

CIRCULAR DATED 7 JUNE 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been reviewed by the Company's Sponsor, Provenance Capital Pte. Ltd. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, who can be contacted at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, telephone: (65) 6227 5810, email: wongbe@provenancecapital.com.

This Circular has been made available on SGXNet and the Company's website and may be accessed at the URL <http://www.vallianzholdings.com/newsroom.html>. A printed copy of this Circular will NOT be despatched to Shareholders.

To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the Extraordinary General Meeting in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the Extraordinary General Meeting by (a) watching or listening to the Extraordinary General Meeting proceedings via "live" webcast, (b) submitting questions in advance of the Extraordinary General Meeting, and/or (c) voting by proxy at the Extraordinary General Meeting.

Please refer to Section 19 of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM.



VALLIANZ HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199206945E)

CIRCULAR TO SHAREHOLDERS

in relation to:

- (I) **THE PROPOSED NOVATION OF US\$30,725,116 BORROWINGS FROM THE HOLMEN GROUP TO THE COMPANY;**
- (II) **THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF US\$43,766,662 TO DBS, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 581,571,404 NEW SHARES UPON CONVERSION OF THE SERIES A CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, AND THE PROPOSED ISSUANCE OF UP TO 77,070,400 ADDITIONAL SERIES A CONVERSION SHARES;**
- (III) **THE PROPOSED ISSUANCE OF SERIES B CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF US\$6,233,338 TO MAYBANK, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 82,828,595 NEW SHARES UPON CONVERSION OF THE SERIES B CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, AND THE PROPOSED ISSUANCE OF UP TO 10,630,400 ADDITIONAL SERIES B CONVERSION SHARES;**
- (IV) **THE PROPOSED ISSUANCE OF SERIES C CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF UP TO US\$125,000,000 TO RHC, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 1,661,000,000 NEW SHARES UPON CONVERSION OF THE SERIES C CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, AND THE PROPOSED ISSUANCE OF UP TO 219,252,000 ADDITIONAL SERIES C CONVERSION SHARES; AND**
- (V) **THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO DBS ARISING FROM THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS.**

*Independent Financial Adviser to the Directors who are deemed independent
in relation to the interested person transactions pursuant to Ordinary Resolutions 1 and 4*



W CAPITAL MARKETS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201813207E)

IMPORTANT DATES AND TIMES:

- | | |
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| Last date and time for lodgement of Proxy Form | : 20 June 2021 at 2.00 p.m. |
| Date and time of Extraordinary General Meeting | : 22 June 2021 at 2.00 p.m. |
| Place of Extraordinary General Meeting | : The EGM will be held by way of electronic means |

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout:

“Additional Convertible Bonds” : The issuance of additional Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds, to the extent that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of these respective Convertible Bonds, these accrued interests are capitalized into additional Convertible Bonds on the same respective terms of these Convertible Bonds

“Additional Conversion Shares” : The Additional Series A Conversion Shares, Additional Series B Conversion Shares, and Additional Series C Conversion Shares issued pursuant to the conversion of the Additional Convertible Bonds

“Additional Series A Conversion Shares” : Such number of additional Shares to be issued pursuant to the conversion of the additional Series A Convertible Bonds to the extent that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series A Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds, with the interest rate fixed at six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with the Lenders.

For the purposes of this Circular, in the event that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series A Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, assuming interest rate of 1.55% per annum, additional Series A Convertible Bonds will be issued and up to 77,040,400 new Shares will be issued pursuant to the conversion of such additional Series A Convertible Bonds.

“Additional Series B Conversion Shares” : Such number of additional Shares to be issued pursuant to the conversion of the additional Series B Convertible Bonds to the extent that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series B Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds, with the interest rate fixed at six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with the Lenders.

For the purposes of this Circular, in the event that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series A Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, assuming interest

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rate of 1.55% per annum, additional Series B Convertible Bonds will be issued and up to 10,630,400 new Shares will be issued pursuant to the conversion of such additional Series B Convertible Bonds.

“Additional Series C Conversion Shares” : Such number of additional Shares to be issued pursuant to the conversion of the additional Series C Convertible Bonds to the extent that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series C Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds, with the interest rate fixed at six-month US\$ LIBOR rate per annum, or such other replacement benchmark rate as agreed with RHC, provided that if such rate is more than 5.00% per annum for any Interest Period, the interest borne by the Series C Convertible Bonds for such Interest Period shall be 5.00% per annum.

For the purposes of this Circular, in the event that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of Series C Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, assuming interest rate of 1.55% per annum, additional Series C Convertible Bonds will be issued and up to 219,252,000 new Shares will be issued pursuant to the conversion of such additional Series C Convertible Bonds.

“Associate” : (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:

- (i) his immediate family;
- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.00% or more;

(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.00% or more

“associated company” : A company in which at least 20.00% but not more than 50.00% of its shares are held by the Company or the Group

“Audit Committee” : The audit committee of the Company comprising Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong

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	Chris who are each an Independent Director of the Company, as at the Latest Practicable Date
“Board of Directors”	: The board of Directors of the Company, as at the Latest Practicable Date
“Borrowers”	: Means Vallianz Marine Pte. Ltd., Samson Marine Pte. Ltd., HAR, HAT and HP
“Cash Sweep”	: Means the repayment from the Borrowers of such Surplus Cash generated from the Singapore Fleet to the Lenders as determined by the Independent Accountant commencing from 1 April 2022 and until the date on which the Remaining Principal Amount is repaid and discharged in full
“Catalist”	: The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: The Listing Manual of the SGX-ST, Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 7 June 2021
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	: Vallianz Holdings Limited
“Constitution”	: The constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Interest”	: The interest of the Controlling Shareholder
“Controlling Shareholder”	: A person who (a) holds directly or indirectly 15.00% or more of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
“Convertible Bonds”	: Means Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds
“Convertible Bond Portion”	: US\$50,000,000
“CPF”	: The Central Provident Fund of Singapore
“CPF Agent Banks”	: Banks approved by CPF to be agent banks of CPFIS Members
“CPFIS Members”	: Investors who hold shares under the Central Provident Fund Investment Scheme
“DBS”	: DBS Bank Ltd
“Delisting Event”	: The Shares ceasing to be listed or permanently ceasing to be traded

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- “Directors”** : The directors of the Company as at the Latest Practicable Date and “Director” shall be construed accordingly
- “EGM”** : The extraordinary general meeting of the Company, to be held by way of electronic means on 22 June 2021 at 2.00 p.m., notice of which is set out on pages N-1 to N-5 of this Circular
- “Eligible Transferee”** : In respect of Series A Convertible Bonds and Series B Convertible Bonds:
- (a) a person other than Swiber Holdings Limited who is mutually acceptable to the Company, the holder of Series B Convertible Bonds who intends to transfer such Series B Convertible Bonds, and RHC; and/or
 - (b) RHC.
- In respect of Series C Convertible Bonds:
- (a) a person other than Swiber Holdings Limited who is mutually acceptable to the Company and the holder of Series C Convertible Bonds who intends to transfer such Series C Convertible Bonds; and/or
 - (b) an affiliate of RHC.
- “entity-at-risk” or “EAR”** : Means either:
- (a) the listed company;
 - (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company
- “Existing Borrowings”** : The Group’s borrowings with the Lenders
- “Expiration Date”** : Has the meaning ascribed to it in Sections 4.5, 5.5 and 6.5 of this Circular, as the case may be
- “Facility Agreements”** : Means either CM Facility Agreements or Conventional Facility Agreements (as defined in the Restructuring Agreement)
- “Final Maturity Date”** : 96 months (or 8 years) from the effective date or such later date as may be agreed with the Lenders
- “Framework Agreement”** : A framework agreement entered into by the Company with the Lenders to refinance certain of the Group’s borrowings with the Lenders as announced by the Company in the announcement dated 10 March 2017
- “FY”** : A financial year ended or ending 31 March, as the case may be

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“Group”	:	The Company and its subsidiaries
“Guarantee”	:	The unconditional guarantee provided by the Guarantors in respect of the due payment of all sums from time to time payable by the Company in respect of the Series A Convertible Bonds
“Guarantors”	:	Vallianz Marine Pte. Ltd., Samson Marine Pte. Ltd., HAR, HAT and HP
“HAR”	:	Holmen Arctic Pte. Ltd.
“HAT”	:	Holmen Atlantic Pte. Ltd.
“Holmen Group”	:	HOL and its subsidiaries, namely HAR, HAT and HP
“Holmen Group Novation”	:	The novation of borrowings from HAR, HAT and HP to the Company
“HOL”	:	Holmen Heavylift Offshore Pte. Ltd.
“HP”	:	Holmen Pacific LLC
“IFA” or “Independent Financial Adviser” or “W Capital”	:	The independent financial adviser to the Directors who are deemed independent in respect of the Proposed IPT Resolutions, being W Capital Markets Pte. Ltd.
“IFA Letter”	:	The IFA’s letter to the Directors who are deemed independent in respect of the Proposed IPT Resolutions, dated 7 June 2021 as appended in Appendix V of this Circular
“Independent Accountant”	:	Ernst & Young LLP or such other independent firm of accountants as may be acceptable to the Lenders
“Independent Director”	:	Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris, each of whom is an independent director of the Company, as at the Latest Practicable Date
“Independent Shareholders”	:	Shareholders who are deemed independent for each of the Ordinary Resolutions as further described in Section 12 of this Circular
“Interest Payment Date”	:	Has the meaning ascribed to it in Sections 4.5, 5.5 and 6.5 of this Circular, as the case maybe
“Initial Outstanding Principal/Cost Price Amount”	:	Means, in relation to each Lender, the Outstanding Principal/Cost Price Amount due to that Lender as at 30 November 2020
“interested person”	:	Means: (a) a director, chief executive officer or controlling shareholder of the listed company; or (b) an associate of any such director, chief executive officer or controlling shareholder
“interested person transaction” or “IPT”	:	Means a transaction between an entity at risk and an interested person and a “transaction” includes the provision

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		or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly
“IPT Circular”	:	The circular to Shareholders dated 12 April 2021 to seek Shareholders’ approval for certain interested person transactions whereby approvals were obtained from Shareholders for all the resolutions at the extraordinary general meeting held on 27 April 2021
“Latest Practicable Date”	:	2 June 2021, being the latest practicable date prior to the issuance of this Circular
“Lenders”	:	DBS and Maybank
“Live EGM Webcast”	:	Has the meaning ascribed to it in Section 19.2 of this Circular
“LPS”	:	Loss per Share
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maybank”	:	Malayan Banking Berhad, Singapore Branch
“Moratorium Period”	:	A moratorium period of 2 years on the repayment of principal amount, for the period commencing retrospectively from 1 April 2020 (as some of the Existing Borrowings were due for repayment since 1 April 2020) and ending on 31 March 2022
“New Swiber”	:	A new wholly-owned subsidiary to be incorporated by SHL in Singapore
“New Swiber Investment”	:	RHC’s subscription for new shares in the capital of New Swiber for an aggregate issue price of US\$10 million
“Notice of EGM”	:	The notice of the EGM which is set out on pages N-1 to N-5 of this Circular
“NTA”	:	Net tangible assets attributable to owners of the Company and capital securities holders based on the total assets less total liabilities, intangible assets and non-controlling interests
“Ordinary Resolutions”	:	The ordinary resolutions relating to the Proposed Transactions as set out in the Notice of EGM
“Outstanding Principal/Cost Price Amount”	:	Means, on any date: (a) in relation to DBS, the aggregate principal amount outstanding under all the DBS Facilities (as defined in the Restructuring Agreement) which comprise term loan facilities and overdraft facilities as at that date; and (b) in relation to Maybank, the aggregate as at that date

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of:

- (i) the principal amount outstanding under the term loan facility made by Maybank to Samson Marine Pte. Ltd. under the Conventional Facility Agreement (as defined in the Restructuring Agreement) entered into between them documenting the Maybank Facilities (as defined in the Restructuring Agreement); and
- (ii) the outstanding amount of the cost price component of the commodities purchased by Samson Marine Pte. Ltd. under each of the CM Facility Agreements (as defined in the Restructuring Agreement).

“PIK”	:	Payment-in-kind
“Project”	:	The development, construction and operation of a liquefied natural gas power plant to be constructed in Vietnam to be carried out by New Swiber
“Project Investment Agreement”	:	The investment agreement to be entered into between RHC and the Project Owner
“Project Investment Tranche”	:	Such investment tranches undertaken by RHC of up to US\$190 million to be agreed between RHC and the Project Owner
“Project Owner”	:	Equatoriale Energy Pte. Ltd.
“Proposed Holmen Group Novation”	:	The proposed novation of US\$30,725,116 borrowings from the Holmen Group to the Company
“Proposed Issuance of Series A Convertible Bonds”	:	The proposed issuance of Series A Convertible Bonds in aggregate principal amount of US\$43,766,662 to DBS, the proposed issuance and allotment of up to 581,571,404 new Shares upon conversion of the Series A Convertible Bonds at the conversion price of S\$0.10 per Share, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds, and the proposed issuance of up to 77,070,400 Additional Series A Conversion Shares
“Proposed Issuance of Series B Convertible Bonds”	:	The proposed issuance of Series B Convertible Bonds in aggregate principal amount of US\$6,233,338 to Maybank, the proposed issuance and allotment of up to 82,828,595 new Shares upon conversion of the Series B Convertible Bonds at the conversion price of S\$0.10 per Share, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds, and the proposed issuance of up to 10,630,400 Additional Series B Conversion Shares
“Proposed Issuance of Series C Convertible Bonds”	:	The proposed issuance of Series C Convertible Bonds in aggregate principal amount of up to US\$125,000,000 to RHC, the proposed issuance and allotment of up to 1,661,000,000 new Shares upon conversion of the Series C Convertible Bonds at the conversion price of S\$0.10 per

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- Share, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds, and the proposed issuance of up to 219,252,000 Additional Series C Conversion Shares
- “Proposed IPT Resolutions”** : Refers to:
- (a) Ordinary Resolution 1 relating to the Proposed Holmen Group Novation; and
 - (b) Ordinary Resolution 4 relating to the Proposed Issuance of Series C Convertible Bonds
- “Proposed Novation”** : US\$50,000,000 which will be novated from the Borrowers to the Company
- “Proposed Restructuring”** : The restructuring pursuant to the Restructuring Agreement which modifies and supplements certain of the terms of the Framework Agreement in relation to the debt restructuring exercise, including the proposed settlement terms for the outstanding amounts under the Existing Borrowings owed by the Borrowers
- “Proposed Sale”** : The proposed sale or transfer of any of the Lenders’ Series A Convertible Bonds and/or Series B Convertible Bonds
- “Proposed Transfer of Controlling Interest”** : The potential transfer of Controlling Interest in the Company to DBS arising from the Proposed Issuance of Series A Conversion Bonds
- “Proposed Transactions”** : Collectively:
- (a) the Proposed Holmen Group Novation;
 - (b) the Proposed Issuance of Series A Convertible Bonds;
 - (c) the Proposed Issuance of Series B Convertible Bonds;
 - (d) the Proposed Issuance of Series C Convertible Bonds; and
 - (e) the Proposed Transfer of Controlling Interest,
- which are inter-conditional upon each other
- “Proxy Form”** : The proxy form of the EGM which is set out on pages P-1 to P-2 of this Circular
- “Rawabi Contribution Amount”** : A total amount of US\$5,347,440 which will be advanced by RHC to the Company (by way of Shareholder’s Advances or otherwise) in such agreed tranches during the period until 31 March 2022 pursuant to the Shareholder Support Agreement
- “Rawabi Group”** : RHC and its subsidiaries
- “Registration Deadline”** : Has the meaning ascribed to it in Section 19.3 of this

DEFINITIONS

	Circular
“Remaining Principal Amount”	: The balance of the Initial Outstanding Principal/Cost Price Amount of US\$95,099,134
“Restructuring Agreement”	: A restructuring agreement entered into between the Company and the Lenders dated 19 February 2021
“RHC”	: Rawabi Holding Company Limited
“RHC Advances”	: The outstanding advances from RHC to the Company, which amounted to US\$108.3 million as at 31 March 2021
“RHC Call Option”	: The call option and right of first refusal agreement entered into between the Lenders and RHC dated 19 February 2021
“RHC SOSA”	: The proposed subscription and set-off arrangement with RHC to, <i>inter alia</i> , set-off an amount of up to US\$26.3 million of the RHC Advances by the issuance of new Shares to RHC, details of which are as set out in the SOSA Circular
“S\$” and “cents”	: Singapore dollars and cents, respectively, being the lawful currency of Singapore
“SAR”	: Saudi Arabia Riyal, being the lawful currency of the Kingdom of Saudi Arabia
“SCPL”	: Swiber Corporate Pte. Ltd. (In Creditors’ Voluntary Liquidation)
“SCPL SOSA”	: The proposed subscription and set-off arrangement with SCPL to, <i>inter alia</i> , set-off an amount of up to US\$0.5 million by the issuance of new Shares to SCPL, details of which are as set out in the SOSA Circular
“Securities Accounts”	: Securities accounts maintained by Depositors with CDP but not including securities sub-accounts maintained with a Depository Agent
“Series A Convertible Bonds”	: A portion of the Convertible Bond Portion which will be reconstituted into US\$43,766,662 in aggregate principal amount of floating rate Series A convertible bonds due 2029
“Series A Conversion Price”	: S\$0.10 for each Share, being the price at which the Series A Conversion Shares will be issued upon conversion, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds
“Series A Conversion Shares”	: Up to 581,571,404 new Shares to be issued pursuant to the conversion of the Series A Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds
“Series A CB Subscription Agreement”	: A convertible bond subscription agreement entered into between DBS and the Company dated 19 February 2021

DEFINITIONS

“Series A Interest Rate”	:	Six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with DBS
“Series B Convertible Bonds”	:	A portion of the Convertible Bond Portion which will be reconstituted into US\$6,233,338 in aggregate principal amount of floating rate Series B convertible bonds due 2029
“Series B Conversion Price”	:	S\$0.10 for each Share, being the price at which the Series B Conversion Shares will be issued upon conversion, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds
“Series B Conversion Shares”	:	Up to 82,828,595 new Shares to be issued pursuant to the conversion of the Series B Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds
“Series B CB Subscription Agreement”	:	A convertible bond subscription agreement entered into between Maybank and the Company dated 19 February 2021
“Series B Interest Rate”	:	Six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with Maybank
“Series C Convertible Bonds”	:	Up to US\$125,000,000 in aggregate principal amount of floating rate Series C Convertible Bonds due 2029
“Series C Conversion Price”	:	S\$0.10 for each Share, being the price at which the Series C Conversion Shares will be issued upon conversion, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds
“Series C Conversion Shares”	:	Up to 1,661,000,000 new Shares to be issued pursuant to the conversion of Series C Convertible Bonds based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds
“Series C CB Subscription Agreement”	:	A convertible bond subscription agreement entered into between RHC and the Company dated 19 February 2021
“Series C Interest Rate”	:	Six-month US\$ LIBOR rate per annum, or such other replacement benchmark rate as agreed with RHC, provided that if such rate is more than 5.00% per annum for any Interest Period, the interest borne by the Series C Convertible Bonds for such Interest Period shall be 5.00% per annum
“SFA” or “Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, amended, modified or supplemented from time to time
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with

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	Shares
“Shareholder Support Agreement”	: The shareholder support agreement entered into between RHC and the Lenders dated 19 February 2021
“Shares”	: Ordinary shares in the capital of the Company
“Share Registrar”	: Tricor Barbinder Share Registration Services
“Sheikh Abdulaziz”	: Sheikh Abdulaziz Ali Alturki
“SHL”	: Swiber Holdings Limited (Judicial Managers Appointed)
“SHL SOSA”	: The proposed subscription and set-off arrangement with SHL and SOC to, <i>inter alia</i> , set-off an amount of up to US\$15.5 million by the issuance of new Shares to SHL, details of which are as set out in the SOSA Circular
“Singapore Fleet”	: Vessels owned by the Borrowers
“SOC”	: Swiber Offshore Construction Pte. Ltd. (Judicial Manager Appointed)
“SOSA Circular”	: The Circular dated 25 May 2021 to seek Shareholders’ approval for the proposed set-off and settlement of owings of the Group to be convened on 29 July 2021
“SOSA Transactions”	: Transactions contemplated under the RHC SOSA, SHL SOSA and SCPL SOSA, as set out in the SOSA Circular
“Sponsor”	: Provenance Capital Pte. Ltd.
“SRS Approved Banks”	: Agent banks approved by CPF under the Supplementary Retirement Scheme
“SRS Investors”	: Investors who hold shares under Supplementary Retirement Scheme
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than 5.00% of the issued shares of a company
“Surplus Cash”	: The cash generated by the Singapore Fleet as determined by the Independent Accountant, for the six month period ending on each Determination Date (March 31 and September 30 of each financial year) after deducting (i) operational costs incurred by the Singapore Fleet (which includes vessel drydocking costs and necessary expenses of up-gradings, if incurred), (ii) sales and general administrative expenses incurred by or allocated to the Singapore Fleet, (iii) professional fees and expenses incurred by or allocated to the Singapore Fleet, (iv) taxes incurred by or allocated to the Singapore Fleet, (v) interest payments incurred by the Singapore Fleet, and (vi) US\$1 million
“Swiber Group”	: SHL and its subsidiaries
“Transfer Assets”	: The assets to be transferred from Swiber Group to New Swiber pursuant to an internal restructuring exercise

DEFINITIONS

“ Treasury Shares ”	:	The shares held in treasury by the Company
“ US\$ ” and “ cents ”	:	United States dollars and cents respectively, being the lawful currency of the United States of America
“ VIPL ”	:	Vallianz International Pte Ltd
“ VWAP ”	:	Volume weighted average price
“ % ” or “ per cent. ”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the SFA.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Catalist Rules. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA and the Catalist Rules or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the SFA and the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

For the purposes of this Circular, Morgan Lewis Stamford LLC has been appointed as the legal counsel to the Company in relation to Singapore law.

