed its financial year end from 31 December to 31 March during 2016. The first financial year following the change of year end is for the 15-month period ended 31 March 2017.

The details of the IPTs with the above entities are set out in paragraphs 3, 4 and 5 below.

3. Interests incurred by HOL, and principal repayment and interests payment paid for by our Group

The Company had provided 100% of the corporate guarantee to HOL in relation to bank facilities extended to HOL. The Company had also made principal repayment and interest payment on these bank facilities extended to HOL notwithstanding that the Company’s shareholding interest in HOL is only 75%, and not 100%. This would mean that the Company had also paid the interested person’s 25% share of the principal repayment and interest payment, in this case for the benefit of the interested person, SHL.

Accordingly, the amount of IPT would relate to the 25% share of these principal repayment and interest payment amount, as set out below:

Table 1

Entity	Financial year ended 31 March	SHL’s share of the amount which was paid for by the Company (US\$’000)	Last audited net tangible assets (“NTA”) of the Group as at the relevant dates (US\$’000)		Amount paid as a percentage of the Group’s audited NTA
HOL	2017	2,615 ⁽¹⁾	31 December 2015	228,972	1.14%
	2018	931	31 March 2017	180,242	0.52%
	2019	1,144	31 March 2018	243,448	0.47%

Note:

(1) For FY2017, this amount includes loan principal repayment of US\$2.02 million. There is no loan principal repayment in FY2018 and FY2019.

For the purpose of the Relevant Rules, the above IPT amount paid in each financial year should be aggregated with other IPTs entered into with the same interested person in that financial year. Please see paragraph 5 below.

4. Corporate Guarantees and Advances provided by the Group to RVIC

- 4.1 RVIC had obtained bank facilities which are guaranteed by the Company and RHC. The Company had provided its share of the corporate guarantees between February 2016 and December 2018 for these bank facilities, the amount of which may vary from time to time. The Table 2 below sets out the Company’s share of the Corporate Guarantee/outstanding bank facilities of RVIC as at 31 March 2019:

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Table 2

Entity	Date of Corporate Guarantee provided by the Company	Our share of the Corporate Guarantee/outstanding bank facilities as at 31 March 2019 (US\$'000)
RVIC	17 February 2016	103,860
	19 October 2016	34,793
	14 June 2017	23,250
	5 December 2018	60,955
Total		222,858

The corporate guarantees of RVIC (the “**RVIC Corporate Guarantees**”) are provided by the Company and RHC in proportion to their respective shareholding interests in RVIC. The Company and RHC have been providing the RVIC Corporate Guarantees in order for RVIC to obtain bank facilities for vessel acquisitions and working capital purposes. The Company and RHC do not charge any fees for the provision of the RVIC Corporate Guarantees.

- 4.2 Further, RVOS had extended a US\$92.7 million advance to RVIC (the “**RVIC Advance**”) during FY2019 for the purposes of repaying bank loans and working capital of RVIC. The RVIC Advance is interest free and repayable on demand. As RVOS is jointly owned by the Company and RHC in equal proportion, the RVIC Advance is deemed to have been made in equal proportion by the Company and RHC to RVIC.
- 4.3 Under Catalist Rule 916(3), no shareholders’ approval is required for the RVIC Corporate Guarantees and the RVIC Advance if:
- (i) each of the RVIC Corporate Guarantees and RVIC Advance is extended by each of its joint venture partners in proportion to their equity and on the same terms;
 - (ii) the interested person (being RHC) does not have an existing equity interest in RVIC prior to the participation of the Company in the RVIC; and

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- (iii) the Company confirms by an announcement that its Audit Committee is of the view that (a) the provision of the RVIC Corporate Guarantees and the RVIC Advance are not prejudicial to the interests of the Company and its minority shareholders; and (b) the risks and rewards of the RVIC Corporate Guarantees and RVIC Advance are in proportion to the equity of each joint partner and the terms of the RVIC Corporate Guarantees and RVIC Advance are not prejudicial to the interests of the Company and its minority shareholders.