LETTER TO SHAREHOLDERS

VALLIANZ HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199206945E)

Directors:

Sheikh Abdulaziz Ali Alturki (Non-Executive and Non-Independent Chairman)
Mr Darren Yeo Chee Neng (Executive Vice Chairman)
Mr Ling Yong Wah (Chief Executive Officer)
Mr Bote De Vries (Lead Non-Executive Independent Director)
Mr Yeo Jeu Nam (Non-Executive Independent Director)
Mr Chong Chee Keong Chris (Non-Executive Independent Director)

Registered Office:

1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632

7 June 2021

To: The Shareholders of Vallianz Holdings Limited

Dear Sir / Madam,

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Board wishes to highlight that the following proposals are to ensure the successful Proposed Restructuring of the Company. The Directors are convening an EGM to be held on 22 June 2021 to seek Independent Shareholders' approval for the following transactions:

- (i) (Ordinary Resolution 1) the proposed novation of US\$30,725,116 borrowings from the Holmen Group to the Company (the "**Proposed Holmen Group Novation**");
- (ii) (Ordinary Resolution 2) the proposed issuance of Series A Convertible Bonds in aggregate principal amount of US\$43,766,662 to DBS, the proposed issuance and allotment of up to 581,571,404 new Shares upon conversion of the Series A Convertible Bonds at the conversion price of S\$0.10 per Share, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds, and the proposed issuance of up to 77,070,400 Additional Series A Conversion Shares (the "**Proposed Issuance of Series A Convertible Bonds**");
- (iii) (Ordinary Resolution 3) the proposed issuance of Series B Convertible Bonds in aggregate principal amount of US\$6,233,338 to Maybank, the proposed issuance and allotment of up to 82,828,595 new Shares upon conversion of the Series B Convertible Bonds at the conversion price of S\$0.10 per Share, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds, and the proposed issuance of up to 10,630,400 Additional Series B Conversion Shares (the "**Proposed Issuance of Series B Convertible Bonds**");
- (iv) (Ordinary Resolution 4) the proposed issuance of Series C Convertible Bonds in aggregate principal amount of up to US\$125,000,000 to RHC, the proposed issuance and allotment of up to 1,661,000,000 new Shares upon conversion of the Series C Convertible Bonds at the conversion price of S\$0.10 per Share, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds, and the proposed issuance of up to 219,252,000 Additional Series C Conversion Shares (the "**Proposed Issuance of Series C Convertible Bonds**");
- (v) (Ordinary Resolution 5) the potential transfer of Controlling Interest in the Company to DBS arising from the proposed issuance of the Series A Convertible Bonds (the

LETTER TO SHAREHOLDERS

“Proposed Transfer of Controlling Interest”),

(each a “Proposed Transaction” and collectively, the “Proposed Transactions”).

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with all necessary information relating to, and to seek Independent Shareholders’ approval for, the Proposed Transactions to be tabled at the EGM. The SGX-ST assumes no responsibility for the accuracy, completeness or correctness of any information, statements, opinions made or reports contained in this Circular.

1.3 Inter-conditionality

For the avoidance of doubt, Ordinary Resolutions 1, 2, 3, 4 and 5 are interconditional upon each other. **This means that if any Ordinary Resolution is not approved, the other resolutions will not be deemed as passed and no part of the Proposed Restructuring will be proceeded with.**

2. OVERVIEW OF THE PROPOSED TRANSACTIONS

2.1 Overview of the Proposed Restructuring

As background, the Company refers to the announcement dated 10 March 2017 in respect of the Framework Agreement entered into by the Company with the Lenders to refinance its Existing Borrowings. The Framework Agreement sets out the terms of the debt restructuring exercise undertaken by the Group. On 19 February 2021, the Company had announced that the Company had entered into the Restructuring Agreement which modifies and supplements certain of the terms of the Framework Agreement in relation to the debt restructuring exercise, including the proposed settlement terms for the outstanding amounts under the Existing Borrowings owed by the Borrowers which are certain subsidiaries of the Group.

The Proposed Restructuring involves the Proposed Novation of US\$50,000,000 out of the Initial Outstanding Principal/Cost Price Amount of US\$145,099,134 as at 30 November 2020 which are owed by the Group to the Lenders. The above amount novated will be reconstituted as Series A Convertible Bonds and Series B Convertible Bonds. Accordingly, the Initial Outstanding Principal/Cost Price Amount under each facility with the Lenders shall be reduced *pro rata* between each Lender by the aggregate amount of US\$50,000,000.

The Remaining Principal Amount shall continue to be serviced by the Borrowers in accordance with the terms of the existing Facility Agreements and the Framework Agreement, except as amended by the Restructuring Agreement, and except that a total amount of US\$5,347,440 will be repaid by the Borrowers to the Lenders from funds to be advanced by RHC to the Company (by way of Shareholder’s Advances or otherwise) in such agreed tranches during the period until 31 March 2022 pursuant to the Shareholder Support Agreement entered into between RHC and the Lenders. Upon utilizing the full amount from the Rawabi Contribution Amount for the repayment to the Lenders, the Initial Outstanding Principal/Cost Price Amount would be reduced to US\$89,751,694. As at the Latest Practicable Date, US\$1,469,488 has been advanced by RHC to the Company as part of the Rawabi Contribution Amount, and US\$1,885,136 has been repaid by the Company to DBS pursuant to the sale of a vessel in January 2021 such that the balance of the Initial Outstanding Principal/Cost Price Amount is at US\$91,744,510.

In conjunction with the Proposed Restructuring, the Company also proposes the issuance of Series C Convertible Bonds to RHC which will be used to repay in whole or in part the outstanding RHC Advances.

The aforementioned Convertible Bonds may include potential issuance of additional Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds, to the extent

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that the accrued interests on these Convertible Bonds are not paid in cash on the due date and pursuant to the terms of these respective Convertible Bonds, these accrued interests are capitalized into Additional Convertible Bonds on the same respective terms of these Convertible Bonds. These Additional Convertible Bonds will result in the issuance of Additional Series A Conversion Shares, Additional Series B Conversion Shares, and Additional Series C Conversion Shares.

In brief, under the Restructuring Agreement, the Remaining Principal Amount will have a final maturity date of 96 months (or 8 years) from the effective date or such later date as may be agreed with the Lenders (the “**Final Maturity Date**”). Further, there shall be a moratorium period of 2 years for the repayment of principal for the period commencing retrospectively from 1 April 2020 (as some of the Existing Borrowings were due for repayment since 1 April 2020) and ending on 31 March 2022. During the Moratorium Period, the Borrowers are not required to make any principal payment to the Lenders, except for the repayment using the Rawabi Contribution Amount. During the clawback period (determined as 3 months and 14 days after the date of the Restructuring Agreement), interest remains payable to the Lenders under the existing Facility Agreements to the Lenders (including the interest rate applicable to the US\$50,000,000 out of the Initial Outstanding Principal/Cost Price Amount to be novated and reconstituted into the Series A Convertible Bonds and Series B Convertible Bonds) and shall be reduced to an aggregate of LIBOR and 1% per annum only upon fulfilment of the conditions precedent under the Restructuring Agreement. However, if the conditions precedent of the Restructuring Agreement are not met during the clawback period, the Borrowers shall pay the difference between the original and the lowered interest rate during the clawback period, and the original interest rates applicable to each Facility Agreements will be reinstated until the conditions precedent are fulfilled (which includes obtaining the Independent Shareholders’ approval under this Circular).

Commencing from 1 April 2022 and until the date on which the Outstanding Principal/Cost Price Amount has been repaid and discharged in full, the Borrowers shall apply such Surplus Cash generated from the Singapore Fleet as determined by the Independent Accountant to the Lenders towards the prepayment of the Outstanding Principal/Cost Price Amount. The Independent Accountant has been identified and agreed with the Lenders to be Ernst & Young LLP.

To the extent that there is sufficient cashflow generated by the Singapore Fleet after full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds), interest in respect of the outstanding Series A Convertible Bonds and Series B Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date. If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalized and be paid in the form of additional Series A Conversion Bonds and Series B Conversion Bonds. To the extent that there is sufficient cashflow generated by the Singapore Fleet after (a) full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders, (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds) and (b) the payment of interest in cash with respect to Series A Convertible Bonds and Series B Convertible Bonds on each Interest Payment Date, interest in respect of the outstanding Series C Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date unless the Company elects to capitalize such interest and be paid in the form of additional Series C Convertible Bonds.

On the Final Maturity Date, the Borrowers shall pay a PIK consideration (which shall be in the form of cash payments) of US\$3,201,000 to DBS and US\$350,000 to Maybank. This amount is inclusive of interest/profit accruing at the rate of 0.5% per annum for the duration from the date of the Restructuring Agreement up to the Final Maturity Date (such amounts to be subject to adjustment for any period prior to the effective date during which the Borrowers were required to pay or reimburse for interest/profit at the original rates). In the event that the Final Maturity Date is extended by mutual agreement of the Company and the Lenders, the PIK consideration

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stipulated hereunder shall be recalculated based on additional interest/profit accruable as a result of any such extension.

Pursuant to the Proposed Restructuring, RHC has under the Shareholder Support Agreement undertaken to the Lenders to provide various financial support for so long as any of the Remaining Principal Amount is still outstanding.

The Company understands that RHC has also entered into the RHC Call Option with the Lenders whereby RHC shall have the option to purchase all or part of the outstanding Series A Convertible Bonds and/or Series B Convertible Bonds at par at any time during the Conversion Period (as defined in Sections 4.5 and 5.5 of this Circular). Further, if any Lender wishes to sell or transfer or convert any of its Series A Convertible Bonds and/or Series B Convertible Bonds, such Lender shall give RHC not less than twenty-one (21) business days' prior written notice of its intention to sell or convert, and in respect of a sale, to offer such Convertible Bonds to RHC on substantially the same terms as the Proposed Sale.

The principal terms of the Restructuring Agreement are set out in **Appendix I** to this Circular. A summary of the terms and conditions of Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds is set out in Section 4, Section 5 and Section 6 of this Circular, respectively.

2.2 Rationale of the Proposed Restructuring

The Proposed Restructuring is intended to extend the Group's debt maturity profile by 8 years which will provide sufficient operational and financial flexibility to better enable the Group to ride out the challenging market conditions in the offshore sector, as well as the global economic uncertainty following the COVID-19 pandemic, both of which may persist on a prolonged basis, and to allow the Group to service its debts based on its expected future cash flows.

The Group believes that the Proposed Restructuring is beneficial to the Group as it allows the Group to restructure part of its Existing Borrowings as Convertible Bonds which will, upon conversion into new Shares, reduce its borrowings and enhance its equity base; as well as benefit from interest savings as the interest rates on the Series A Convertible Bonds and Series B Convertible Bonds combined with the above PIK consideration to be paid are lower than the current interest rates on the Existing Borrowings.

While the Proposed Restructuring will cause significant dilution to minority Shareholders, the Group believes that the Proposed Restructuring is beneficial to improve the Group's financial position, ensure the continuity of the operations of the Group's subsidiaries, and is thus beneficial to the interests of the Group as a whole in the long term.

3. THE PROPOSED HOLMEN GROUP NOVATION

3.1 Overview

Of the outstanding principal amount under the Existing Borrowings, being US\$145,099,134 as at 30 November 2020 (the "**Initial Outstanding Principal/Cost Price Amount**") owed by the Borrowers to the Lenders, US\$50,000,000 (the "**Convertible Bond Portion**") will be novated from the Borrowers to the Company (the "**Proposed Novation**").

Of the Proposed Novation, a total amount of US\$30,725,116 involves the novation of borrowings from HAR, HAT and HP to the Company (the "**Holmen Group Novation**"). HAR, HAT and HP are wholly-owned subsidiaries of HOL, which is in-turn 75% owned by the Group and 25% owned by SHL. In addition, the subsidiaries in the Holmen Group, namely HAR, HAT and HP, are guarantors to the Series A Convertible Bonds, as set out in Section 4.5 of this Circular. In view of the above, the Holmen Group Novation is considered as an IPT and subject to the approval of the independent Shareholders.

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The amount at risk in relation to the Holmen Group Novation is US\$30,725,116, being the amount to be novated from the Holmen Group to the Company, which represents 48.6% of the Group's latest audited consolidated NTA as at 31 March 2020. The amount to be novated was arrived at based on the outstanding principal amount due for repayment.

Prior to the Holmen Group Novation, the amount of borrowings by HAR, HAT and HP from the Lenders and VHL are US\$84.7 million and US\$41.7 million respectively as at 30 November 2020. As at the Latest Practicable Date, the amount of borrowings by HAR, HAT and HP from the Lenders and VHL are US\$83.8 million and US\$44.0 million respectively. Following the Holmen Group Novation, the amount of borrowings by HAR, HAT, and HP from the Lenders will be reduced to US\$53.9 million and the borrowings from VHL will be increased to US\$72.4 million in view of the Holmen Group Novation of US\$30,725,116 which will be owed by the Holmen Group to VHL.

The Company also refers to the extraordinary general meeting held on 27 April 2021 regarding the IPT Circular where the Company obtained the approval from Shareholders to enter into a loan agreement with the Holmen Group, whereby the Group shall extend additional advances of up to US\$87 million to assist the Holmen Group to service its existing bank loan obligations in a timely manner and for its working capital needs.

3.2 Requirements under Chapter 9 of the Catalist Rules as to Interested Persons Transactions

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with any party who is an interested person of the listed company.

Under Catalist Rules 905 and 906, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain materiality thresholds are reached or exceeded. In particular, under Catalist Rule 906, shareholders' approval is required for an IPT of a value equal to, or exceeding:

- (a) 5.0% of the group's latest audited NTA; or
- (b) 5.0% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Catalist Rule 920 also permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, that may be carried out with the interested persons. Transactions conducted under such a mandate are not subject to Catalist Rules 905 and 906. The general mandate is subject to annual renewal.

Under Catalist Rule 915(3), where a transaction is between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5.00%, such transaction is not required to comply with the Catalist Rules 905, 906 and/or 907.

Pursuant to the consultation with SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907.

3.3 Entity-at-risk and Interested Person

For the Proposed Holmen Group Novation, the entity which is considered as an EAR is the Company and the Interested Person is SHL.

LETTER TO SHAREHOLDERS

Holmen Heavylift Offshore Pte. Ltd. (“HOL”)

HOL is a company incorporated in Singapore with the principal activity as an investment holding company. HOL is owned 75% by the Company (through its wholly-owned subsidiary, VIPL) and 25% by SHL. HOL has 3 wholly-owned subsidiaries, namely HAR, HAT and HP.

The Company had not treated the Holmen Group as an Associate of SHL (and therefore, an interested person), as Holmen Group is a subsidiary of the Company and SHL, having no board seats nor management participation in the Holmen Group, owns 25% of HOL. However, pursuant to the consultation with the SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907.

Swiber Holdings Limited (“SHL”)

SHL is a Controlling Shareholder of the Company, holding 115,102,345 Shares as at the Latest Practicable Date, representing an interest of approximately 20.58% in the share capital of the Company. SHL is an interested person under Chapter 9 of the Catalist Rules.

Holmen Arctic Pte. Ltd. (“HAR”)

HAR is a company incorporated in Singapore with the principal activity of vessel ownership and chartering. HAR is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

Holmen Atlantic Pte. Ltd. (“HAT”)

HAT is a company incorporated in Singapore with the principal activity of vessel ownership and chartering. HAT is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

Holmen Pacific LLC (“HP”)

HP is a company incorporated in the Marshall Islands with the principal activity of vessel ownership and chartering. HP is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

3.4 Shareholders’ Approval

The Proposed Holmen Group Novation is considered as an IPT as the Holmen Group is deemed an Interested Person under Chapter 9 of the Catalist Rules, and hence the Proposed Holmen Group Novation is subject to the approval of the Independent Shareholders. The Holmen Group Novation is also inter-conditional upon the passing of all the other Ordinary Resolutions.

For the avoidance of doubt, the novation of the rest of the amount of the Proposed Novation (US\$19,274,886 out of US\$50,000,000) is not subject to Shareholders’ approval.

As further explained in Sections 12.1 and 12.2 of this Circular, both RHC and SHL will abstain from voting on the Proposed Holmen Group Novation.

Shareholders should note that without Independent Shareholders’ approval for the Proposed Holmen Group Novation, the Proposed Restructuring will not proceed.

3.5 Rationale for the Proposed Holmen Group Novation

The Proposed Holmen Group Novation is part of the terms of the Proposed Restructuring to facilitate the proposed issuance of Convertible Bonds to the Lenders, the rationale of which is

LETTER TO SHAREHOLDERS

set out in Section 2.2 of this Circular.

4. THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS

4.1 Overview

Following the Proposed Novation, a portion of the Convertible Bond Portion will be reconstituted into US\$43,766,662 in aggregate principal amount of floating rate Series A Convertible Bonds due 2029 by the Company to DBS which are convertible into up to 581,571,404 new Shares based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds (the “**Series A Conversion Shares**”), with the interest rate fixed at six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with the Lenders. DBS and the Company have entered into a convertible bond subscription agreement dated 19 February 2021 (the “**Series A CB Subscription Agreement**”) setting out the terms of the Series A Convertible Bonds.

4.2 Information on DBS

DBS is a full licensed bank in Singapore providing a wide range of financial services including personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, insurance and stockbroking services.

As at the date of this Circular, (i) DBS is not a shareholder of the Company; (ii) DBS is not related to any of the Directors, substantial shareholders of the Company, or their respective associates; and (iii) save for maintaining the bank account of the Group and being a lender of the Group, there is no connection (including business relationship) between DBS and the Directors or substantial shareholders of the Company.

4.3 Shareholders’ Approval for the Proposed Issuance of Series A Convertible Bonds

Series A Conversion Shares will not be issued and allotted pursuant to the general share issue mandate passed by Shareholders at the Company’s last annual general meeting on 29 September 2020.

The Proposed Issuance of Series A Convertible Bonds is subject to specific Shareholders’ approval pursuant to Catalist Rules 805(1) and 824, and the passing of all the other Ordinary Resolutions.

4.4 Rationale for the Proposed Issuance of Series A Convertible Bonds

The Group believes that the Proposed Issuance of Series A Convertible Bonds which is part of the Proposed Restructuring is beneficial to the Group as it allows the Group to restructure part of its Existing Borrowings as Convertible Bonds which will, upon conversion into new Shares, reduce its borrowings and enhance its equity base as further explained in Section 2.2 of this Circular.

4.5 Summary of the Terms and Conditions of the Series A Convertible Bonds

The principal terms of the Series A Convertible Bonds are set out below:

Issue Size	:	US\$43,766,662 in principal amount of the Series A Convertible Bonds due 2029
Issue Price	:	100.0% of the principal amount of the Series A Convertible Bonds
Issue Date	:	To be determined upon Shareholders’ approval and will not take

LETTER TO SHAREHOLDERS

effect prior to such approval

- Maturity Date** : 96 months from the Issue Date
- Status** : The Series A Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series A Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Interest and Additional Convertible Bonds** : The Series A Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with DBS (the “**Series A Interest Rate**”). Each interest payment date in respect of the Series A Convertible Bonds shall be 31 March and 30 September of each calendar year (the “**Interest Payment Date**”).

To the extent that there is sufficient cashflow generated by the Singapore Fleet after full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds), interest in respect of the outstanding Series A Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date.

If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalized and be paid in the form of additional Series A Convertible Bonds.

Where any interest is to be capitalized, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series A Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series A Convertible Bonds in all respects (other than the Issue Date and the date for and amount of the first payment of interest) so as to form a single series with the Series A Convertible Bonds.

For the avoidance of doubt, the Additional Convertible Bonds will have the same maturity date as the initial issuance of the Convertible Bonds.

- Guarantee** : Vallianz Marine Pte. Ltd., Samson Marine Pte. Ltd., HAR, HAT and HP (collectively, the “**Guarantors**”) have unconditionally guaranteed the due payment of all sums from time to time payable by the Company in respect of the Series A Convertible Bonds (the “**Guarantee**”). The Guarantee constitutes senior, direct, unsubordinated, unconditional and unsecured obligations of the Guarantors, which will at all times rank at least *pari passu* in right of payment with all other present and future senior, direct,

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unsubordinated, unconditional and unsecured obligations of the Guarantors, except for obligations mandatorily preferred by law applying to companies generally.

Conversion Price : The price at which the Series A Conversion Shares will be issued upon conversion (the “**Series A Conversion Price**”) of the Series A Convertible Bonds will initially be S\$0.10 per Series A Conversion Share (which represents a 108% premium above the VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds.

The number of Shares to be issued on conversion of Series A Convertible Bonds will be determined by dividing the aggregate principal amount of the Series A Convertible Bonds to be converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series A Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series A Bondholder to convert the Series A Convertible Bonds into Shares can only be exercised in respect of the Series A Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series A Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

Conversion Period : Subject to certain closed conversion period, at any time from the Issue Date of Series A Convertible Bonds up to the close of business on the date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series A Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.

Listing and Trading of the Convertible Bonds : The Series A Convertible Bonds will not be listed or tradable on the SGX-ST.

Listing of the Conversion Shares : An application will be made for the Series A Conversion Shares (issuable upon conversion of the Series A Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

As an illustration, in the event that the Company’s cashflow is insufficient to pay the interest due and payable on the Series A Convertible Bonds in cash, and such interest is capitalized for the entire 96 months duration up to the Maturity Date, the Company will issue additional Series A Convertible Bonds of up to approximately US\$5.8 million based on the estimated total interest payable in respect of Series A Convertible Bonds, assuming interest rate of 1.55% per annum, and consequently an additional up to 77,070,400 Series A Conversion Shares upon the conversion of these additional Series A Convertible Bonds.

Further details of the principal terms and conditions of the Series A Convertible Bonds can be found in **Appendix II** to this Circular.

4.6 Series A Conversion Shares

The Series A Conversion Shares shall, when issued and allotted, be duly authorised, validly issued and credited as fully paid-up, be fully transferable, and shall rank for any dividends, rights, allotments or other distributions, the record date for which is on or after the relevant conversion date in respect of the Series A Convertible Bonds and, subject as aforesaid, shall rank *pari passu* in all respects with the existing Shares.

5. THE PROPOSED ISSUANCE OF SERIES B CONVERTIBLE BONDS

5.1 Background

Following the Proposed Novation, a portion of the Convertible Bond Portion will be reconstituted into US\$6,233,338 in aggregate principal amount of Series B floating rate Convertible Bonds due 2029 (the “**Series B Convertible Bonds**”) by the Company to Maybank which are convertible into up to 82,828,595 new Shares based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds (the “**Series B Conversion Shares**”), with the interest rate fixed at six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with the Lenders. Maybank and the Company have entered into the convertible bond subscription agreement dated 19 February 2021 (the “**Series B CB Subscription Agreement**”) setting out the terms of the Series B Convertible Bonds.

5.2 Information on Maybank

Maybank is a financial institution headquartered in Malaysia, with key operations in Malaysia, Singapore and Indonesia. Maybank is a full licensed commercial bank in Singapore providing a wide range of financial services including personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, insurance and stockbroking services.

As at the date of this Circular, (i) Maybank is not a shareholder of the Company; (ii) Maybank is not related to any of the Directors, substantial Shareholders of the Company, or their respective associates; and (iii) save for maintaining the bank accounts of the Group and being a lender of the Group, there is no connection (including business relationship) between Maybank and the Directors or substantial shareholders of the Company.

5.3 Shareholders’ Approval for the Proposed Issuance of Series B Convertible Bonds

Series B Conversion Shares will not be issued and allotted pursuant to the general share issue mandate passed by Shareholders at the Company’s last annual general meeting on 29 September 2020.

The Proposed Issuance of Series B Convertible Bonds is subject to specific Shareholders’ approval pursuant to Catalist Rules 805(1) and 824, and the passing of all the other Ordinary Resolutions.

5.4 Rationale for the Proposed Issuance of Series B Convertible Bonds

The Group believes that the Proposed Issuance of Series B Convertible Bonds which is part of the Proposed Restructuring is beneficial to the Group as it allows the Group to restructure part of its Existing Borrowings as Convertible Bonds which will, upon conversion into new Shares, reduce its borrowings and enhance its equity base as further explained in Section 2.2 of this Circular.

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5.5 Summary of the Terms and Conditions of the Series B Convertible Bonds

The principal terms of the Series B Convertible Bonds are set out below:

- Issue Size** : US\$6,233,338 in principal amount of Series B Convertible Bonds due 2029
- Issue Price** : 100.0% of the principal amount of the Series B Convertible Bonds
- Issue Date** : To be determined upon Shareholders' approval and will not take effect prior to such approval
- Maturity Date** : 96 months from the Issue Date
- Status** : The Series B Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series B Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Interest and Additional Convertible Bonds** : The Series B Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with Maybank (the "**Series B Interest Rate**"). Each interest payment date in respect of the Series B Convertible Bonds shall be 31 March and 30 September of each calendar year (the "**Interest Payment Date**").

To the extent that there is sufficient cashflow generated by the Singapore Fleet after full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds), interest in respect of the outstanding Series B Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date.

If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalized and be paid in the form of additional Series B Convertible Bonds.

Where any interest is to be capitalized, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series B Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series B Convertible Bonds in all respects (other than the Issue Date and the date for and amount of the first payment of interest) so as to form a single series with the Series B Convertible Bonds.

For the avoidance of doubt, the Additional Convertible Bonds will

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have the same maturity date as the initial issuance of the Convertible Bonds.

Conversion Price : The price at which the Series B Conversion Shares will be issued upon conversion (the “**Series B Conversion Price**”) of the Series B Convertible Bonds will initially be S\$0.10 per Series B Conversion Share (which represents a 108% premium above the VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds.

The number of Shares to be issued on conversion of Series B Convertible Bonds will be determined by dividing the aggregate principal amount of the Series B Convertible Bonds to be converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series B Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series B Bondholder to convert the Series B Convertible Bonds into Shares can only be exercised in respect of the Series B Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series B Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

Conversion Period : Subject to certain closed conversion period, at any time from the Issue Date of Series B Convertible Bonds up to the close of business on the date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series B Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.

Listing and Trading of the Convertible Bonds : The Series B Convertible Bonds will not be listed or tradable on the SGX-ST.

Listing of the Conversion Shares : An application will be made for the Series B Conversion Shares (issuable upon conversion of the Series B Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

As an illustration, in the event that the Company’s cashflow is insufficient to pay the interest due and payable on the Series B Convertible Bonds in cash, and such interest is capitalized for the entire 96 months duration up to the maturity date, the Company may issue additional Series B Convertible Bonds of up to approximately US\$0.8 million based on the estimated total interest payable in respect of Series B Convertible Bonds, assuming interest rate of 1.55% per annum, and consequently an additional up to 10,630,400 Series B Conversion Shares upon the conversion of these additional Series B Convertible Bonds.

Further details of the principal terms and conditions of the Series B Convertible Bonds can be found in **Appendix III** to this Circular.

5.6 Series B Conversion Shares

The Series B Conversion Shares shall, when issued and allotted, be duly authorised, validly issued and credited as fully paid-up, and shall rank for any dividends, rights, allotments or other distributions, the record date for which is on or after the relevant registration date in respect of the Series B Conversion Shares and, subject as aforesaid, shall rank *pari passu* in all respects with the existing Shares.

6. THE PROPOSED ISSUANCE OF SERIES C CONVERTIBLE BONDS

6.1 Overview

In conjunction with the Proposed Restructuring, the Company is also proposing the issuance of up to US\$125,000,000 principal amount of Series C Convertible Bonds which are floating rate convertible bonds due 2029 by the Company to RHC which are convertible into up to 1,661,000,000 new Shares based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds (the “**Series C Conversion Shares**”), with the interest rate fixed at six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with RHC.

RHC and the Company have entered into a convertible bond subscription agreement dated 19 February 2021 (the “**Series C CB Subscription Agreement**”) setting out the terms of the Series C Convertible Bonds which will be used to repay in whole or in part the outstanding RHC Advances.

The Company also refers to the extraordinary general meeting held on 27 April 2021 regarding the IPT Circular where the Company obtained the approval from Shareholders to enter into a loan agreement with RHC (the “**RHC Loan Agreement**”) with respect to the RHC Advances for up to US\$125 million which will bear interest at the rate of 5% per annum for an initial period of 5 years. In addition, the Company had announced on 29 June 2020, *inter alia*, the proposed subscription and set-off arrangement with RHC (the “**RHC SOSA**”) to set-off an amount of up to US\$26.3 million of the RHC Advances by the issuance of new Shares to RHC, as part of the SOSA Transactions, details of which are set out in the SOSA Circular dated 25 May 2021 which are subject to Shareholders’ approval at a separate extraordinary general meeting to be held on 29 July 2021.

As at 31 March 2021, the RHC Advances amounted to US\$108.3 million. The Proposed Issuance of Series C Convertible Bonds of up to US\$125 million provides an alternative funding option for the Company to settle the RHC Advances as RHC continues to be the major Shareholder. A portion of the RHC Advances will be reconstituted into Series C Convertible Bonds (the “**Initial Tranche**”) and RHC may, from time to time, agree to subscribe for further Series C Convertible Bonds in one or more tranches (each a “**Subsequent Tranche**” and together, the “**Subsequent Tranches**”) which is intended to be used by the Company to offset any outstanding amounts owed by the Company to RHC. Accordingly, no fresh proceeds are expected to be raised from the Proposed Issuance of the Series C Convertible Bonds.

RHC and Sheikh Abdulaziz are deemed Interested Persons under Chapter 9 of the Catalyst Rules. Hence, the Proposed Issuance of Series C Convertible Bonds including the issuance of Series C Conversion Shares and the potential additional Series C Convertible Bonds and Additional Series C Conversion Shares, is an IPT which is subject to independent Shareholders’ approval at an EGM.

For the purpose of the above IPT, the amount at risk pursuant to the Proposed Issuance of Series C Convertible Bonds is the sum of the principal amount of up to US\$125,000,000 and the interest on the Series C Convertible Bonds, which is determined to be at six-month

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US\$ LIBOR rate per annum subject to a cap of 5% per annum. Based on the estimated interest rate of 1.55% per annum on the Series C Convertible Bonds for the entire tenor of 8 years, the amount at risk is estimated at US\$141.5 million.

6.2 Information on RHC

RHC is a company incorporated in the Kingdom of Saudi Arabia with a focus on oilfield services, contracting, industrial services and offshore services. RHC is a Controlling Shareholder of the Company, holding 317,560,389 Shares as at the date of this Circular, representing an interest of approximately 56.77% in the share capital of the Company. RHC is an interested person under Chapter 9 of the Catalyst Rules. In addition, Sheikh Abdulaziz, who is the Non-Executive Chairman of the Company, is the concurrent Chairman of the Rawabi Group.

Additionally, RHC is a substantial Shareholder and accordingly, RHC is a person who falls within the categories set out in Catalyst Rule 812(1). Pursuant to Catalyst Rule 812(2), the Company will be seeking specific Shareholders' approval for the Proposed Issuance of Series C Convertible Bonds at the EGM.

6.3 Shareholders' Approval for the Proposed Issuance of Series C Convertible Bonds

Series C Conversion Shares will not be issued and allotted pursuant to the general share issue mandate passed by Shareholders at the Company's last annual general meeting on 29 September 2020.

The Proposed Issuance of Series C Convertible Bonds is subject to Chapter 8 and 9 of the Catalyst Rules and is subject to specific Shareholders' approval, and the passing of all the other Ordinary Resolutions.

6.4 Rationale for the Proposed Issuance of Series C Convertible Bonds

The Proposed Issuance of Series C Convertible Bonds is being proposed in conjunction with the Proposed Restructuring as it will provide an alternative option for the Company to settle the RHC Advances as RHC continues to be the major Shareholder. The key terms of the Series C Convertible Bonds are similar to those of Series A Convertible Bonds and Series B Convertible Bonds. The principal amount of up to US\$125,000,000 and the interest rate on the Series C Convertible Bonds were arrived at pursuant to arm's length negotiation between the Company and RHC, taking into consideration the RHC Advances, financial needs of the Company and cost of funds by the Rawabi Group.

6.5 Summary of the Terms and Conditions of the Series C Convertible Bonds

The principal terms of the Series C Convertible Bonds are set out below:

Issue Size	:	Up to US\$125,000,000 in principal amount of Series C Convertible Bonds due 2029. The Series C Convertible Bonds may be issued in one or more tranches identical in all respects (other than the Issue Date and the date for and amount of the first payment of interest)
Issue Price	:	100.0% of the principal amount of the Series C Convertible Bonds
Issue Date	:	To be determined upon Shareholders' approval and will not take effect prior to such approval
Maturity Date	:	96 months from the Issue Date
Status	:	The Series C Convertible Bonds constitute senior, direct, subordinated, unconditional and unsecured obligations of the Company and will at all times rank <i>pari passu</i> and without any

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preference among themselves and with any Parity Obligations of the Company.

Interest and Additional Convertible Bonds

: The Series C Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum, or such other replacement benchmark rate as agreed with RHC, provided that if such rate is more than 5.00% per annum for any Interest Period, the interest borne by the Series C Convertible Bonds for such Interest Period shall be 5.00% per annum (the “**Series C Interest Rate**”). Each interest payment date in respect of the Series C Convertible Bonds shall be 31 March and 30 September of each calendar year (the “**Interest Payment Date**”).

The cap on the interest rate of 5% per annum is in line with the interest rate on the RHC Loan Agreement approved by Shareholders on the extraordinary general meeting held on 27 April 2021, details of which are set out in the IPT Circular.

To the extent there is sufficient cashflow generated by the Singapore Fleet after (a) full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders, (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds) and (b) the payment of interest in cash with respect to Series A Convertible Bonds and Series B Convertible Bonds on each Interest Payment Date, interest in respect of the outstanding Series C Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date unless the Company elects to capitalize such interest and be paid in the form of additional Series C Convertible Bonds.

If the Company elects to capitalize such interest, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series C Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series C Convertible Bonds in all respects (other than the issue date and the date for and amount of the first payment of interest) so as to form a single series with Series C Convertible Bonds.

For the avoidance of doubt, the Additional Convertible Bonds will have the same maturity date as the initial issuance of the Convertible Bonds.

Conversion Price : The price at which the Series C Conversion Shares will be issued upon conversion (the “**Series C Conversion Price**”) of the Series C Convertible Bonds will initially be S\$0.10 per Series C Conversion Share (which represents a 108% premium above the VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds.

The number of Shares to be issued on conversion of Series C Convertible Bonds will be determined by dividing the aggregate principal amount of the Series C Convertible Bonds to be

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converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series C Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series C Bondholder to convert the Series C Convertible Bonds into Shares can only be exercised in respect of the Series C Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series C Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

- Conversion Period** : Subject to certain closed conversion period, at any time from the Issue Date of Series C Convertible Bonds up to the close of business on the date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series C Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.
- Listing and Trading of the Convertible Bonds** : The Series C Convertible Bonds will not be listed or tradable on the SGX-ST.
- Listing of the Conversion Shares** : An application will be made for the Series C Conversion Shares (issuable upon conversion of the Series C Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

As an illustration, in the event that the Company’s cashflow is insufficient to pay the interest due and payable on the Series C Convertible Bonds in cash, and such interest is capitalized for the entire 96 months duration up to the maturity date, the Company may issue additional Series C Convertible Bonds of up to approximately US\$16.5 million based on the estimated total interest payable in respect of Series C Convertible Bonds, assuming interest rate of 1.55% per annum, and consequently an additional up to 219,252,000 Series C Conversion Shares upon the conversion of these additional Series C Convertible Bonds.

Further details of the principal terms and conditions of the Series C Convertible Bonds can be found in **Appendix IV** to this Circular.

6.6 Series C Conversion Shares

The Series C Conversion Shares shall, when issued and allotted, be duly authorised, validly issued and credited as fully paid-up, and shall rank for any dividends, rights, allotments or other distributions, the record date for which is on or after the relevant registration date in respect of the Series C Conversion Shares and, subject as aforesaid, shall rank *pari passu* in all respects with the existing Shares.

7. THE PROPOSED TRANSFER OF CONTROLLING INTEREST TO DBS

7.1 Overview

Catalist Rule 803 provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval of shareholders in general meeting.

Pursuant to the terms of Series A Convertible Bonds, the Company may issue Shares to DBS

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which may increase DBS's shareholding interest in the Company to up to 17.13% upon conversion of the Series A Convertible Bonds and the additional Series A Convertible Bonds (in the event of capitalization of interests) on a maximum basis over a period of 8 years from the Issue Date of the Series A Convertible Bonds.

Accordingly, the Proposed Issuance of Series A Convertible Bonds would constitute a transfer of a Controlling Interest to DBS and is subject to the approval of the Shareholders for the purposes of Catalyst Rule 803.

The Company will be seeking specific Shareholders' approval under Catalyst Rule 803 for DBS to hold 15% or more of the issued share capital of the Company pursuant to the conversion of Series A Convertible Bonds and additional Series A Convertible Bonds on a maximum basis over a period of 8 years from the Issue Date of the Series A Convertible Bonds.

Please refer to Section 8 below for further details on the changes in shareholding interests of the Company.

7.2 Shareholders' Approval

The Proposed Transfer of Controlling Interest to DBS is subject to Shareholders' approval on the passing of all the other Ordinary Resolutions.

8. MAXIMUM SHAREHOLDING INTERESTS IN THE COMPANY PURSUANT TO THE FULL CONVERSION OF THE CONVERTIBLE BONDS

In addition to seeking Shareholders' approval on 22 June 2021 for the Proposed Restructuring which involves a potential issuance of new Shares over a period of 8 years arising from the conversion of the Convertible Bonds, the Company is concurrently seeking Shareholders' approval on 29 July 2021 for the issuance of new Shares in connection with the SOSA Transactions as set out in the SOSA Circular.

The Company envisages that the issuance of the new Shares in connection with the SOSA Transactions will likely complete before any substantial conversion of the Convertible Bonds into new Shares in view of the long Conversion Period of the Convertible Bonds.

Accordingly, in the shareholding scenarios illustrated below, we have computed the shareholding interests on the assumption that the issuance of new Shares pursuant to the SOSA Transactions will take place before the full conversion of the Convertible Bonds. Both the SOSA Transactions and the Proposed Restructuring involve issuance of a significant number of new Shares.

As at the Latest Practicable Date, the existing issued share capital of the Company consists of 559,354,434 Shares. Under the SOSA arrangement, and on the assumption of a maximum subscription scenario, the SOSA Transactions would involve the issuance of 652,266,000 new Shares, the details of which are set out in the SOSA Circular. The Company would have an enlarged share capital comprising 1,211,620,434 Shares.

Under the Proposed Restructuring, the Convertible Bonds would involve:

- Scenario A - the issuance of 2,325,399,399 new Shares upon the full conversion of the Convertible Bonds, before taking into consideration the Additional Conversion Shares; and
- Scenario B – the issuance of 2,632,352,799 new Shares upon the full conversion of the Convertible Bonds, after taking into consideration the Additional Conversion Shares.

Scenario A - Before taking into consideration the Additional Conversion Shares

After the completion of the SOSA Transactions, the Conversion Shares (before taking into

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consideration the Additional Conversion Shares) represent 192% of the issued share capital of the Company comprising 1,211,620,434 Shares and 65.7% of the enlarged share capital of the Company comprising 3,537,020,433 Shares (after the completion of the SOSA Transactions and the conversion of the Convertible Bonds).

The breakdown of shareholding interests of DBS, Maybank and RHC in the Company upon the full conversion of the Convertible Bonds is set out below:

Shareholder	Shareholding interest in the Company <u>before</u> full conversion of the Convertible Bonds and <u>before</u> completion of the SOSA Transactions		No. of Shares to be issued pursuant to the SOSA Transactions	Shareholding interest in the Company <u>before</u> full conversion of the Convertible Bonds and <u>after</u> completion of the SOSA Transactions		No. of Conversion Shares	Shareholding interest in the Company <u>after</u> full conversion of the Convertible Bonds and <u>after</u> completion of the SOSA Transactions	
	Number of Shares	% interest		Number of Shares	% interest		Number of Shares	% interest
DBS	NIL	-	-	NIL	-	581,571,404	581,571,404	16.44
Maybank	NIL	-	-	NIL	-	82,828,595	82,828,595	2.34
RHC	317,560,389	56.77	405,546,000	723,106,389	59.68	1,661,000,000	2,384,106,389	67.40
Sub-total	317,560,389	56.77	-	723,106,389	59.68	2,325,399,399	3,048,506,388	86.18
Swiber Group	115,102,345	20.58	246,720,000	361,822,345	29.86	-	361,822,345	10.23
Others	126,691,700	22.65	-	126,691,700	10.46	-	126,691,700	3.58
Total	559,354,434	100.00	652,266,000	1,211,620,434	100.00	2,325,399,399	3,537,020,433	100.00

Scenario B - After taking into consideration the Additional Conversion Shares

In the situation where all the interests (assuming interest rate of 1.55% per annum) on the Convertible Bonds due are capitalized into Additional Convertible Bonds, up to 77,070,400, 10,630,400, and 219,252,000 Additional Conversion Shares may be issued in respect of additional Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds respectively.

As an illustration, a breakdown of shareholding interests of DBS, Maybank and RHC upon the full conversion of the Convertible Bonds and Additional Convertible Bonds based on the enlarged issued share capital of the Company is set out below:

Shareholder	Shareholding interest in the Company <u>before</u> full conversion of the Convertible Bonds and the Additional Convertible Bonds and <u>before</u> completion of the SOSA Transactions		No. of Shares to be issued pursuant to the SOSA Transactions	Shareholding interest in the Company <u>before</u> full conversion of the Convertible Bonds and the Additional Convertible Bonds and <u>after</u> completion of the SOSA Transactions		No. of Conversion Shares and Additional Conversion Shares	Shareholding interest in the Company <u>after</u> full conversion of the Convertible Bonds and the Additional Convertible Bonds and <u>after</u> completion of the SOSA Transactions	
	Number of Shares	% interest		Number of Shares	% interest		Number of Shares	% interest
DBS	NIL	-	-	NIL	-	658,641,804	658,641,804	17.13
Maybank	NIL	-	-	NIL	-	93,458,995	93,458,995	2.43
RHC	317,560,389	56.77	405,546,000	723,106,389	59.68	1,880,252,000	2,603,358,389	67.73
Sub-total	317,560,389	56.77	-	723,106,389	59.68	2,632,352,799	3,355,459,188	87.29
Swiber Group	115,102,345	20.58	246,720,000	361,822,345	29.86	-	361,822,345	9.41
Others	126,691,700	22.65	-	126,691,700	10.46	-	126,691,700	3.30
Total	559,354,434	100.00	652,266,000	1,211,620,434	100.00	2,632,352,799	3,843,973,233	100.00

In view of the potential significant number of Shares being issued to DBS, Maybank and RHC upon the full conversion of the Convertible Bonds and the Additional Convertible Bonds, there will be significant dilution impact on existing Shareholders and the public float of the Company.

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The Company's present intention is to maintain the Company's listing status and will, at the relevant juncture in the future, take into consideration the appropriate course of action necessary to maintain the minimum percentage of Shares held by the public as required under the Catalist Rules.

9. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The *pro forma* financial effects of the Proposed Restructuring on the Company's share capital, the Group's NTA per Share, LPS and gearing ratio 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 Restructuring.

As at the Latest Practicable Date, the share capital of the Company is US\$347,746,463 comprising 559,354,434 Shares. The *pro forma* financial effect of the Proposed Restructuring on the share capital of the Company is based on the above share capital as at the Latest Practicable Date. The *pro forma* financial effects of the Proposed Restructuring on the NTA per Share and gearing ratio have been prepared based on the latest announced unaudited financial statements of the Group for the financial year ended 31 March 2021 ("FY2021") assuming the Convertible Bonds were issued on 31 March 2021. The *pro forma* financial effect of the Proposed Restructuring on the LPS has been prepared based on the latest announced unaudited financial statements of the Group for FY2021 assuming the Convertible Bonds were issued on 1 April 2020.