Following from the above, the Company has determined that no shareholders' approval is required for the provision of the RVIC Corporate Guarantees and the RVIC Advance. However, the Company shall be seeking the Audit Committee's view at the next Audit Committee meeting on or around 31 July 2019 pursuant to point (iii) above. The Company will provide the relevant update announcement as soon as possible.

5. Corporate Guarantees provided by the Company to RPL, HOL and RVOS

5.1 The Company had provided corporate guarantees to RPL, HOL and RVOS in relation to their bank facilities, which are deemed as IPTs, as follows:

- (a) RPL is 51% owned by the Company and 49% owned by SHL. The Company and SHL had, in June 2011, each provided corporate guarantee for the full amount of RPL's bank facilities on a joint and several basis. As at 31 March 2019, the outstanding bank facilities of RPL was US\$31.7 million (the **"RPL Corporate Guarantee"**);
- (b) HOL is 75% owned by the Company and 25% owned by SHL. The Company had, in February 2016, provided corporate guarantee for the full amount of HOL's bank facilities, even though the Company owned only 75% of HOL. As at 31 March 2019, the outstanding bank facilities of HOL was US\$91.1 million (the **"HOL Corporate Guarantee"**);
- (c) RVOS is 50% owned by the Company and 50% owned by RHC, although it is consolidated as a wholly-owned subsidiary of the Company from the economic interest for accounting purposes. The Company and RHC had in September 2018 and March 2019 provided corporate guarantees to RVOS in their respective shareholding proportion for RVOS's bank facilities. As at 31 March 2019, the Company's aggregate share of the corporate guarantees in respect of RVOS's outstanding bank facilities was US\$36.5 million (the **"RVOS Corporate Guarantees"**).

Although the corporate guarantees by the Company and RHC were provided in proportion to their respective shareholding interest in RVOS, as RHC had an existing equity interest in RVOS prior to the participation of the Company in RVOS, the Company is unable to rely on Catalist Rule 916(3) for the RVOS Corporate Guarantees to be exempted from the requirements under the Relevant Rules.

Set out below in Table 3 is the summary of the Company's exposure of corporate guarantees provided for the benefit of RPL, HOL and RVOS as at 31 March 2019:

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Table 3

Entity	Date of Corporate Guarantee given by the Company	The Company's exposure to the outstanding bank facilities as at 31 March 2019 (US\$'000)	The Company's exposure as a percentage of the Group's audited NTA ⁽²⁾
RVOS	26 September 2018	27,802	16.13%
	20 March 2019	8,667	5.03%
	Sub-Total	36,469	21.16%
RPL	28 June 2011	31,729	18.41%
HOL	5 February 2016	91,111	52.85%

Note:

(2) For illustrative purposes, the percentage is computed based on the Group's latest audited NTA of US\$172.4 million as at 31 March 2019.

- 5.2 As SHL is the Interested Person (as defined in the Relevant Rules) in both RPL and HOL, the IPT amount with SHL would have to be aggregated for the purpose of the Relevant Rules.

The Company has been providing the RPL Corporate Guarantee, HOL Corporate Guarantee and RVOS Corporate Guarantees in order for RPL, HOL and RVOS to obtain banking facilities for acquisition of assets and/or working capital purposes. The Company does not charge any fees for the provision of the RPL Corporate Guarantee, HOL Corporate Guarantee and the RVOS Corporate Guarantees.

- 5.3 As the above corporate guarantees have been provided by the Company for a period of time, pursuant to Catalist Rule 906, the relevant figures for the RPL Corporate Guarantee, HOL Corporate Guarantee and the RVOS Corporate Guarantees would have exceeded 5% of the Group's latest audited NTA for the relevant period and, hence, should have been subjected to shareholders' approval.

In compliance with the Relevant Rules, a circular to shareholders containing, *inter alia*, further information on the IPTs, an opinion from the independent financial advisor to be appointed, together with a notice of an extraordinary general meeting to be held, will be despatched to shareholders in due course to seek the approval and ratification of shareholders for the relevant IPTs which has surfaced through this review.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
24 July 2019

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*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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

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

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