The Company also refers to the SOSA Transactions as announced on 26 June 2020 and as further described in the SOSA Circular dated 25 May 2021 and the likely sequence of events as set out in Section 8 of this Circular. Upon completion of the SOSA Transactions, the Company will have an enlarged share capital of 1,211,620,434 Shares.

Upon completion of the SOSA Transactions, the Proposed Restructuring and the full conversion of all the Convertible Bonds into Conversion Shares, before taking into consideration Additional Convertible Bonds (and consequential conversion of these Additional Convertible Bonds into Additional Conversion Shares), the Company will have an enlarged issued share capital of 3,537,020,433 Shares. The *pro forma* financial effects are prepared based on this scenario.

As set out in Sections 4.5, 5.5 and 6.5 of this Circular, as an illustration, the Additional Conversion Shares amounted to approximately up to 306,952,800 Shares based on the estimated total interest payable on the Convertible Bonds.

9.1 Share Capital of the Company

	Number of Shares (excluding treasury shares) ⁽²⁾	US\$'000
As at the Latest Practicable Date	559,354,434	347,746
After completion of the SOSA Transactions, immediately after completion of the Proposed Restructuring and <u>before</u> conversion of any of the Convertible Bonds ⁽¹⁾	1,211,620,434	381,209
After the full conversion of the Convertible Bonds and allotment and issue of the Conversion Shares	3,537,020,433	556,209

Notes:

- (1) The number of Shares issued pursuant to the completion of the SOSA Transactions assuming maximum issuance is 652,266,000.
- (2) The Company has no treasury shares.

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9.2 NTA per Share

	As at 31 March 2021	After the completion of the SOSA Transactions, but <u>before</u> the Proposed Restructuring as at 31 March 2021 ⁽¹⁾	After the completion of the SOSA Transactions and the Proposed Restructuring but <u>before</u> the full conversion of the Convertible Bonds as at 31 March 2021	After the completion of the SOSA Transactions, after the Proposed Restructuring and <u>after</u> full conversion of the Convertible Bonds as at 31 March 2021
NTA of the Group (US\$'000)	68,073	67,905	89,821 ⁽²⁾	134,654
Number of Shares	559,354,434	1,211,620,434	1,211,620,434	3,537,020,433
NTA per Share (US\$)	0.12	0.06	0.07	0.04

Notes:

- (1) There is no material change in NTA per Share arising from the completion of the SOSA Transactions as the amount of owings to SHL and RHC are already classified as equity in the Group's Consolidated Statement of Financial Position as at 31 March 2021.
- (2) Series A Convertible Bonds and Series B Convertible Bonds will continue to be classified approximately US\$44.8 million as liabilities and approximately US\$5.2 million as equity of the Group in accordance with the accounting standard SFRS(I) 32 until such Convertible Bonds are converted into new Shares, which will then be classified as equity of the Group. RHC Advances of US\$108.3 million as at 31 March 2021 are currently classified as equity and will continue to be classified as equity on the basis that the issuance of Series C Convertible Bonds to RHC are used to repay RHC Advances under SFRS(I) 32 as there is no obligation for the Company to repay RHC in cash on the Maturity Date. Hence, the NTA of the Group will increase by approximately US\$21.9 million to US\$89.8 million after the Proposed Restructuring but before the full conversion of the Convertible Bonds due to approximately US\$5.2 million from Series A Convertible Bonds and Series B Convertible Bonds being reclassified from liabilities to equity, and additional Series C Convertible Bonds issued to RHC of US\$16.7 million. The NTA of the Group will increase further by US\$44.8 million to US\$134.7 million upon the conversion of the Series A Convertible Bonds and Series B Convertible Bonds into Conversion Shares.

9.3 Loss per Share

	Before the completion of the SOSA Transactions and the Proposed Restructuring for FY2021	After the completion of the SOSA Transactions and the Proposed Restructuring but before the full conversion of the Convertible Bonds for FY2021	After the completion of the SOSA Transactions, after the Proposed Restructuring and <u>after</u> full conversion of the Convertible Bonds as at 31 March 2021
Loss after income tax (US\$'000)	(24,962)	(21,432) ⁽¹⁾	(21,432)
Weighted average number of Shares	559,354,434	1,211,620,434	3,537,020,433
LPS (US\$)	(0.04)	(0.02)	(0.01)

Notes:

- (1) Loss after income tax decrease from US\$25.0 million to US\$21.4 million by approximately US\$3.5 million due to the lower interest on the Series C Convertible Bonds compared to the 5% interest RHC Advances for FY2021, and lower interest rates of the Series A Convertible Bonds and Series B Convertible Bonds compared with the current interest rates on the Existing Borrowings.
- (2) There is no change in the loss after income tax attributable to Shareholders arising from the completion of the SOSA Transactions as the net cost of the SOSA Share Issuances (as defined in the SOSA Circular) pursuant to completion of the SOSA Transactions, which comprises substantially the net waiver of owings of US\$8.8 million, by the Company is expected to be set off against the issuance of SHL Subscription Shares (as defined in the

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SOSA Circular) to SHL under the SHL SOSA.

9.4 Gearing

	As at 31 March 2021	After the completion of SOSA but before the Proposed Restructuring as at 31 March 2021	After the completion of SOSA and the Proposed Restructuring as at 31 March 2021	After the completion of the SOSA Transactions, after the Proposed Restructuring and <u>after</u> full conversion of the Convertible Bonds as at 31 March 2021
Net borrowings (US\$'000)⁽¹⁾	169,119	169,119	147,203 ⁽²⁾	102,370 ⁽²⁾
Total Equity (US\$'000)	48,179	48,011	70,095 ⁽³⁾	114,928 ⁽⁴⁾
Gearing (times)	3.51	3.52	2.10	0.89

Notes:

- (1) Total bank borrowings net of cash balances.
- (2) Series A Convertible Bonds and Series B Convertible Bonds will be classified approximately US\$44.8 million as liabilities and approximately US\$5.2 million as equity of the Group in accordance with the accounting standard SFRS(I) 32 until such Convertible Bonds are converted into new Shares, which will then be classified as equity of the Group. RHC Advances are currently approximately US\$108.3 million as at 31 March 2021. On the assumption that the Company will issue US\$125.0 million Series C Convertible Bonds, part of which is used to repay the RHC Advances, there will be a further issuance of US\$16.7 million Series C Convertible Bonds for cash. Hence, the net borrowings of the Group will decrease by approximately US\$21.9 million to US\$147.2 million after the Proposed Restructuring but before the full conversion of the Convertible Bonds due to reclassification of approximately US\$5.2 million from Series A Convertible Bonds and Series B Convertible Bonds from liabilities to equity, and further issuance of Series C Convertible Bonds of US\$16.7 million in cash. The net borrowings of the Group will decrease further by US\$44.8 million to US\$102.4 million upon the conversion of the Series A Convertible Bonds and Series B Convertible Bonds into Conversion Shares.
- (3) Correspondingly, the total equity of the Group will increase by approximately US\$21.9 million to US\$70.1 million after the Proposed Restructuring but before the full conversion of the Convertible Bonds due to approximately US\$5.2 million from Series A Convertible Bonds and Series B Convertible Bonds being reclassified from liabilities to equity, and additional Series C Convertible Bonds issued to RHC of US\$16.7 million.
- (4) The total equity of the Group will increase further by US\$44.8 million to US\$102.4 million upon the conversion of the Series A Convertible Bonds and Series B Convertible Bonds into Conversion Shares.
- (5) There is no material change in the gearing of the Company arising from the completion of the SOSA Transactions as the amount of owings to SHL and RHC under the RHC SOSA and SHL SOSA are already classified as equity in the Group's Consolidated Statement of Financial Position as at 31 March 2021.

10. OTHER INFORMATION

10.1 Conditions Precedent of the Proposed Restructuring

The Proposed Restructuring is subject to, amongst others, the following conditions precedent:

- (a) the Company obtaining the necessary Shareholders' approval for the Proposed Transactions;
- (b) approval in-principle of the SGX-ST for the listing and quotation of the Series A Conversion Shares, Series B Conversion Shares and Series C Conversion Shares, and the Additional Conversion Shares;
- (c) appointment of an independent accountant to monitor cashflows of the Singapore Fleet and determine the Surplus Cash for the Cash Sweep (as defined in **Appendix I** to this Circular);

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- (d) all corporate authorisations required to effect the Proposed Restructuring;
- (e) customary legal opinions to be issued by the Lenders' counsel;
- (f) customary legal opinions to be issued by the Company's counsel; and
- (g) payment of the first tranche of the Rawabi Contribution Amount i.e. US\$500,000, to the Lenders.

In relation to paragraph (c) above, Shareholders should note that Ernst & Young LLP has been appointed as the independent accountant to monitor cashflow of the Singapore Fleet and determine the Surplus Cash for the Cash Sweep.

In relation to paragraph (g) above, US\$1,469,488 out of the total Rawabi Contribution Amount has been paid by RHC to the Lenders.

10.2 Use of Proceeds

No fresh proceeds are raised from the Proposed Restructuring of the Existing Borrowings, and when the Proposed Issuance of Series C Convertible Bonds are being issued as settlement of any existing RHC Advances.

10.3 Additional Listing Application by Sponsor

The Sponsor will be making an additional listing application for and on behalf of the Company to the SGX-ST for the listing and quotation of the Conversion Shares and the Additional Conversion Shares on the Catalist. The Company will make an announcement upon receipt of the in-principle approval of the SGX-ST for the listing and quotation of the Conversion Shares and the Additional Conversion Shares.

10.4 No Placement Agents

The Proposed Issuance of Series A Convertible Bonds to DBS, Series B Convertible Bonds to Maybank, and Series C Convertible Bonds to RHC will be made pursuant to an exempted offer under Section 274 or Section 275 of the Securities and Futures Act. Hence, no prospectus or offer information statement will be issued in connection with the above proposed issuance of the Convertible Bonds.

10.5 Total value of past IPTs entered into with Rawabi Group and Swiber Group in the current financial year, from 1 April 2021 to the Latest Practicable Date

The value of the proposed IPTs, namely the Proposed Holmen Group Novation and the Proposed Issuance of Series C Convertible Bonds, and the value of IPTs entered into with Rawabi Group and the Swiber Group during the current financial year, commencing from 1 April 2021 and up to the Latest Practicable Date are set out below:

Value of IPTs with Interested Persons	From 1 April 2021 to the Latest Practicable Date (US\$)	Proposed IPTs in this Circular (US\$)	Total (US\$)
SHL	2,358,329	30,725,116	33,083,445
RHC	378,600	141,500,000	141,878,600
Total value of all IPTs	2,736,929	172,225,116	174,962,045

The Company refers to the rights issue of RVOS which was completed on 24 December 2020, as announced on 20 April 2021 and the Group's renunciation of its rights entitlement pursuant to the rights issue of RVOS which constitutes an IPT requiring Shareholders' approval. A circular to the Shareholders containing, *inter alia*, further information on the IPT and an opinion

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from the independent financial adviser to be appointed in relation to the IPT will be issued to Shareholders in due course.

11. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	Number of Shares	%	Number of Shares	%
Directors				
Sheikh Abdulaziz Ali Alturki ⁽¹⁾	-	-	317,560,389	56.77
Darren Yeo	2,297,493	0.41	-	-
Ling Yong Wah	1,526,146	0.27	-	-
Bote De Vries	136,666	0.02	-	-
Yeo Jue Nam	336,666	0.06	-	-
Chong Chee Keong Chris	-	-	-	-
Substantial Shareholders				
RHC	317,560,389	56.77	-	-
SHL	115,102,345	20.58	-	-

Note:

- (1) By virtue of Section 4 of the Securities and Futures Act, Sheikh Abdulaziz is deemed to be interested in 317,560,389 Shares held by RHC.

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders and their respective associates have any interest, direct or indirect, in the Ordinary Resolutions (other than through their respective shareholdings in the Company, if any).

12. ABSTENTION FROM VOTING AND UNDERTAKING

12.1 Voting Abstention from RHC

RHC holds an interest in 317,560,389 Shares, representing 56.77% of the voting Shares. Pursuant to the RHC Call Option, RHC has the option to purchase all or part of the outstanding Series A Convertible Bonds and/or Series B Convertible Bonds at par at any time during the Conversion Period. RHC is therefore deemed interested in all the Ordinary Resolutions.

In accordance with Catalist Rules 812(2) and 919, RHC will abstain from, and procure that its associates abstain from, voting at the EGM in respect of all the Ordinary Resolutions 1 to 5 relating to:

- (a) the Proposed Holmen Group Novation;
- (b) the Proposed Issuance of Series A Convertible Bonds;
- (c) the Proposed Issuance of Series B Convertible Bonds;
- (d) the Proposed Issuance of Series C Convertible Bonds; and
- (e) the Proposed Transfer of Controlling Interest,

and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for Independent Shareholders in respect of these Ordinary Resolutions in each case.

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The Company refers to the announcement made by SHL on 28 December 2020 where SHL had announced that it had entered into a definitive investment agreement with RHC in relation to RHC's subscription for new shares in the capital of a new wholly-owned subsidiary to be incorporated by SHL in Singapore for an aggregate issue price of US\$10 million. The New Swiber Investment will be undertaken in connection with an internal restructuring exercise which contemplates the proposed transfer of certain assets belonging to the Swiber Group to New Swiber and a debt restructuring exercise. In addition to the New Swiber Investment, RHC has undertaken to invest up to US\$190 million, to be undertaken in such investment tranches to be agreed in the Project Investment Agreement to be entered into between RHC and the Project Owner, Equatoriale Energy Pte. Ltd., which is currently a wholly-owned subsidiary of SHL but will subsequently be transferred to New Swiber pursuant to the Swiber Group's internal restructuring, by way of subscribing for new preference shares in the Project Owner. Each Project Investment Tranche is subject to and condition upon certain conditions precedent to be agreed and set out in the Project Investment Agreement, including the satisfaction of such milestones in relation to the development, construction and operation of a liquefied natural gas power plant to be constructed in Vietnam. The Company does not, however, intend to hold any interest, directly or indirectly, in the Project and the Project Investment is not a condition precedent for the New Swiber Investment, and is subject to conditions to be discussed and agreed and definitive agreements to be entered into, including without limitation the Project Investment Agreement.

Therefore, as a consequence of the business relationship between RHC and SHL, the fact that Holmen Group is part of the Transfer Assets, and the potential conflicts of interest from RHC becoming a controlling shareholder of New Swiber and Holmen Group indirectly, RHC shall abstain from all Ordinary Resolutions related to the Holmen Group. Accordingly, RHC will abstain from voting on the Proposed Holmen Group Novation.

12.2 Voting Abstention from SHL

SHL holds an interest in 115,102,345 Shares, representing approximately 20.58% of the voting Shares. In accordance with Catalist Rule 919, SHL shall abstain from, and procure that its associates abstain from voting at the EGM, whether by representative or proxy, in respect of Ordinary Resolution 1 for the Proposed Holmen Group Novation and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for Independent Shareholders in respect of Ordinary Resolution 1.

13. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Catalist Rules, W Capital was appointed as the IFA to opine on whether the terms of the Proposed IPT Resolutions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

The following is an extract from Section 6 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter unless otherwise stated. A copy of the IFA Letter is set out in **Appendix V** to this Circular. Shareholders are advised to read the IFA Letter carefully.

"In arriving at our opinion in relation to the Proposed IPTs, we have considered and evaluated all factors which we deem to have significant relevance to our assessment, particularly the salient factors which are described in more details in Section 5 of this Letter (which should be read in conjunction with, and in the full context of, the Circular and this Letter), including, inter alia, the following:

- (i) **Rationale for the Proposed IPTs** as set out in Section 5.1 of this Letter. In particular, we noted that the Proposed Restructuring, of which the Proposed Holmen Group Novation is a part of, is intended to extend the Group's debt maturity profile by 8 years

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which will provide sufficient operational and financial flexibility to better enable the Group to ride out the challenging market conditions in the offshore sector, as well as the global economic uncertainty following the COVID-19 pandemic, both of which may persist on a prolonged basis, and to allow the Group to service its debts based on its expected future cash flows;

- (ii) **Historical financial performance and condition of the Group** as set out in Section 5.2 of this Letter. In this regard, we noted, *inter alia*, that (a) the Group has been recording losses for the last three financial years; (b) the Group's gearing ratio has increased significantly from approximately 1.9 times as at 31 March 2019 to approximately 3.6 times as at 31 March 2021; (c) the Group had breached the financial covenants under the Framework Agreement with the Lenders which necessitates the Proposed Restructuring; and (d) the Proposed IPTs are proposed in conjunction with the Proposed Restructuring of the Group's Existing Borrowings and will enhance its equity base and reduce its borrowings upon the conversion of the Convertible Bonds into new Shares of the Company.
- (iii) **Assessment of the terms of the Proposed IPTs** as set out in Section 5.3 of this Letter, having regard to:
 - (a) **Comparison of the Series C Interest Rate with the interest rates of the Group's outstanding financial liabilities.** In this regard, we noted that the Series C Interest Rate which is based on the six-month US\$ LIBOR rate is considered to be favorable to the Group when compared to the interest rates of the Group's outstanding financial liabilities of between 2.1% and 5.0% per annum and the weighted average effective interest rate of approximately 3.0% per annum (especially taking into account that the Series C Convertible Bonds are subordinated and unsecured);
 - (b) **Assessment of the Series C Conversion Price vis-à-vis the historical performance of the Shares.** In this regard, we noted, *inter alia*, that the Series C Conversion Price:
 - (i) is the same as the Series A Conversion Price and the Series B Conversion Price;
 - (ii) represents a premium of 100.0% to the VWAP for the Shares on 15 February 2021, being the Last Trading Day;
 - (iii) represents a premium of approximately 100.0%, 111.9%, 110.1% and 104.1% over the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Announcement Date respectively; and
 - (iv) represents a premium of approximately 48.4% over the VWAP for the Shares of S\$0.0674 on 2 June 2021, being the Latest Practicable Date.
 - (c) **Assessment of the Series C Conversion Price vis-à-vis the NTA of the Group.** In this regard, we noted, *inter alia*, that the Series C Conversion Price represents:
 - (i) a discount of approximately 38.9% to the Group's NTA per Share attributable to owners of the Company and capital securities holders as at 31 March 2021; and
 - (ii) a discount of approximately 8.8% to the Group's NTA per Share attributable to owners of the Company as at 31 March 2021.

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- (d) **Relative valuation analysis.** *In this regard, we noted, inter alia, that whilst the Group's gearing ratio is significantly higher than any of the Selected Comparable Companies, the valuation of the Group in terms of P/NTA of (i) 0.61 times (as implied by the Series C Conversion Price and the Group's NTA per Share attributable to owners of the Company and capital securities holders); and (ii) 0.91 times (as implied by the Series C Conversion Price and the Group's NTA per Share attributable to owners of the Company (excluding the capital securities holders)) respectively, as at 31 March 2021, is more favorable as compared to the mean and median P/NTA of the Selected Comparable Companies;*
- (e) **Considerations in respect of the Proposed Holmen Group Novation.** *In this regard, we noted that HOL is a 75% owned subsidiary of the Company over which it has full control and that SHL which owns the remaining 25% shareholding interest in HOL has been in a state of financial distress since July 2016 and remains under judicial management as at the Latest Practicable Date. The Company regards that the financial support extended to the Holmen Group is necessary in view of (i) the present circumstances and the financial commitment that the Group has already provided to the Holmen Group; (ii) the fact that the Group has effective control over the Holmen Group with its 75% interest and the other 25% shareholder, SHL, is currently under judicial management; and (iii) the Company's position that the operations of the Holmen Group is beneficial to the interests of the Group and it is thus committed to support the Holmen Group; and*
- (iv) **Other relevant considerations in relation to the Proposed IPTs** as set out in Section 5.4 of this Letter, which includes: (i) the Group's reliance on shareholder's advances from RHC, (ii) inter-conditionality of the Resolutions proposed at the EGM, (iii) the dilutive impact on shareholdings of other Shareholders upon full conversion of the Convertible Bonds and Additional Convertible Bonds, and (iv) pro-forma financial effects of the Proposed IPTs.

Having regard to the foregoing considerations set out in this Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is prepared as required under Chapter 9 of the Catalist Rules as well as addressed to the Non-Interested Directors for their benefit and for the purpose of their consideration of the Proposed IPTs. The recommendation to be made by the Non-Interested Directors to the Shareholders shall remain the responsibility of the Non-Interested Directors."

In rendering its opinion and advice, the IFA has not taken into consideration the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional Adviser.

14. STATEMENT OF THE AUDIT COMMITTEE

14.1 Approval of the Proposed Holmen Group Novation

In relation to the Proposed Holmen Group Novation, the Audit Committee having considered and reviewed, *inter alia*, the terms and the rationale of the IPTs, the reasons stated in Section 3 of this Circular, the opinion and advice of the IFA, as set out in **Appendix V** to this Circular, and after discussions with the management of the Company, are of the opinion that the Proposed Holmen Group Novation are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

14.2 Approval of the Proposed Issuance of Series C Convertible Bonds

In relation to the Proposed Issuance of Series C Convertible Bonds, the Audit Committee having considered and reviewed, *inter alia*, the terms and the rationale of the IPTs, the reasons stated in Section 6 of this Circular, the opinion and advice of the IFA, as set out in **Appendix V** to this Circular, and after discussions with the management of the Company, are of the opinion that the Proposed Issuance of Series C Conversion Bonds are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

15. DIRECTORS' RECOMMENDATIONS

All the Directors, save for Sheikh Abdulaziz, are deemed independent for the purposes of Ordinary Resolutions 1 to 5. Sheikh Abdulaziz will abstain from making a recommendation in respect of Ordinary Resolutions 1 to 5 in light of his concurrent position as Chairman of the Rawabi Group.

Having considered, *inter alia*, the rationale and terms of the Proposed Restructuring and the opinion of the IFA, as set out in **Appendix V** of this Circular, the Directors who are considered as independent for Ordinary Resolutions 1 to 5 are of the opinion that the following Ordinary Resolutions relating to:

- (a) the Proposed Holmen Group Novation;
- (b) the Proposed Issuance of Series A Convertible Bonds;
- (c) the Proposed Issuance of Series B Convertible Bonds;
- (d) the Proposed Issuance of Series C Convertible Bonds; and
- (e) the Proposed Transfer of Controlling Interest,

are in the best interest of the Company and recommend that Shareholders vote in favour of Ordinary Resolutions 1 to 5 to be proposed at the EGM.

16. CONSENT

W Capital, the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter, and references to its name and the IFA Letter (as set out in **Appendix V** to this Circular), in the form and context in which they appear in this Circular.

17. EXTRAORDINARY GENERAL MEETING

The EGM will be held by way of electronic means on 22 June 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions as set out in the Notice of EGM.

18. CONDITIONALITY OF ORDINARY RESOLUTIONS PROPOSED AT THE EGM

Shareholders should note that the Ordinary Resolutions are inter-conditional on each other. This means that if any of these resolutions are not approved, the other resolutions will not be deemed duly passed. Ordinary Resolutions 1 to 5 are inter-conditional as the completion of each transaction is conditional upon the completion of the other transactions.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

19.1 No attendance at EGM

To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM. Shareholders can only participate via the “live” webcast. No physical attendance is permitted.

19.2 Alternative Arrangements

Alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching or listening to the EGM proceedings via “live” webcast (the “**Live EGM Webcast**”); (b) submitting questions in advance of the EGM; and/or (c) voting by proxy at the EGM.

19.3 Registration

All Shareholders who wish to watch or listen to Live EGM Webcast proceedings must pre-register online by at 2.00 p.m. on 21 June 2021 (the “**Registration Deadline**”) at the URL <https://conveneagm.sg/vallianzegm3> for verification purposes.

Shareholders who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Members and SRS Investors) and wish to follow the proceedings of EGM through the Live EGM Webcast must inform their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) that they have registered for the Live EGM Webcast and provide their respective relevant intermediaries with their registration details.

Following authentication of the shareholders’ status as Shareholders, authenticated Shareholders will receive an email notification, and would be able to access the Live EGM Webcast proceedings using the account credentials created upon completion of registration.

Shareholders who do not receive an email by 2.00 p.m. on 21 June 2021, but who have registered by the Registration Deadline should contact the Company at the email address at sg.is.enquiry@sg.tricorglobal.com.

19.4 Submission of questions in advance

Please note that Shareholders will not be able to ask questions at the Live EGM Webcast, and therefore it is important for Shareholders to pre-register their participation in order to be able to submit their questions in advance of the EGM.

Shareholders who pre-register to watch or listen to the Live EGM Webcast may also submit questions related to the resolution to be tabled for approval at the EGM. All questions must be submitted by 2.00 p.m. on 15 June 2021 via (a) the URL <https://conveneagm.sg/vallianzegm3>; (b) post to the Share Registrar’s office at 80 Robinson Road, #11-02, Singapore 068898; or (c) electronic mail to sg.is.proxy@sg.tricorglobal.com.

The Company will address substantial and relevant questions received from the Shareholders relating to the agenda of the EGM prior to the EGM via SGXNet and the Company’s website.

The Company will publish the minutes of the EGM on SGXNet and on the Company’s website within one month from the date of EGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which were addressed prior to the EGM.

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19.5 Completion of the Proxy Form

Shareholders will not be able to vote online on the resolution to be tabled for approval at the EGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the EGM to vote on their behalf.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The duly completed and signed proxy form appointing the Chairman of the EGM as proxy must be submitted to the Company by 2.00 p.m. on 20 June 2021 via either the following means:

- (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) electronic mail to sg.is.proxy@sg.tricorglobal.com.

For CPFIS Members or SRS Investors who wish to exercise their votes by appointing the Chairman of the EGM as their proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days before the EGM (i.e. by 10 June 2021).

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of Shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 2.00 p.m. on 19 June 2021, as certified by The Central Depository (Pte) Limited to the Company

19.6 Documents

The Circular, Notice of EGM and proxy form will be sent to the Shareholders solely by electronic means via publication on the Company's website at the URL <http://www.vallianzhholdings.com/newsroom.html> and SGXNet. Printed copies of these documents will NOT be despatched to Shareholders.

The Company will publish the minutes of the EGM on SGXNet and on the Company's website within one month from the date of EGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which were addressed prior to the EGM.

19.7 Reminder

Shareholders who wish to attend the Live EGM Webcast are reminded that the EGM is private. Invitations to attend the EGM shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorized to attend the Live EGM Webcast. Recording of the Live EGM Webcast in whatever form is also strictly prohibited.

The Company asks for Shareholders' indulgence as the EGM progresses in the event of any technical disruptions. The Company may be required to change its EGM arrangements at short notice. Shareholders are advised to regularly check the Company's announcements on SGXNet or the Company's website for any changes or updates on the EGM.

20. DIRECTORS' OPINION ON WORKING CAPITAL

The Directors are of the opinion that, after taking into consideration the Group's present banking facilities, the Proposed Restructuring, the SOSA Transactions, and the continued financial support from RHC, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Restructuring is in the best interest of the Company.

21. DIRECTORS' RESPONSIBILITY STATEMENT

In relation to this Circular (save for the IFA Letter prepared by the IFA), the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular 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 the Circular in its proper form and context.

22. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Restructuring Agreement;
- (b) the Series A CB Subscription Agreement;
- (c) the Series B CB Subscription Agreement;
- (d) the Series C CB Subscription Agreement;
- (e) the Guarantee;
- (f) the IFA Letter as set out in **Appendix V** to this Circular; and
- (g) the consent letter from the IFA referred to in Section 16 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
VALLIANZ HOLDINGS LIMITED

Ling Yong Wah
Chief Executive Officer

APPENDIX I – PRINCIPAL TERMS OF THE RESTRUCTURING AGREEMENT

PRINCIPAL TERMS OF THE RESTRUCTURING AGREEMENT

Borrowers	:	Vallianz Marine Pte. Ltd.; Samson Marine Pte. Ltd.; Holmen Arctic Pte. Ltd.; Holmen Atlantic Pte. Ltd.; and Holmen Pacific LLC.
Security Providers	:	Vallianz Offshore Marine Pte. Ltd.; PT United Sindo Perkasa; Vallianz International Pte. Ltd.; Newcruz International Pte. Ltd.; OER Holdings Pte. Ltd.; Vallianz Shipbuilding & Engineering Pte. Ltd.; and Vallianz Holdings Limited
Obligors	:	Each Borrower, Security Provider, and Guarantor.
Guarantor	:	The Company.
Lenders	:	DBS and Maybank.
Outstanding Principal/Cost Price Amount	:	means, on any date: (i) in relation to DBS, the aggregate principal amount outstanding under all the DBS Facilities (as defined in the Restructuring Agreement) which comprise term loan facilities and overdraft facilities as at that date; and (ii) in relation to Maybank, the aggregate as at that date of: (a) the principal amount outstanding under the term loan facility made by Maybank to Samson Marine Pte. Ltd. under the Conventional Facility Agreement entered into between them documenting the Maybank Facilities (as defined in the Restructuring Agreement); and (b) the outstanding amount of the cost price component of the commodities purchased by Samson Marine Pte. Ltd. under each of the CM Facility Agreements.
Principal Payments	:	The Outstanding Principal/Cost Price Amount under each Facility shall be reduced <i>pro rata</i> between each Lender such that the aggregate Outstanding Principal/Cost Price Amount under all Facility Agreements shall be reduced by US\$50,000,000. On the Final Maturity Date, each Borrower shall make a bullet repayment/payment of the Outstanding Principal/Cost Price Amount under each Facility after deducting all amounts previously repaid/paid through the Cash Sweep.
Final Maturity Date	:	96 months from the Effective Date or such later date as may be agreed.
Cash Sweep	:	Commencing from April 1, 2022 and until the date on which the balance of the Outstanding Principal/Cost Price Amount are repaid and discharged in full, the Independent Accountant will determine the

APPENDIX I – PRINCIPAL TERMS OF THE RESTRUCTURING AGREEMENT

cash generated by the Singapore Fleet (as defined below), for the six month period ending on each Determination Date (March 31 and September 30 of each financial year) after deducting (i) operational costs incurred by the Singapore Fleet (which includes vessel drydocking costs and necessary expenses of up-gradings, if incurred), (ii) sales and general administrative expenses incurred by or allocated to the Singapore Fleet, (iii) professional fees and expenses incurred by or allocated to the Singapore Fleet, (iv) taxes incurred by or allocated to the Singapore Fleet, (v) interest payments incurred by the Singapore Fleet, and (vi) US\$1 million (the “**Surplus Cash**”). The Obligors shall apply such Surplus Cash generated from the Singapore Fleet to the Lenders towards the prepayment of the Outstanding Principal/Cost Price Amount (the “**Cash Sweep**”).

- Singapore Fleet** : Vessels owned by the Borrowers.
- Interest** : Interest remains payable to the Lenders. During the clawback period (determined as 3 months and 14 days after the date of the Restructuring Agreement), the interest rate payable under the existing Facility Agreements to the Lenders (including the interest rate applicable to the US\$50,000,000 out of the Initial Outstanding Principal/Cost Price Amount to be novated and reconstituted into the Series A Convertible Bonds and Series B Convertible Bonds) are reduced to the aggregate of LIBOR and 1% per annum. However, if the conditions precedent of the Restructuring Agreement are not met during the clawback period, the Borrowers shall pay the difference between the original and the lowered interest rate during the clawback period, and the original interest rates applicable to each Facility Agreements will be reinstated until the conditions precedent are fulfilled, which includes obtaining the Independent Shareholders’ approval under this Circular.
- PIK Consideration** : On the Final Maturity Date, the Borrowers shall pay a PIK consideration (which shall be in the form of cash payments) of US\$3,201,000 to DBS and US\$350,000 to Maybank. This amount is inclusive of interest/profit accruing at the rate of 0.5% per annum for the duration from the date of the Restructuring Agreement up to the Final Maturity Date (such amounts to be subject to adjustment for any period prior to the effective date during which the Borrowers were required to pay or reimburse for interest/profit at the original rates). In the event that the Final Maturity Date is extended by mutual agreement of the Company and the Lenders, the PIK consideration stipulated hereunder shall be recalculated based on additional interest/profit accruable as a result of any such extension. Each Lender shall notify the Borrowers of the recalculated PIK consideration as soon as practicable.
- Principal Moratorium** : No principal repayments and/or payment of any Outstanding Principal/Cost Price Amount shall be required to be made during the Moratorium Period, whether out of the Borrowers’ own cashflows or the Cash Sweep, except for the Repayment using the Rawabi Contribution Amount.
- Moratorium Period** : The period commencing from 1 April 2020 and ending on 31 March 2022.
- Voluntary Prepayment** : The Borrowers shall have the right to prepay at any time all or any part of the Outstanding Principal/Cost Price Amount, without prepayment fee or premium, upon giving not less than five (5) business days’ prior

APPENDIX I – PRINCIPAL TERMS OF THE RESTRUCTURING AGREEMENT

written notice.

- Events of Default** : Apart from certain modifications, the events of default as prescribed under the Framework Agreement shall be maintained for the facilities. In addition, each of the following events shall also constitute an Event of Default:
- the failure of RHC to comply with any of its obligations under the Restructuring Agreement and/or the Shareholder Support Agreement; and
 - any of the documents listed under Clause 10.2 of the Restructuring Agreement is not provided by the timelines stipulated therein.
- Independent Accountant** : Ernst & Young LLP or such other independent firm of accountants as may be acceptable to the Lenders.
- Governing Law** : Singapore law.

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

- Issue Size** : US\$43,766,662 in principal amount of the Series A Convertible Bonds due 2029.
- Issue Price** : 100.0% of the principal amount of the Series A Convertible Bonds.
- Issue Date** : To be determined upon the Shareholders' approval and will not take effect prior to such approval.
- Maturity Date** : 96 months from the Issue Date.
- Status** : The Series A Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series A Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Interest and Additional Convertible Bonds** : The Series A Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with DBS (the "**Series A Interest Rate**"). Each interest payment date in respect of the Series A Convertible Bonds shall be 31 March and 30 September of each calendar year (the "**Interest Payment Date**").
- To the extent that there is sufficient cashflow generated by the Singapore Fleet after full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds), interest in respect of the outstanding Series A Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date.
- If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalized and be paid in the form of additional Series A Convertible Bonds.
- Where any interest is to be capitalized, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series A Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series A Convertible Bonds in all respects (other than the Issue Date and the date for and amount of the first payment of interest) so as to form a single series with the Series A Convertible Bonds.
- For the avoidance of doubt, the Additional Convertible Bonds will have the same maturity date as the initial issuance of the Convertible Bonds.
- Guarantee** : Vallianz Marine Pte. Ltd., Samson Marine Pte. Ltd., HAR, HAT and HP (collectively, the "**Guarantors**") have, in the Guarantee,

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

unconditionally guaranteed the due payment of all sums from time to time payable by the Company in respect of the Series A Convertible Bonds (the “**Guarantee**”). The Guarantee constitutes senior, direct, unsubordinated, unconditional and unsecured obligations of the Guarantors, which will at all times rank at least *pari passu* in right of payment with all other present and future senior, direct, unsubordinated, unconditional and unsecured obligations of the Guarantors, except for obligations mandatorily preferred by law applying to companies generally.

Conversion Price : The price at which the Series A Conversion Shares will be issued upon conversion (the “**Series A Conversion Price**”) of the Series A Convertible Bonds will initially be S\$0.10 per Series A Conversion Share (which represents a 108% premium above to the volume weighted average price VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series A Convertible Bonds.

The number of Shares to be issued on conversion of Series A Convertible Bonds will be determined by dividing the aggregate principal amount of the Series A Convertible Bonds to be converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series A Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series A Bondholder to convert the Series A Convertible Bonds into Shares can only be exercised in respect of the Series A Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series A Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

Listing on the Catalist : Application will be made for the listing and quotation of the Series A Conversion Shares and the additional Series A Conversion Shares on the Catalist.

The Series A Convertible Bonds will not be listed or tradable on the Catalist but are transferable to Eligible Transferee.

Alteration to Terms : Any material modification to the terms of the Series A Convertible Bonds which is to the advantage of the holders of Series A Convertible Bonds but is materially prejudicial to the interests of Shareholders shall not be effected without the prior approval of the Shareholders at a general meeting of the Shareholders, unless such modification is made pursuant to the terms of the Series A Convertible Bonds.

Transfer : The Series A Convertible Bonds may be transferred only to:

- (a) a person other than Swiber Holdings Limited who is mutually acceptable to the Company, the holder of Series A Convertible Bonds who intends to transfer such Series A Convertible Bonds, and RHC; and/or
- (b) RHC;

(the “**Eligible Transferee**”).

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

The Series A Convertible Bonds may be transferred only to an Eligible Transferee by delivery of the certificate issued in respect of those Series A Convertible Bonds, together with the form of transfer on the back duly completed and signed under the hand of the holder of the Series A Convertible Bonds or his attorney duly authorized in writing (a copy of such authorisation to be attached to the form of transfer), to the specified office of the Company. No transfer of title to Series A Convertible Bonds will be valid unless and until entered on the register of bondholders.

- Conversion Period** : Subject to certain closed conversion period, at any time from the Issue Date of Series A Convertible Bonds up to the close of business on the date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series A Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.
- Adjustment to Conversion Price** : The Series A Conversion Price is subject to anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Series A Convertible Bonds. Such circumstances relate to, *inter alia*:
- (a) any consolidation, subdivision or reclassification of the Shares;
 - (b) any capitalisation of profits or reserve;
 - (c) any capital distribution made by the Company to Shareholders;
 - (d) issue by the Company of Shares by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
 - (e) issue by the Company to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
 - (f) issue by the Company of Shares at less than the current market price;
 - (g) modification of the rights of conversion, exchange or subscription attaching to any such securities;
 - (h) the Company or any other person issues, sells or distributes any securities in connection with an offer where the Shareholders are entitled to participate in arrangements where securities may be acquired; and
 - (i) the occurrence of other events;
- Redemption on Maturity** : Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Series A Convertible Bonds on the Series A Maturity Date at 100.0% of their principal amount together with interest accrued (if any).

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

If the Company believes it will be unable to redeem the outstanding Series A Convertible Bonds in full on the Maturity Date, the Company will notify the Series A Bondholder one month in advance of the Maturity Date, whereupon the Company and the Series A Bondholder shall enter into negotiations with a view towards reprofiling the outstanding balance into term loans on such terms as may be agreed between the Company and the Series A Bondholder. If the Company and the Series A Bondholder are unable to come to an agreement within ninety (90) days after the Maturity Date, the Series A Convertible Bonds shall be redeemed in full at 100.0% of their principal amount, together with interest accrued, if any, on the 90th day after the Maturity Date.

Redemption at the Option of the Company : The Company may, having given not less than five (5) Business Days' notice to the holders of Series A Convertible Bonds redeem all or some of the Series A Convertible Bonds at 100.0 % of their principal amount to be redeemed plus interest accrued, if any, to but excluding the date for redemption.

Redemption for Taxation Reasons : At any time the Company may, having given not less than 30 nor more than sixty (60) days' notice to the holders of Series A Convertible Bonds (which notice shall be irrevocable) redeem all, and not some only, of the Series A Convertible Bonds at 100.0% of their principal amount plus interest accrued, if any, to but excluding the date fixed for redemption, if (i) as a result of certain events the Company has or will become obliged to pay additional amounts pursuant to deduction or withholding for or on account of any taxes, or the payment of such additional amounts is increased, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

Conversion into Loan upon Delisting : The Company shall within seven (7) days after (a) it notifies the SGX-ST that it intends to delist the Shares (in the event of a voluntary delisting) or (b) after the Company receives a delisting notice from the SGX-ST (in the case of an involuntary delisting), give notice to the bondholders of the occurrence of such notification or receipt of delisting notice. Upon the notice to the bondholders being given, the Company and the bondholders shall enter into good faith negotiations to negotiate and agree upon terms other than the Pre-Agreed Terms (the "**Negotiated Terms**") for the bonds to be converted into a term loan (including, without limitation, such term loan sharing the Existing Security granted for the benefit of the lenders of the existing Facility Agreements).

Upon the Shares ceasing to be listed or permanently ceasing to be traded (the "**Delisting Event**"), and the Company and bondholders having signed a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms, the bonds shall be converted into such term loan. For the avoidance of doubt, any suspension of trading of the Shares on the SGX-ST shall not be deemed to be a Delisting Event.

If the Delisting Event has occurred and the Company and Bondholders fail to sign a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms within six months from the date of the notice to the bondholders (the "**Negotiation Period**"), the Company shall, at the option of any bondholder, upon such bondholder giving not less than fifteen (15) nor more than thirty (30) days' notice to the Company, redeem all of the Series A Convertible Bonds that such bondholder holds at 100 per cent. of the principal

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

amount of the Series A Convertible Bonds to be redeemed plus interest accrued, if any, to but excluding the date for redemption. For the avoidance of doubt, if the Maturity Date falls within the Negotiation Period and if the Company and bondholders fail to sign a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms by the Maturity Date, the Company shall redeem all of the outstanding Series A Bonds plus interest accrued, if any, on the Maturity Date.

“Existing Security” means all existing security established in favour of DBS under or pursuant to the existing Facility Agreements as security for all or part of the secured liabilities thereunder;

“Pre-Agreed Terms” means the provisions of the Guarantee and the following conditions in Schedule 3 of Series A CB Subscription Agreement (*Form of Terms and Conditions of Series A Convertible Bonds*):

- (a) the interest provisions contained in Conditions 4.1 (other than the first interest payment date), 4.2, 4.4 and 7.1.2;
- (b) the representations, warranties, and undertaking contained in Conditions 6.1 and 6.2;
- (c) the original maturity date referred to in Condition 8.1;
- (d) the events of default listed in Conditions 11.1.1 to 11.1.19 other than Condition 11.1.2;
- (e) the indemnities contained in Condition 14,

in each case as amended *mutatis mutandis* to reflect the new loan agreement and the security documents instead of the Series A Convertible Bonds and the Guarantee.

- Notice of Expiration** : The Company shall, no later than one month before the Expiration date, give notice to the holders of Series A Convertible Bonds of the Expiration Date and such notice shall be delivered by post to the addresses of the holders of Series A Convertible Bonds. Upon the occurrence of the Expiration Date, the Company shall notify the holders of Series A Convertible Bonds in writing of the expiration of the Conversion Right.
- Rights on Liquidation of the Company** : The Series A Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series A Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Governing law** : Singapore law.
- Listing and Trading of the Convertible Bonds** : The Series A Convertible Bonds will not be listed or tradable on the SGX-ST.

APPENDIX II – PRINCIPAL TERMS OF SERIES A CONVERTIBLE BONDS

Listing of the Conversion Shares : An application will be made for the Series A Conversion Shares (issuable upon conversion of the Series A Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

APPENDIX III – PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

- Issue Size** : US\$6,233,338 in principal amount of Series B Convertible Bonds due 2029.
- Issue Price** : 100.0% of the principal amount of the Series B Convertible Bonds.
- Issue Date** : To be determined upon the Shareholders' approval and will not take effect prior to such approval.
- Maturity Date** : 96 months from the Issue Date.
- Status** : The Series B Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series B Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Interest and Additional Convertible Bonds** : The Series B Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum or such other replacement benchmark rate as agreed with Maybank (the "**Series B Interest Rate**"). Each interest payment date in respect of the Series B Convertible Bonds shall be 31 March and 30 September of each calendar year (the "**Interest Payment Date**").
- To the extent that there is sufficient cashflow generated by the Singapore Fleet after full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds), interest in respect of the outstanding Series B Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date.
- If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalized and be paid in the form of additional Series B Convertible Bonds.
- Where any interest is to be capitalized, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series B Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series B Convertible Bonds in all respects (other than the Issue Date and the date for and amount of the first payment of interest) so as to form a single series with the Series B Convertible Bonds.
- For the avoidance of doubt, the Additional Convertible Bonds will have the same maturity date as the initial issuance of the Convertible Bonds.
- Conversion Price** : The price at which the Series B Conversion Shares will be issued upon conversion (the "**Series B Conversion Price**") of the Series B

APPENDIX III – PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

Convertible Bonds will initially be S\$0.10 per Series B Conversion Share (which represents a 108% premium above the VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series B Convertible Bonds.

The number of Shares to be issued on conversion of Series B Convertible Bonds will be determined by dividing the aggregate principal amount of the Series B Convertible Bonds to be converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series B Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series B Bondholder to convert the Series B Convertible Bonds into Shares can only be exercised in respect of the Series B Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series B Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

Listing on the Catalyst : Application will be made for the listing and quotation of the Series B Conversion Shares and additional Series B Conversion Shares on the Catalyst.

The Series B Convertible Bonds will not be listed or tradable on the Catalyst but are transferable to Eligible Transferee.

Alteration to Terms : Any material modification to the terms of the Series B Convertible Bonds which is to the advantage of the holders of Series B Convertible Bonds but is materially prejudicial to the interests of Shareholders shall not be effected without the prior approval of the Shareholders at a general meeting of the Shareholders, unless such modification is made pursuant to the terms of the Series B Convertible Bonds.

Transfer : The Series B Convertible Bonds may be transferred only to:

- (c) a person other than Swiber Holdings Limited who is mutually acceptable to the Company, the holder of Series B Convertible Bonds who intends to transfer such Series B Convertible Bonds, and RHC; and/or
- (d) RHC;

(the “**Eligible Transferee**”).

The Series B Convertible Bonds may be transferred only to an Eligible Transferee by delivery of the certificate issued in respect of those Series B Convertible Bonds, together with the form of transfer on the back duly completed and signed under the hand of the holder of the Series B Convertible Bonds or his attorney duly authorized in writing (a copy of such authorisation to be attached to the form of transfer), to the specified office of the Company. No transfer of title to Series B Convertible Bonds will be valid unless and until entered on the register of bondholders.

Conversion Period : Subject to certain closed conversion period, at any time from the Issue Date of Series B Convertible Bonds up to the close of business on the

APPENDIX III – PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series B Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.

Adjustment to Conversion Price

- : The Series B Conversion Price is subject to anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Series B Convertible Bonds. Such circumstances relate to, *inter alia*:
- (a) any consolidation, subdivision or reclassification of the Shares;
 - (b) any capitalisation of profits or reserve;
 - (c) any capital distribution made by the Company to Shareholders;
 - (d) issue by the Company of Shares by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
 - (e) issue by the Company to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
 - (f) issue by the Company of Shares at less than the current market price;
 - (g) modification of the rights of conversion, exchange or subscription attaching to any such securities;
 - (h) the Company or any other person issues, sells or distributes any securities in connection with an offer where the Shareholders are entitled to participate in arrangements where securities may be acquired; and
 - (i) the occurrence of other events;

Redemption on Maturity

- : Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Series B Convertible Bonds on the Series B Maturity Date at 100.0% of their principal amount together with interest accrued (if any).

If the Company believes it will be unable to redeem the outstanding Series B Convertible Bonds in full on the Maturity Date, the Company will notify the Series B Bondholder one month in advance of the Maturity Date, whereupon the Company and the Series B Bondholder shall enter into negotiations with a view towards reprofiling the outstanding balance into term loans on such terms as may be agreed between the Company and the Series B Bondholder. If the Company and the Series B Bondholder are unable to come to an agreement within ninety (90) days after the Maturity Date, the Series B Convertible Bonds shall be redeemed in full at 100.0% of their principal amount, together with interest accrued, if any, on the 90th day after the Maturity Date.

APPENDIX III – PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

- Redemption at the Option of the Company** : The Company may, having given not less than five (5) Business Days' notice to the holders of Series A Convertible Bonds redeem all or some of the Series A Convertible Bonds at 100.0 % of their principal amount to be redeemed plus interest accrued, if any, to but excluding the date for redemption.
- Redemption for Taxation Reasons** : At any time the Company may, having given not less than 30 nor more than sixty (60) days' notice to the holders of Series B Convertible Bonds (which notice shall be irrevocable) redeem all, and not some only, of the Series B Convertible Bonds at 100.0% of their principal amount plus interest accrued, if any, to but excluding the date fixed for redemption, if (i) as a result of certain events the Company has or will become obliged to pay additional amounts pursuant to deduction or withholding for or on account of any taxes, or the payment of such additional amounts is increased, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.
- Conversion into Loan upon Delisting** : The Company shall within seven (7) days after (a) it notifies the SGX-ST that it intends to delist the Shares (in the event of a voluntary delisting) or (b) after the Company receives a delisting notice from the SGX-ST (in the case of an involuntary delisting), give notice to the bondholders of the occurrence of such notification or receipt of delisting notice. Upon the notice to the bondholders being given, the Company and the bondholders shall enter into good faith negotiations to negotiate and agree upon terms other than the Pre-Agreed Terms (the "**Negotiated Terms**") for the bonds to be converted into a term loan (including, without limitation, such term loan sharing the Existing Security granted for the benefit of the lenders of the existing Facility Agreements).

Upon the Shares ceasing to be listed or permanently ceasing to be traded (the "**Delisting Event**"), and the Company and bondholders having signed a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms, the bonds shall be converted into such term loan. For the avoidance of doubt, any suspension of trading of the Shares on the SGX-ST shall not be deemed to be a Delisting Event.

If the Delisting Event has occurred and the Company and bondholders fail to sign a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms within six months from the date of the notice to the bondholders (the "**Negotiation Period**"), the Company shall, at the option of any bondholder, upon such bondholder giving not less than fifteen (15) nor more than thirty (30) days' notice to the Company, redeem all of the Series B Convertible Bonds that such bondholder holds at 100 per cent. of the principal amount of the Series B Convertible Bonds to be redeemed plus interest accrued, if any, to but excluding the date for redemption. For the avoidance of doubt, if the Maturity Date falls within the Negotiation Period and if the Company and bondholders fail to sign a loan agreement and security documents containing such Negotiated Terms and the Pre-Agreed Terms by the Maturity Date, the Company shall redeem all of the outstanding Series B Convertible Bonds plus interest accrued, if any, on the Maturity Date.

"**Existing Security**" means all existing security established in favour of Maybank under or pursuant to the existing Facility Agreements as security for all or part of the secured liabilities thereunder;

APPENDIX III – PRINCIPAL TERMS OF SERIES B CONVERTIBLE BONDS

“**Pre-Agreed Terms**” means the following conditions in Schedule 3 of Series B CB Subscription Agreement (*Form of Terms and Conditions of the Series B Convertible Bonds*):

- (a) the interest provisions contained in Conditions 4.1 (other than the first interest payment date), 4.2, 4.4 and 7.1.2;
- (b) the representations, warranties, and undertaking contained in Conditions 6.1 and 6.2;
- (c) the original maturity date referred to in Condition 8.1;
- (d) the events of default listed in Conditions 11.1.1 to 11.1.19 other than Condition 11.1.2;
- (e) the indemnities contained in Condition 14,

in each case as amended *mutatis mutandis* to reflect the new loan agreement and the security documents instead of the Series B Convertible Bonds.

- Notice of Expiration** : The Company shall, no later than one month before the Expiration date, give notice to the holders of Series B Convertible Bonds of the Expiration Date and such notice shall be delivered by post to the addresses of the holders of Series B Convertible Bonds. Upon the occurrence of the Expiration Date, the Company shall notify the holders of Series B Convertible Bonds in writing of the expiration of the Conversion Right.
- Rights on Liquidation of the Company** : The Series B Convertible Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and without any preference or priority among themselves. The payment obligations of the Company under the Series B Convertible Bonds will, at all times rank at least *pari passu* in right of payment with all of its other present and future senior, direct, unsubordinated, unconditional and unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.
- Governing law** : Singapore law.
- Listing and Trading of the Convertible Bonds** : The Series B Convertible Bonds will not be listed or tradable on the SGX-ST.
- Listing of the Conversion Shares** : An application will be made for the Series B Conversion Shares (issuable upon conversion of the Series B Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

Issue Size	:	Up to US\$125,000,000 in principal amount of Series C Convertible Bonds due 2029. The Series C Convertible Bonds may be issued in one or more tranches identical in all respects (other than the Issue Date and the date for and amount of the first payment of interest).
Issue Price	:	100.0% of the principal amount of the Series C Convertible Bonds.
Issue Date	:	To be determined upon the Shareholders' approval and will not take effect prior to such approval.
Maturity Date	:	96 months from the Issue Date.
Status	:	The Series C Convertible Bonds constitute senior, direct, subordinated, unconditional and unsecured obligations of the Company and will at all times rank <i>pari passu</i> and without any preference among themselves and with any Parity Obligations of the Company.
Interest and Additional Convertible Bonds	:	The Series C Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum, or such other replacement benchmark rate as agreed with RHC, provided that if such rate is more than 5.00% per annum for any Interest Period, the interest borne by the Series C Convertible Bonds for such Interest Period shall be 5.00% per annum (the " Series C Interest Rate "). Each interest payment date in respect of the Series C Convertible Bonds shall be 31 March and 30 September of each calendar year (the " Interest Payment Date ").

The cap on the interest rate of 5% per annum is in line with the interest rate on the RHC Loan Agreement approved by Shareholders on the extraordinary general meeting held on 27 April 2021, details of which are set out in the IPT Circular.

To the extent there is sufficient cashflow generated by the Singapore Fleet after (a) full repayment of all the Outstanding Principal/Cost Price Amount under the Facility Agreements with the Lenders, (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Convertible Bonds and Series B Convertible Bonds) and (b) the payment of interest in cash with respect to Series A Convertible Bonds and Series B Convertible Bonds on each Interest Payment Date, interest in respect of the outstanding Series C Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date unless the Company elects to capitalize such interest and be paid in the form of additional Series C Convertible Bonds.

If the Company elects to capitalize such interest, the Company shall, on the relevant Interest Payment Date, issue Additional Convertible Bonds in an aggregate principal amount equal to the interest payable on such date to the relevant Series C Bondholder. Such Additional Convertible Bonds shall have the same terms and conditions as the Series C Convertible Bonds in all respects (other than the issue date and the date for and amount of the first payment of interest) so as to form a single series with Series C Convertible Bonds.

APPENDIX IV – PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

For the avoidance of doubt, the Additional Convertible Bonds will have the same maturity date as the initial issuance of the Convertible Bonds.

Conversion Price : The price at which the Series C Conversion Shares will be issued upon conversion (the “**Series C Conversion Price**”) of the Series C Convertible Bonds will initially be S\$0.10 per Series C Conversion Share (which represents a 108% premium above the VWAP for trades done on the Shares on 18 February 2021, being the last full Market Day on which Shares were traded prior to the signing of the Proposed Transactions documents), subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds.

The number of Shares to be issued on conversion of Series C Convertible Bonds will be determined by dividing the aggregate principal amount of the Series C Convertible Bonds to be converted by the Conversion Price as adjusted from time to time, in effect at the conversion date in respect of the Series C Convertible Bonds and rounded down to the nearest whole number of Shares.

The right of a Series C Bondholder to convert the Series C Convertible Bonds into Shares can only be exercised in respect of the Series C Convertible Bonds in denominations of US\$250,000 and integral multiples of US\$1 in excess thereof. If a right of conversion is exercised in part, the remaining Series C Convertible Bonds not converted must also have a principal amount of US\$250,000 and integral multiples of US\$1 in excess thereof.

Listing on the Catalist : Application will be made for the listing and quotation of the Series C Conversion Shares and Additional Series C Conversion Shares on the Catalist.

The Series C Convertible Bonds will not be listed or tradable on the Catalist but are transferable to Eligible Transferee.

Alteration to Terms : Any material modification to the terms of the Series C Convertible Bonds which is to the advantage of the holders of Series C Convertible Bonds but is materially prejudicial to the interests of Shareholders shall not be effected without the prior approval of the Shareholders at a general meeting of the Shareholders, unless such modification is made pursuant to the terms of the Series C Convertible Bonds.

Transfer : The Series C Convertible Bonds may be transferred only to:

- (e) a person other than Swiber Holdings Limited who is mutually acceptable to the Company and the holder of Series C Convertible Bonds who intends to transfer such Series C Convertible Bonds; and/or
- (f) an affiliate of RHC;

(the “**Eligible Transferee**”).

The Series C Convertible Bonds may be transferred only to an Eligible Transferee by delivery of the certificate issued in respect of those Series C Convertible Bonds, together with the form of transfer on the back duly completed and signed under the hand of the holder of the Series C Convertible Bonds or his attorney duly authorized in writing (a copy of such authorisation to be attached to the form of transfer), to

APPENDIX IV – PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

the specified office of the Company. No transfer of title to Series C Convertible Bonds will be valid unless and until entered on the register of bondholders.

- Conversion Period** : Subject to certain closed conversion period, at any time from the Issue Date of Series C Convertible Bonds up to the close of business on the date falling three (3) Business Days prior to the Maturity Date (the “**Expiration Date**”), or if such Series C Convertible Bonds have been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption thereof.
- Adjustment to Conversion Price** : The Series C Conversion Price is subject to anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Series C Convertible Bonds. Such circumstances relate to, *inter alia*:
- (a) any consolidation, subdivision or reclassification of the Shares;
 - (b) any capitalisation of profits or reserve;
 - (c) any capital distribution made by the Company to Shareholders;
 - (d) issue by the Company of Shares by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
 - (e) issue by the Company to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
 - (f) issue by the Company of Shares at less than the current market price;
 - (g) modification of the rights of conversion, exchange or subscription attaching to any such securities;
 - (h) the Company or any other person issues, sells or distributes any securities in connection with an offer where the Shareholders are entitled to participate in arrangements where securities may be acquired; and
 - (i) the occurrence of other events;
- Redemption on Maturity** : Subject to the Loan Reversion Option described below, and unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Series C Convertible Bonds on the Series C Maturity Date at 100.0% of their principal amount together with interest accrued (if any).

If the Company believes it will be unable to, or elects not to, redeem the outstanding Series C Convertible Bonds in full on the Maturity Date, the Company shall have the right (the “**Loan Reversion Option**”), on the Maturity Date or (if the Company has given notice to the holders of the Series A Convertible Bonds and the Series B Convertible Bonds that it is unable to redeem such Series A

APPENDIX IV – PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

Convertible Bonds and Series B Convertible Bonds on the original maturity dates of such Series A Convertible Bonds and Series B Convertible Bonds (the “**Extension Notices**”) and no agreement is reached to extend such original maturity dates within ninety (90) days of such Extension Notices, on the 90th day after such Extension Notices), to reconstitute the outstanding principal amount of the Series C Convertible Bonds into an unsecured shareholder’s equity loan that is repayable on demand (i.e. no fixed repayment date) (the “**Shareholder Loan**”) on the same terms as the loans advanced by Rawabi to the Company prior to the Original Issue Date of the Series C Bonds. If the Company intends to exercise the Loan Reversion Option, the Company must give notice in writing to the Series C Bondholders (the “**Loan Reversion Notice**”) at least one month prior to the Maturity Date that it intends to exercise the Loan Reversion Option, the aggregate principal amount of the Series C Convertible Bonds outstanding, and whether it has sent or will send the Extension Notices, whereupon on the Maturity Date (or, if applicable, on the 90th day after the Extension Notices), the outstanding principal amount of the Series C Bonds shall be reconstituted into such loan.

Redemption at the Option of the Company : The Company may, having given not less than five (5) Business Days’ notice to the holders of Series C Convertible Bonds redeem all or some of the Series C Convertible Bonds at 100.0 % of their principal amount to be redeemed plus interest accrued, if any, to but excluding the date for redemption.

Redemption for Taxation Reasons : At any time the Company may, having given not less than 30 nor more than sixty (60) days’ notice to the holders of Series C Convertible Bonds (which notice shall be irrevocable) redeem all, and not some only, of the Series C Convertible Bonds at 100.0% of their principal amount plus interest accrued, if any, to but excluding the date fixed for redemption, if (i) as a result of certain events the Company has or will become obliged to pay additional amounts pursuant to deduction or withholding for or on account of any taxes, or the payment of such additional amounts is increased, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

Conversion into Loan upon Delisting : The Company shall within seven (7) days after (a) it notifies the SGX-ST that it intends to delist the Shares (in the event of a voluntary delisting) or (b) it receives a delisting notice from the SGX-ST (in the case of an involuntary delisting), give notice to the bondholders of the occurrence of such notification or receipt of delisting notice. Upon the notice to bondholders being given, the Company shall enter into good faith negotiations to negotiate and agree upon terms other than the Pre-Agreed Terms (the “**Negotiated Terms**”) for the bonds to be converted into a term loan.

Upon the Shares ceasing to be listed or permanently ceasing to be traded on the SGX-ST (the “**Delisting Event**”) and the Company and bondholders having signed a loan agreement containing such Negotiated Terms and the Pre-Agreed Terms, the bonds shall be converted into such term loan. For the avoidance of doubt, any suspension of trading of the Shares on the SGX-ST shall not be deemed to be a Delisting Event.

If the Delisting Event has occurred and the Company and bondholders fail to sign a loan agreement containing such Negotiated Terms and the Pre-Agreed Terms within six months from the date of the notice to the bondholders (the “**Negotiation Period**”), the Company shall, at the

APPENDIX IV – PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

option of any bondholder, upon such bondholder giving not less than fifteen (15) nor more than thirty (30) days' notice to the Company, redeem all of the Series C Convertible Bonds that such bondholder holds at 100 per cent. of the principal amount of the Series C Convertible Bonds to be redeemed plus interest accrued, if any, to but excluding the date for redemption. For the avoidance of doubt, if the Maturity Date falls within the Negotiation Period and if the Company and bondholders fail to sign a loan agreement containing such Negotiated Terms and the Pre-Agreed Terms by the Maturity Date, the Company shall redeem all of the outstanding Series C Convertible Bonds plus interest accrued, if any, on the Maturity Date.

“Pre-Agreed Terms” means the following conditions in Schedule 1 of the Series C CB Subscription Agreement (*Form of Terms and Conditions of the Series C Convertible Bonds*):

- (a) the status, ranking and set off provisions contained in Condition 2;
- (b) the interest provisions contained in Conditions 4.1 (other than the first interest payment date), 4.2, 4.4 and 7.1.2;
- (c) the representations, warranties, and undertaking contained in Conditions 6.1 and 6.2;
- (d) the original maturity date referred to in Condition 8.1;
- (e) the events of default listed in Conditions 11.1.1 to 11.1.19 other than Condition 11.1.2;
- (f) the indemnities contained in Condition 14,

in each case as amended *mutatis mutandis* to reflect the new loan agreement instead of the Series C Convertible Bonds.

Notice of Expiration : The Company shall, no later than one month before the Expiration date, give notice to the holders of Series C Convertible Bonds of the Expiration Date and such notice shall be delivered by post to the addresses of the holders of Series C Convertible Bonds. Upon the occurrence of the Expiration Date, the Company shall notify the holders of Series C Convertible Bonds in writing of the expiration of the Conversion Right.

Rights on Liquidation of the Company : The Series C Convertible Bonds constitute senior, direct, subordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* among themselves and with any Parity Obligations of the Company. Subject to the insolvency and other laws applicable to the Company, in the event of the Winding-Up of the Company, the rights of the holder of the Series C Convertible Bonds to payment of principal of and interest on the Series C Convertible Bonds are expressly subordinated and subject in right of payment to the prior payment in full of the Priority Obligations, but at least *pari passu* with all Parity Obligations and in priority to the Junior Obligations, where:

- (a) **“Junior Obligations”** means (i) any ordinary shares of the Company and (ii) any class of the Company's share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the

APPENDIX IV – PRINCIPAL TERMS OF SERIES C CONVERTIBLE BONDS

Company which ranks or is expressed to rank, by its terms or by operation of law, junior to the Series C Convertible Bonds.

- (b) “**Parity Obligations**” means all claims of senior creditors of the Company (other than the Priority Obligations) and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Company which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Series C Convertible Bonds.
- (c) “**Priority Obligations**” means the claims of (i) the creditors of the Company under the DBS Facilities and the Maybank Facilities (as defined in the terms and conditions of the Series C Convertible Bonds), and (ii) the holders of the Series A Convertible Bonds and the holders of the Series B Convertible Bonds under the Series A Convertible Bonds and the Series B Convertible Bonds, respectively

Governing law	:	Singapore law.
Listing and Trading of the Convertible Bonds	:	The Series C Convertible Bonds will not be listed or tradable on the SGX-ST.
Listing of the Conversion Shares	:	An application will be made for the Series C Conversion Shares (issuable upon conversion of the Series C Convertible Bonds) to be listed on the Catalist board of the SGX-ST.

APPENDIX V – IFA LETTER



W CAPITAL MARKETS PTE. LTD.

Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street, #43-01 OCBC Centre
Singapore 049513

7 June 2021

The Non-Interested Directors (as defined herein)
Vallianz Holdings Limited (the “**Company**”)
1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632

Dear Sirs,

- (1) **The proposed novation of US\$30,725,116 borrowings from the Holmen Group to the Company (the “Proposed Holmen Group Novation”); and**
- (2) **The proposed issuance of Series C convertible bonds in aggregate principal amount of up to US\$125 million to RHC, the proposed issuance and allotment of up to 1,661,000,000 new Shares upon conversion of the Series C convertible bonds at the conversion price of S\$0.10 per Share, and the proposed issuance of up to 219.3 million Additional Series C Conversion Shares (the “Proposed Issuance of Series C Convertible Bonds”)**

(each a “Proposed IPT” and collectively, the “Proposed IPTs”).

*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the circular to shareholder of the Company dated 7 June 2021 (the “**Circular**”).*

1. INTRODUCTION

- 1.1 The Company announced on 10 March 2017 that it has entered into a framework agreement (the “**Framework Agreement**”) with DBS and Maybank (collectively, the “**Lenders**”) to refinance certain of the Group’s borrowings with the Lenders (the “**Existing Borrowings**”). The Framework Agreement sets out the terms of the debt restructuring exercise undertaken by the Group.
- 1.2 On 19 February 2021 (“**Announcement Date**”), the Company had announced that it has entered into a restructuring agreement with the Lenders dated 19 February 2021 (the “**Restructuring Agreement**”) which modifies and supplements certain of the terms of the Framework Agreement in relation to the debt restructuring exercise, including the proposed settlement terms for the outstanding amounts under the Existing Borrowings owed by certain subsidiaries of Group namely Vallianz Marine Pte. Ltd., Samson Marine Pte. Ltd., Holmen Arctic Pte. Ltd. (“**HAR**”), Holmen Atlantic Pte. Ltd. (“**HAT**”) and Holmen Pacific LLC (“**HP**”) (collectively, the “**Borrowers**”) (the “**Proposed Restructuring**”).

APPENDIX V – IFA LETTER

- 1.3 The Proposed Restructuring involves, *inter alia*, the proposed novation, from the Borrowers to the Company, of US\$50,000,000 out of the Initial Outstanding Principal/Cost Price Amount of US\$145,099,134 as at 30 November 2020 which are owed by the Borrowers to the Lenders (the “**Proposed Novation**”). The above amount novated will be reconstituted as Series A Convertible Bonds and Series B Convertible Bonds. Accordingly, the Initial Outstanding Principal/Cost Price Amount under each facility with the Lenders shall be reduced pro rata between each Lender by the aggregate amount of US\$50,000,000.
- 1.4 Of the Proposed Novation, a total amount of US\$30,725,116 involves the novation of borrowings from HAR, HAT and HP to the Company. HAR, HAT and HP are wholly-owned subsidiaries of Holmen Heavylift Offshore Pte. Ltd. (“**HOL**”) (collectively, the “**Holmen Group**”), which is in-turn 75% owned by the Group and 25% owned by Swiber Holdings Limited (Judicial Managers Appointed) (“**SHL**”). The Proposed Holmen Group Novation is considered as an interested person transaction (“**IPT**”) as the Holmen Group is deemed an interested person (“**Interested Person**”) under Chapter 9 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), and hence the Proposed Holmen Group Novation is subject to the approval of the independent Shareholders.
- 1.5 The balance of the Initial Outstanding Principal/Cost Price Amount of US\$95,099,134 (“**Remaining Principal Amount**”) will have a final maturity date of 96 months (or 8 years) from the effective date (or such later date as may be agreed with the Lenders) and shall continue to be serviced by the Borrowers in accordance with the terms of the existing Facility Agreements and the Framework Agreement, except as amended by the Restructuring Agreement, and except that a total amount of US\$5,347,440 will be repaid by the Borrowers to the Lenders from funds to be advanced by RHC to the Company (by way of Shareholder’s Advances or otherwise) in such agreed tranches during the period until 31 March 2022 (“**Rawabi Contribution Amount**”) pursuant to the shareholder support agreement dated 19 February 2021 between RHC and the Lenders (“**Shareholder Support Agreement**”). Upon utilising the full amount from the Rawabi Contribution Amount for the repayment to the Lenders, the Initial Outstanding Principal/Cost Price Amount would be reduced to US\$89,751,694. As of the Latest Practicable Date, US\$1,469,488 has been advanced by RHC to the Company as part of the Rawabi Contribution Amount, and US\$1,885,1136 has been repaid by the Company to DBS pursuant to the sale of a vessel in January 2021 such that the balance of the Initial Outstanding Principal/Cost Price Amount is at US\$91,744,510. Commencing from 1 April 2022 and until the date on which the Remaining Principal Amount is repaid and discharged in full, the Borrowers shall apply such Surplus Cash generated from the Singapore Fleet to the Lenders as determined by the Independent Accountant (to be appointed and agreed with the Lenders) (“**Cash Sweep**”) towards the prepayment of the Outstanding Principal/Cost Price Amount.
- 1.6 In conjunction with the Proposed Restructuring, the Company is also proposing the proposed issue of up to US\$125,000,000 principal amount of Series C which are convertible bonds due 2029 (“**Series C Convertible Bonds**”) by the Company to RHC which are convertible into up to 1,661,000,000 new Shares based on the issue price of S\$0.10 for each Share and the agreed exchange rate of US\$1:S\$1.3288 as at 18 February 2021, with the interest rate fixed at a rate equal to the six-month US\$ LIBOR rate per annum or such other benchmark rate to be agreed with the Lenders (“**Series C Conversion Shares**”). The Proposed Issuance of Series C Convertible Bonds to RHC will be used to repay in whole or in part the outstanding advances from RHC (“**RHC Advances**”), which had amounted to approximately US\$90.2 million as at 30 September 2020.

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- 1.7 The Company understands that RHC has also entered into a call option and right of first refusal agreement with the Lenders (“**RHC Call Option**”) whereby RHC shall have the option to purchase all or part of the outstanding Series A Convertible Bonds and/or Series B Convertible Bonds at par at any time during the Conversion Period (as defined in Sections 4.5 and 5.5 of the Circular). Further, if any Lender wishes to sell or transfer any of its Series A Convertible Bonds and/or Series B Convertible Bonds, such Lender shall give RHC not less than 21 business days’ prior written notice of its intention to sell and offer such Convertible Bonds (“**Proposed Sale**”) to RHC on substantially the same terms as the Proposed Sale.
- 1.8 Pursuant to Chapter 9 of the Catalist Rules, W Capital Markets Pte. Ltd. (“**W Capital Markets**”) has been appointed as the independent financial adviser (“**IFA**”) to the directors of the Company who are deemed independent (the “**Non-Interested Directors**”) for the purposes of making recommendations to the Shareholders in respect of the Proposed IPTs.
- 1.9 This letter (“**Letter**”) is addressed to the Non-Interested Directors and sets out, *inter alia*, our evaluation and opinion on the Proposed IPTs. This Letter forms part of the Circular which provides, *inter alia*, the details of the Proposed IPTs, and the recommendations of the Non-Interested Directors on the Proposed IPTs.

2. APPLICATION OF CHAPTER 9 OF THE CATALIST RULES

- 2.1 Chapter 9 of the Catalist Rules governs transactions by a listed company or any of its subsidiaries or associated companies with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries, or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.
- 2.2 Pursuant to Rule 906(1) of the Catalist Rules, a listed company will be required to obtain shareholders’ approval for any IPT of a value equal to, or exceeding, 5% of the Group’s latest audited net tangible assets (“**NTA**”) when aggregated with other transactions entered into with the same interested persons during the same financial year (“**5% Threshold**”).
- 2.3 The amount at risk in relation to the Proposed Holmen Group Novation is US\$30,725,116, being the amount to be novated from the Holmen Group to the Company, which represents more than 5.0% of the Group’s latest audited consolidated NTA as at 31 March 2020. The amount to be novated was arrived at based on the outstanding principal amount due for repayment.
- 2.4 In respect of the Proposed Issuance of Series C Convertible Bonds, RHC and Sheikh Abdulaziz are deemed Interested Persons under Chapter 9 of the Catalist Rules. Hence, the Proposed Issuance of Series C Convertible Bonds, including the issuance of Series C Conversion Shares and the potential Additional Series C Convertible Bonds and Additional Series C Conversion Shares, is an IPT which is subject to independent Shareholders’ approval at an EGM. As set out in Section 6.1 of the Circular, the amount at risk pursuant to the Proposed Issuance of Series C Convertible Bonds is the sum of the principal amount of up to US\$125,000,000 and the interest on the Series C Convertible Bonds, which is more than 5.0% of the Group’s latest audited NTA as at 31 March 2020. As set out in Section 6.1 of the Circular, the amount at risk is estimated at US\$141.5 million, representing approximately 224% of the Group’s latest audited NTA as at 31 March 2020.
- 2.5 Accordingly, the Proposed IPTs are subject to the approval of the independent Shareholders being obtained at the EGM to be convened.

3. TERMS OF REFERENCE

W Capital Markets has been appointed as the IFA to the Non-Interested Directors in respect of the Proposed IPTs being interested person transactions. We were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed IPTs, nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company (“**Directors**”) to enter into the Proposed IPTs. Further, we do not warrant the merits of the Proposed IPTs, other than to express an opinion on whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its independent Shareholders (the “**Minority Shareholders**”).

In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and have examined and relied to a considerable extent on publicly available information collated by us, as well as information provided and representations made to us, both written and verbal, by the Directors and/or the Management, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. In this regard, we noted that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Section 21 of the Circular.

For the purpose of assessing the financial terms of the Proposed IPTs, we have not relied upon any financial projections in respect of the Company and/or the Group and we have not conducted a comprehensive review of the business, operations and financial condition of the Group and have not made any independent evaluation or appraisal of the assets and liabilities of the Group.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 2 June 2021 (“**Latest Practicable Date**” or “**LPD**”) and the information and representations provided to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed IPTs, which may be released by the Company after the Latest Practicable Date.

In rendering our opinion and advice, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

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We have prepared this Letter pursuant to the requirements of Chapter 9 of the Catalist Rules as well as for the use of the Non-Interested Directors in connection with their consideration of the Proposed IPTs and their advice to the Shareholders arising thereof. The recommendations made to Shareholders in relation to the Proposed IPTs remains the responsibility of the Non-Interested Directors.

Our opinion in relation to the Proposed IPTs should be considered in the context of the entirety of this Letter and the Circular.

4. PRINCIPAL TERMS OF THE SERIES C CONVERTIBLE BONDS

The principal terms and conditions of the Series C Convertible Bonds can be found in Section 6.5 of the Circular and Appendix IV to the Circular, and we recommend that Shareholders read those pages of the Circular carefully. We set out below the salient terms in relation to the Series C Convertible Bonds that we wish to highlight.

- 4.1 Issue Size.** Up to US\$125,000,000 in principal amount of Series C Convertible Bonds due 2029 (excluding any Additional Series C Convertible Bonds that may be issued). The Series C Convertible Bonds may be issued in one or more tranches identical in all respects (other than the Issue Date and the date for and amount of the first payment of interest).
- 4.2 Status.** The Series C Convertible Bonds constitute senior, direct, subordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations of the Company. The Series C Convertible Bonds will not be listed or tradable on the SGX-ST.
- 4.3 Liquidation Rights.** Subject to the insolvency and other laws applicable to the Company, in the event of the Winding-Up of the Company, the rights of the holder of the Series C Convertible Bonds to payment of principal of and interest on the Series C Convertible Bonds are expressly subordinated and subject in right of payment to the prior payment in full of the Priority Obligations, but at least *pari passu* with all Parity Obligations and in priority to the Junior Obligations.
- 4.4 Interest Rate.** The Series C Convertible Bonds bear interest for each Interest Period at the rate equal to the six-month US\$ LIBOR rate per annum (or such other replacement benchmark rate as agreed with RHC), provided that if such rate is more than 5.0% per annum for any Interest Period, the interest borne by the Series C Bonds for such Interest Period shall be 5.0% per annum (the “**Series C Interest Rate**”). Each interest payment date in respect of the Series C Convertible Bonds shall be 31 March and 30 September of each calendar year (“**Interest Payment Date**”).
- 4.5 Unpaid Interest.** To the extent that there is sufficient cashflow generated by the Singapore Fleet after (a) full repayment of all the Outstanding Principal/Cost Price Amount under the facilities agreements with the Lenders (excluding, for the avoidance of doubt, the amount of US\$50,000,000 that has been converted into the Series A Bonds and Series B Bonds) and (b) the payment of interest in cash with respect to the Series A Bonds and the Series B Bonds on each Interest Payment Date, interest in respect of the outstanding Series C Convertible Bonds will be payable in cash semi-annually in arrears on each Interest Payment Date unless the Company elects to capitalise such interest to be paid in the form of additional Series C Convertible Bonds which shall have the same terms and conditions as the Series C Convertible Bonds in all respects other than the issue date and the date for and amount of the first payment of interest, so as to form a single series with the Series C Convertible Bonds.

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- 4.6 Alteration to terms.** Any material modification to the terms of the Series C Convertible Bonds which is to the advantage of the holders of Series C Convertible Bonds but is materially prejudicial to the interests of Shareholders shall not be effected without the prior approval of the Shareholders at a general meeting of the Shareholders, unless such modification is made pursuant to the terms of the Series C Convertible Bonds.
- 4.7 Transferability.** The Series C Convertible Bonds may be transferred only to: (i) a person other than Swiber Holdings Limited who is mutually acceptable to the Company and the holder of Series C Convertible Bonds who intends to transfer such Series C Convertible Bonds; and/or (ii) an affiliate of RHC.
- 4.8 Conversion Price.** The price at which the Series C Conversion Shares are to be issued upon conversion (the “**Series C Conversion Price**”) of the Series C Convertible Bonds will initially be S\$0.10 for each Series C Conversion Share, based on the agreed exchange rate of US\$1:S\$1.3288, subject to adjustment in accordance with the terms and conditions of the Series C Convertible Bonds.
- 4.9 Redemption on Maturity.** Subject to the Loan Reversion Option and unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Series C Convertible Bonds on the Series C Maturity Date at 100.0% of their principal amount together with interest accrued (if any). If the Company believes it will be unable to, or elects not to, redeem the outstanding Series C Convertible Bonds in full on the Maturity Date, the Company shall have the right (the “**Loan Reversion Option**”), on the Maturity Date or (if the Company has given notice to the holders of the Series A Convertible Bonds and the Series B Convertible Bonds that it is unable to redeem such Series A Convertible Bonds and Series B Convertible Bonds on the original maturity dates of such Series A Convertible Bonds and Series B Convertible Bonds (the “**Extension Notices**”) and no agreement is reached to extend such original maturity dates within 90 days of such Extension Notices, on the 90th day after such Extension Notices), to reconstitute the outstanding principal amount of the Series C Convertible Bonds into an unsecured shareholder’s equity loan that is repayable on demand (i.e. no fixed repayment date) (“**Shareholder Loan**”) on the same terms as the loans advanced by Rawabi to the Issuer prior to the Original Issue Date of the Series C Bonds. If the Company intends to exercise the Loan Reversion Option, the Company must give notice in writing to the Series C Bondholders (the “**Loan Reversion Notice**”) at least one month prior to the Maturity Date that it intends to exercise the Loan Reversion Option, the aggregate principal amount of the Series C Convertible Bonds outstanding, and whether it has sent or will send the Extension Notices, whereupon on the Maturity Date (or, if applicable, on the 90th day after the Extension Notices), the outstanding principal amount of the Series C Bonds shall be reconstituted into such loan.
- 4.10 Redemption at the option of the Company.** The Company may, having given not less than five Business Days’ notice to the holders of Series C Convertible Bondholders, redeem all or some of the Series C Convertible Bonds at 100.0% of their principal amount to be redeemed plus interest accrued, if any, to but excluding the date for redemption.

5. EVALUATION OF THE PROPOSED IPTS

In assessing the Proposed IPTs, we have given due consideration to, *inter alia*, the following pertinent factors:

- (i) Rationale for the Proposed IPTs;
- (ii) Historical financial performance and condition of the Group;
- (iii) Assessment of the terms of the Proposed IPTs; and
- (iv) Other relevant considerations in relation to the Proposed IPTs.

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5.1 Rationale for the Proposed IPTs

The rationale of the Proposed Restructuring, which includes the Proposed Holmen Group Novation, can be found in Section 2.2 of the Circular and have been extracted and set out in italics below:

“The Proposed Restructuring is intended to extend the Group’s debt maturity profile by 8 years which will provide sufficient operational and financial flexibility to better enable the Group to ride out the challenging market conditions in the offshore sector, as well as the global economic uncertainty following the COVID-19 pandemic, both of which may persist on a prolonged basis, and to allow the Group to service its debts based on its expected future cash flows.”

The Group believes that the Proposed Restructuring is beneficial to the Group as it allows the Group to restructure part of its Existing Borrowings as Convertible Bonds which will, upon conversion into new Shares, reduce its borrowings and enhance its equity base; and interest savings as the interest rates on the Series A Convertible Bonds and Series B Convertible Bonds are lower than the current interest rates on the Existing Borrowings.

While the Proposed Restructuring may cause significant dilution to minority shareholders, the Group believes that the Proposed Restructuring is beneficial to improve the Group’s financial position, ensure the continuity of the operations of the Group’s subsidiaries, and is thus beneficial to the interests of the Group as a whole in the long term.”

In addition, the rationale for the Proposed Issuance of Series C Convertible Bonds is set out in Section 6.4 of the Circular and reproduced in italics below:

“The Proposed Issuance of Series C Convertible Bonds is being proposed in conjunction with the Proposed Restructuring as it will provide an alternative option for the Company to settle the RHC Advances as RHC continues to be the major Shareholder. The key terms of the Series C Convertible Bonds are similar to those of Series A Convertible Bonds and Series B Convertible Bonds. The principal amount of up to US\$125,000,000 and the interest rate on the Series C Convertible Bonds were arrived at pursuant to arm’s length negotiation between the Company and RHC, taking into account the RHC Advances, financial needs of the Company and cost of funds by the Rawabi Group.”

5.2 Historical financial performance and condition of the Group

The salient historical financial information of the Group for the financial years ended 31 March 2019 (“FY2019”), 31 March 2020 (“FY2020”) and 31 March 2021 (“FY2021”) is set out below:

Summary of consolidated statement of profit or loss and other comprehensive income

Figures in US\$'000	Unaudited FY2021	Audited FY2020	Audited FY2019
Revenue	88,599	188,641	184,518
Cost of sales	(86,293)	(165,071)	(151,547)
Gross profit	2,306	23,570	32,971
(Loss)/Profit before tax	(25,053)	(132,337)	(128,645)
(Loss)/Profit for the year attributable to owners of the Company	(23,011)	(134,937)	(128,181)

Source: Company’s annual reports and/or financial results announcements.

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Summary of consolidated statement of financial position

Figures in US\$'000	Unaudited FY2021	Audited FY2020	Audited FY2019
Non-current assets	245,130	858,117	320,057
Current assets	56,689	133,268	249,693
Total Assets	301,819	991,385	569,750
Non-current liabilities	145,243	527,984	162,318
Current liabilities	108,397	374,298	247,289
Total Liabilities	253,640	902,282	409,607
Total Equity	48,179	89,103	160,143
Equity attributable to owners of the Company and capital securities holders	68,073	63,178	172,385
Net current assets/(liabilities)	(51,708)	(241,030)	2,404
Total borrowings ⁽¹⁾	175,225	743,839	304,308
Gearing (times) – Total borrowings / Total Equity	3.6	8.3	1.9

Source: Company's annual reports and/or financial results announcements.

Notes:

- (1) Total borrowings comprise current and non-current term loans, working capital lines and finance lease. Shareholder's advances have been excluded from total borrowings, as they have been classified as equity in the Group's balance sheet.

The following should be reviewed in conjunction with the tables and notes above:

(i) Historical financial performance of the Group

The Group recorded stable revenue of around US\$188.6 million in FY2020 as compared to US\$184.5 million in FY2019. In FY2021, the Group recorded a much lower revenue of US\$88.6 million mainly due to the de-consolidation of RVOS. As announced by the Company on 30 May 2021: -

- (a) for the first half year period from 1 April 2020 to 30 September 2020, the results of RVOS were consolidated as a wholly-owned subsidiary;
- (b) for the third quarter of FY2021 from 1 October 2020 to 31 December 2020, the results of RVOS were equity accounted on the basis of the Group having full economic interest in RVOS; and
- (c) for the fourth quarter of FY2021 from 1 January 2021 to 31 March 2021, the results of RVOS were equity accounted on the basis of the Group having 40.7% interest in RVOS, in line with the Group's 40.7% shareholding interest in RVOS pursuant to the completion of the rights issue of RVOS in December 2020 which the Group did not participate in as announced by the Company on 31 March 2021.

The Group recorded a decline of 28.5% in gross profit to US\$23.6 million in FY2020 from US\$33.0 million in FY2019, due mainly to the gross loss of the vessel management services and absence of higher margin engineering services in FY2020. Gross profit in FY2021 decreased to US\$2.3 million mainly due to the de-consolidation of RVOS.

As a result of exceptional items amounting to US\$103.6 million (which includes impairments, write-offs and also a compensation for late delivery of vessels), higher finance cost and lower gross profit in FY2020, the Group posted a net loss attributable to owners of the Company of US\$134.9 million compared to a net loss of US\$128.2 million in FY2019. For FY2021, the Group recorded a lower net loss attributable to owners of the Company of US\$23.3 million, due mainly to lower exceptional items recorded (US\$8.2 million) and finance costs (US\$17.5 million) incurred in FY2021. The lower finance costs in FY2021 was due to the de-consolidation of RVOS

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offset partially by interest on shareholder's advances which took effect from FY2021 as approved by shareholders at the EGM held on 27 April 2021.

(ii) Assets and liabilities of the Group

The Group's total assets increased from approximately US\$569.8 million as at 31 March 2019 to approximately US\$991.4 million as at 31 March 2020, due mainly to the acquisition of vessels by RVOS from RVIC as part of a restructuring exercise during FY2020. The Group's total assets decreased to approximately US\$301.8 million as at 31 March 2021, due mainly to the de-consolidation of RVOS.

Non-current assets as at 31 March 2021 comprised property, plant and equipment of approximately US\$68.2 million, right-of-use assets of approximately US\$0.6 million, associate of approximately US\$175.6 million, and monies pledged with banks of approximately US\$0.7 million.

Current assets as at 31 March 2021 comprised cash and cash equivalents of approximately US\$6.7 million, trade receivables of approximately US\$7.4 million, other receivables of approximately US\$10.1 million, inventories of approximately US\$0.7 million and financial assets at fair value through other comprehensive income of approximately US\$31.7 million.

The Group's total liabilities rose from approximately US\$409.6 million as at 31 March 2019 to approximately US\$902.3 million as at 31 March 2020, but decreased to approximately US\$253.6 million as at 31 March 2021 (due mainly to the de-consolidation of RVOS). It is noted that the Group had reported a net current liabilities position as at 31 March 2020 and 31 March 2021.

Total borrowings increased substantially from approximately US\$304.3 million as at 31 March 2019 to approximately US\$743.8 million as at 31 March 2020. The increase in the Group's total borrowings was mainly due to new bank borrowings obtained by RVOS to partly fund the acquisition of all the vessels from RVIC as part of the restructuring exercise which were secured on these vessels and were fully guaranteed by RHC at no cost to the Group. After the de-consolidation of RVOS, the Group's total borrowings as at 31 March 2021 stands at approximately US\$175.2 million.

As at 31 March 2021, total borrowings accounted for approximately 69.1% of total liabilities of which approximately US\$32.7 million (or approximately 18.7% of total borrowings) are current and repayable within 12 months from 31 March 2021. The Group's gearing ratio has increased significantly from approximately 1.9 times as at 31 March 2019 to approximately 8.3 times as at 31 March 2020. After the de-consolidation of RVOS, the gearing ratio of the Group stands at 3.6 times as at 31 March 2021.

As reported in the Company's latest published annual report for FY2020, the Group has breached the financial covenants under the Framework Agreement with the Lenders in respect of minimum sum in the debt servicing reserve account and certain financial ratios. The Company subsequently entered into the Restructuring Agreement with the Lenders dated 19 February 2021 to modify and supplement certain of the terms of the Framework Agreement in relation to the debt restructuring exercise and with a principal moratorium period of 2 years commencing retrospectively from 1 April 2020. In this regard, we note that the Proposed IPTs are proposed in conjunction with the Proposed Restructuring of the Group's Existing Borrowings and will enhance its equity base and reduce its borrowings upon the conversion of the Convertible Bonds into new Shares of the Company.

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(iii) Equity attributable to owners of the Company and capital securities holders

Equity attributable to owners of the Company and capital securities holders decreased substantially from approximately US\$172.5 million as at 31 March 2019 to approximately US\$63.2 million as at 31 March 2020 and approximately US\$68.1 million as at 31 March 2021. This was due mainly to an increase in accumulated losses arising from the losses incurred for the respective periods, which was partially offset by an increase in shareholders' advances over the same period which are classified as equity.

5.3 Assessment of the terms of the Proposed IPTs

5.3.1 Comparison of the Series C Interest Rate with the interest rates of the Group's outstanding financial liabilities

It is noted that the key terms of the Series C Convertible Bonds, including the benchmark adopted to determine the interest rate payable, are similar to those of the Series A Convertible Bonds and Series B Convertible Bonds, save that (i) the Series C Convertible Bonds are subordinated to the Series A Convertible Bonds and Series B Convertible Bonds; and (ii) the Series C Interest Rate is subject to a cap of 5.0% per annum, whereas the interest rates for the Series A and Series B Convertible Bonds are not subject to any cap. The cap on the interest rate of 5.0% per annum is in line with the interest rate on the proposed RHC Loan Agreement as set out in the Company's circular to Shareholders dated 12 April 2021 which was approved by Shareholders at the EGM held on 27 April 2021.

As at the Latest Practicable Date, the latest six-month US\$ LIBOR rate (as referenced from <https://www.theice.com/marketdata/reports/>) is approximately 0.171% per annum (the "LPD LIBOR"). In this regard, we note that the interest rate payable under the Series C Convertible Bonds which is based on the six-month US\$ LIBOR rate, is favorable to the Group and substantially lower when compared to: (i) the interest rates of the Group's outstanding financial liabilities (which are all on secured basis) as at 31 March 2021 of between 2.1% to 5.0% per annum and the weighted average effective interest rate of approximately 3.0% per annum (especially taking into account that the Series C Convertible Bonds are subordinated and unsecured); and (ii) the interest rate of 5.0% per annum, which would otherwise be payable to RHC on the outstanding RHC Advances commencing and accruing from 1 April 2020, pursuant to the proposed RHC Loan Agreement.

5.3.2 Assessment of the Series C Conversion Price vis-à-vis the historical price performance of the Shares

The Series C Conversion Price is S\$0.10 for each Share, which is the same as the Series A Conversion Price and the Series B Conversion Price. In this regard, we have tabulated selected statistical information on the historical Share price performance and trading liquidity of the Shares for the period commencing from 19 February 2020 (being the market day 12 months prior to the Announcement Date) to the Latest Practicable Date below:

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	VWAP per Share ⁽¹⁾ (S\$)	Premium/ (Discount) of the Series C Conversion Price over/(to) the VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume ⁽²⁾ (Shares)	Average daily trading volume as % of free-float ⁽³⁾ (%)
For the period prior to and including the Announcement Date						
Last 12 months	0.0500	100.0	0.0380	0.0830	65,069	0.0530
Last 6 months	0.0472	111.9	0.0380	0.0720	114,644	0.0934
Last 3 months	0.0476	110.1	0.0380	0.0720	217,421	0.1772
Last 1 month	0.0490	104.1	0.0460	0.0540	8,257	0.0067
VWAP on 15 February 2021 ⁽⁴⁾	0.0500	100.0	0.0500	0.0500	1,000	0.0008
For the period commencing on the Market Day immediately after the Announcement Date and up to the Latest Practicable Date being 2 June 2021						
After Announcement Date and up till the LPD	0.0569	75.7	0.0460	0.0760	63,571	0.0518
VWAP on 2 June 2021 being the LPD	0.0674	48.4	0.0590	0.0760	1,018,100	0.8298

Source: Bloomberg L.P.

Notes:

- (1) The VWAP had been weighted based on the average prices of the Shares and traded volumes for the relevant trading days for each of the periods and rounded to the nearest four (4) decimal places.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.
- (3) Free float refers to 122.69 million Shares or approximately 21.9% of the issued share capital of the Company, held by Shareholders other than the Substantial Shareholders and Directors as at the LPD.
- (4) This represents the VWAP for the Shares on 15 February 2021, being the last full market day prior to the Announcement on which the Shares were traded (the “**Last Trading Day**”).

Based on the summary of the historical trading performance of the Shares in the table above, we note that the Series C Conversion Price represents:

- (i) a premium of 100.0% to the VWAP for the Shares on 15 February 2021, being the Last Trading Day;
- (ii) premium of approximately 100.0%, 111.9%, 110.1% and 104.1% over the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Announcement Date respectively;
- (iii) a premium of approximately 75.7% over the VWAP for the Shares for the period commencing from the market day immediately after the Announcement Date and ending on the Latest Practicable Date; and
- (iv) a premium of approximately 48.4% over the VWAP for the Shares of S\$0.0674 on 2 June 2021, being the Latest Practicable Date.

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Based on the number of Shares traded on a daily basis during the period commencing from 19 February 2020 and ending on the Latest Practicable Date, we note that the Shares are highly illiquid and that:

- (i) the Shares were traded on 88 days out of 253 market days for the 12 months period prior to the Announcement Date with an average daily trading volume of 65,069 Shares which represent approximately 0.053% of the free float which is held by public Shareholders; and
- (ii) following the release of the Announcement up to the Latest Practicable Date, the Shares have been traded on 38 days out of 73 market days, with an average daily trading volume of 63,571 Shares which represent approximately 0.052% of the free float which is held by public Shareholders.

Shareholders should note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Shareholders should note that the past trading performance of the Shares should not be relied upon as an indication of future trading performance.

5.3.3 Assessment of the Series C Conversion Price vis-à-vis the NTA of the Group

The NTA approach of valuing a group of company is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities, intangible assets and non-controlling interests of the group. The Group's NTA attributable to owners of the Company and capital securities holders as at 31 March 2021 amounted to approximately US\$68.1 million (or approximately S\$0.1637 on a per Share basis, based on the Company's current issued Share capital of 559,354,434 Shares and the exchange rate as at 31 March 2021 of US\$1.00:S\$1.3448). Accordingly, the Series C Conversion Price represents a discount of approximately 38.9% to the Group's NTA per Share attributable to owners of the Company and capital securities holders as at 31 March 2021.

It is further noted that the Company currently has US\$22.5 million of perpetual capital securities that was issued in 2014 that are outstanding and has not been redeemed. The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company, will not declare, pay dividends or make similar periodic payments in respects of, or repurchase, redeem or otherwise acquire any securities of lower rank. The Company's perpetual capital securities are senior in nature and shall at all times rank *pari passu* with all other present and future unsecured obligations. In this regard, Group's NTA attributable to owners of the Company as at 31 March 2021 (after deducting the principal amount of the perpetual capital securities of US\$22.5 million) amounted to approximately US\$45.6 million (or approximately S\$0.1096 on a per Share basis, based on the Company's current issued Share capital of 559,354,434 Shares and the exchange rate as at 31 March 2021 of US\$1.00:S\$1.3448). Accordingly, the Series C Conversion Price represents a discount of approximately 8.8% to the Group's NTA per Share attributable to owners of the Company as at 31 March 2021.

In respect of the above, the Directors and Management have confirmed that as the Latest Practicable Date, save as disclosed above and in the Company's results announcement for the financial year ended 31 March 2021, to the best of their knowledge and belief:

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- (i) there are no material differences between the realizable values of the Group's assets and their respective book values as at 31 March 2021 which would have a material impact on the NTA of the Group;
- (ii) there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group; and
- (iii) there are no material acquisitions or disposals of assets by the Group between 31 March 2021 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

The above computation and analysis are for illustration purpose only and it does not purport to imply that the net realizable value of the Company is as stated above or that the assets of the Company can be disposed at the stated book value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated by the NTA is realizable or distributable to the Shareholders.

5.3.4 Relative valuation analysis

In assessing the Conversion Price, we have also considered the valuation statistics in relation to selected SGX-ST listed companies ("**Selected Comparable Companies**") that may be broadly comparable to the core businesses of the Group as at the Latest Practicable Date, which is in vessel chartering and brokerage services and vessel management services.

Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Shareholders should note that the Selected Comparable Companies may not be directly comparable to the Group in terms of composition of business activities, asset base, scale and location of operations, clientele base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected by differences in the accounting policies adopted by the respective Selected Comparable Companies.

Selected Comparable Companies, listed on SGX-ST	Market Capitalisation as at LPD (\$' million)	Principal Activities
Kim Heng Ltd (" Kim Heng ")	38.2	Kim Heng is engaged in offshore rig services and supply chain management and vessel sales and newbuild.
CH Offshore Limited (" CH Offshore ")	32.4	CH Offshore is engaged in the business of owning and chartering of vessels.
ASL Marine Holdings Limited (" ASL Marine ")	33.4	ASL Marine is engaged in shipbuilding, ship chartering, ship repair and dredging engineering services.

Source: Bloomberg L.P.

Selected Comparable Companies	LTM PER⁽¹⁾ (times)	P/NTA⁽³⁾ (times)	Premium / (discount) over/(to) NTA⁽⁶⁾ (%)	Total borrowings⁽⁷⁾/ Total equity (times)
Kim Heng	n.m. ⁽²⁾	0.69	(31.0)	0.8
CH Offshore	n.m. ⁽²⁾	0.43	(56.8)	0.2
ASL Marine	n.m. ⁽²⁾	0.32	(67.5)	3.2

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MAXIMUM	n.m.	0.69	(31.0)	3.2
MINIMUM	n.m.	0.32	(67.5)	0.2
MEDIAN	n.m.	0.43	(56.8)	0.8
MEAN	n.m.	0.48	(51.8)	1.4
The Group (implied by the Conversion Price)	n.m.⁽²⁾	0.61⁽⁴⁾/ 0.91⁽⁵⁾	(38.9)⁽⁴⁾ / (8.8)⁽⁵⁾	3.6

Source: The latest annual reports or the latest announced financial statements of the respective companies.

Notes:

- (1) The last twelve months (“LTM”) price-earnings ratio (“PER”) for the Selected Comparable Companies are based on their respective last traded price as at the LPD and the most recent twelve months earnings after tax as reported by the respective companies.
- (2) “n.m.” denotes not meaningful, as these valuation multiples are negative as the respective companies are loss-making.
- (3) The P/NTA ratios for the Selected Comparable Companies are based on their respective last traded price as at LPD and their NTA values as set out in their respective latest announced financial statements.
- (4) P/NTA as implied by the Conversion Price and the Group’s NTA per Share attributable to owners of the Company and capital securities holders as at 31 March 2021 of approximately S\$0.1637, based on the Company’s current issued Share capital of 559,354,434 Shares.
- (5) P/NTA as implied by the Conversion Price and the Group’s NTA per Share attributable to owners of the Company (after deducting the principal amount of the perpetual capital securities of US\$22.5 million) as at 31 March 2021 of approximately S\$0.1096, based on the Company’s current issued Share capital of 559,354,434 Shares.
- (6) Premium/(discount) of the last traded price as at LPD over/(to) latest announced NTA (in the case of the Selected Comparable Companies) and discount of the Series C Conversion Price to Group’s NTA per Share (in the case of the Group).
- (7) Total borrowings include all bank loans and borrowings as well as finance leases, where applicable.

In respect of the above, we note that:

- (i) The Group recorded a loss after tax attributable to owners of the Company of approximately US\$23.0 million for the latest financial year ended 31 March 2021. Therefore, the Group’s LTM PER is negative. Similarly, all the Selected Comparable Companies incurred losses for their respective LTM periods. Therefore, the LTM PER comparison will not be meaningful;
- (ii) The valuation of the Group in terms of P/NTA of: (i) 0.61 times (as implied by the Series C Conversion Price and the Group’s NTA per Share attributable to owners of the Company and capital securities holders as at 31 March 2021) is at the upper end of the range and above the mean and median P/NTA of the Selected Comparable Companies; and (ii) 0.91 times (as implied by the Series C Conversion Price and the Group’s NTA per Share attributable to owners of the Company (excluding the capital securities holders) as at 31 March 2021) is above the range and more favourable as compared to any of the Selected Comparable Companies; and
- (iii) The Group’s gearing based on the ratio of its total borrowings to total equity of 3.6 times is above the range and higher than any of the Selected Comparable Companies.

5.3.5 Theoretical value of the Conversion Option of the Series C Convertible Bonds

Pursuant to the terms of the Series C Convertible Bonds, RHC has the right to convert all or some of the Series C Convertible Bonds into new Shares at any time during the Conversion Period (being any time from the Issue Date up to the close of business on the date falling three business days prior to the maturity date or, if such Series C Convertible Bonds shall been called for redemption prior to the Expiration Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof) (the “**Conversion Option**”).

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We have considered that the Conversion Option may have a theoretical value, being the hypothetical value or “fair value” of the Conversion Option computed based on models such as Black-Scholes or Binomial model which is dependent on, *inter alia*, the conversion price vis-à-vis the current price of the underlying Shares, the length of the conversion period, the price volatility of the underlying Shares and the risk-free interest rate. However, it is noted that the Series C Convertible Bonds will not be listed or tradeable on the SGX-ST and may only be transferred to a person other than Swiber Holdings Limited who is acceptable to the Company and/or an affiliate of RHC and that any time value of such Conversion Option can only be realised if the holder of the Series C Convertible Bonds can trade or arbitrage such Conversion Option in the open market. Therefore, the valuation of the Conversion Option using the option pricing models such Black-Scholes or Binomial model would not be meaningful for our purpose in this case.

5.3.6 Considerations in respect of the Proposed Holmen Group Novation

As mentioned in Section 1.4 of this Letter, HOL is owned 75% by the Company and 25% by SHL and the Company has full control over Holmen Group’s operations and activities. Since 2016, the Company had provided 100% of the corporate guarantees in favour of the Lenders under the loan facilities extended by the Lenders to the Holmen Group. The Proposed Holmen Group Novation is part of the terms of the Proposed Restructuring to restructure the Group’s borrowings (which includes the Holmen Group’s bank loans) and to facilitate the proposed issuance of the Convertible Bonds to the Lenders which will, upon conversion into new Shares, reduce the Group’s borrowings and enhance its equity base. The novated amount of US\$30,725,116 will form part of the additional advances to be extended to the Holmen Group pursuant to the proposed Holmen Loan Agreement for which the Company will be seeking Shareholders’ approval, which shall have no fixed repayment terms and is non-interest bearing.

In this regard, it is noted that SHL (who holds a minority shareholding interest of 25% in Holmen Group) has been in a state of financial distress since July 2016 and is therefore not in a position to provide any financial support to Holmen Group. Based on publicly available information, SHL first announced that it has received letters of demand for an aggregate amount of US\$4.76 million on 8 July 2016 which hastily culminated to its announcement on 28 July 2016 that it has filed an application to place SHL in provisional liquidation and had also made an application to wind up SHL. Shares of SHL has been suspended since 28 July 2016 and SHL was subsequently put under judicial management on 6 October 2016 and by 7 October 2016, at which point the total claims against SHL has ballooned to US\$246.1 million. As at the Latest Practicable Date, SHL is still under judicial management and the shares of SHL are still currently suspended.

As set out in the Company’s circular to the Shareholders dated 12 April 2021, in view of Holmen Group’s present weak financial position and in the absence of financial support from the Company, the Holmen Group may be at risk of triggering a loan default situation where the operations of its vessels may be disrupted due to the bankers exercising their security rights over these vessels and such an event of default may also result in triggering cross-default events across the Group’s financing facilities. Accordingly, the Company regard that the financial support extended to the Holmen Group is necessary in view of (i) the present circumstances and the financial commitment that the Group has already provided to the Holmen Group; (ii) the fact that the Group has effective control over the Holmen Group with its 75% interest as the other 25% shareholder, SHL, is currently under judicial management; and (iii) the Company’s position that the operations of the Holmen Group is beneficial to the interests of the Group and it is thus committed to support the Holmen Group.

Shareholders should note that without Shareholders’ approval for the Proposed Holmen Group Novation, the Proposed Restructuring will not proceed.

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5.4 Other relevant considerations in relation to the Proposed IPTs

5.4.1 Reliance on shareholder's advances from RHC

Given the Group's current weak financial position and financial performance, as evidenced by its high gearing ratio and the net current liabilities position as at 31 March 2021 and the net losses recorded for FY2019, FY2020 and FY2021, Shareholders should note that the Company had been reliant on shareholder's advances from RHC as a key source of funding amidst the current challenging times faced by the oil & gas industry, including the financial support to be provided by RHC pursuant to the Shareholder Support Agreement which is a condition precedent under the Restructuring Agreement. Accordingly, the Series C Convertible Bonds provides an alternative option for the Company to settle the RHC Advances owing to RHC by issuing convertible securities with a conversion price that is at a significant premium to the prevailing traded prices of the Shares.

5.4.2 Inter-conditionality of the Resolutions proposed at the EGM

Ordinary Resolution 1, 2, 3, 4 and 5 are inter-conditional upon each other. This means that if any of the Proposed IPTs is not approved, the other resolutions will not be deemed as passed and no part of the Proposed Restructuring will be proceeded with.

5.4.3 Maximum dilutive impact on shareholdings of other Shareholders upon full conversion

The Series A Conversion Shares, Series B Conversion Shares and Series C Conversion Shares, totalling 2,325,399,999 Shares, represent in aggregate approximately 416% of the existing issued share capital of the Company of 559,354,434 Shares, and 80.6% of the enlarged issued share capital of 2,884,754,433 Shares (before taking into consideration the effects of the proposed SOSA Share Issuances announced by the Company on 29 June 2020). In the situation where all the interests on the Convertible Bonds due are capitalized into Additional Convertible Bonds, up to 77.1 million, 10.6 million and 219.3 million Additional Conversion Shares may be issued in respect of Series A Convertible Bonds, Series B Convertible Bonds and Series C Convertible Bonds respectively.

As an illustration, a breakdown of shareholding interests of DBS, Maybank and RHC upon the full conversion of the Convertible Bonds and Additional Convertible Bonds based on the enlarged issued share capital of the Company is set out below:

Shareholder	Shareholding interest in the the Company <u>before</u> conversion and <u>before</u> completion of the SOSA Transactions		No. of Shares to be issued pursuant to the SOSA Transactions	Shareholding interest in the Company <u>before</u> conversion and <u>after</u> completion of the SOSA Transactions		No. of Conversion Shares and Additional Conversion Shares	Shareholding interest in the Company <u>after</u> conversion and <u>after</u> completion of the SOSA Transactions	
	No. of Shares	%		No. of Shares	%		No. of Shares	%
DBS	NIL	-	-	NIL	-	658,641,804	658,641,804	17.1
Maybank	NIL	-	-	NIL	-	93,458,995	93,458,995	2.4
RHC	317,560,389	56.8	405,546,000	723,106,389	59.7	1,880,252,000	2,603,358,389	67.7
Swiber Group	115,102,345	20.6	246,720,000	361,822,345	29.9	-	361,822,345	9.4
Other Shareholders	126,691,700	22.6	-	126,691,700	10.5	-	126,691,700	3.3
Total	559,354,434	100.0	652,266,000	1,211,620,434	100.0	2,632,352,799	3,843,973,233	100.0

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Note:

- (1) All percentages in the table above rounded to the nearest 1 decimal place and the percentages may not add up due to rounding.

In view of the potential significant number of Shares being issued to the DBS, Maybank and RHC upon the full conversion of the Convertible Bonds and the Additional Convertible Bonds, there will be significant dilution impact on existing Shareholders and the public float of the Company. The Company's present intention is to maintain the Company's listing status and will, at the relevant juncture in the future, take into consideration the appropriate course of action necessary to maintain the minimal percentage of Shares held by the public as required under the Listing Manual.

We note that assuming the full conversion of the Convertible Bonds and the Additional Convertible Bonds, (i) RHC remains the single largest and majority Shareholder of the Company and (ii) DBS will become the second largest controlling Shareholder of the Company.

5.4.4 Pro-forma financial effects of the Proposed IPTs

The pro-forma financial effects of the Proposed Restructuring on the Company's share capital, the Group's NTA per Share and LPS and its underlying assumptions can be found in Section 9 of the Circular.

In summary, we note the following in respect of the pro-forma financial effects:

- (i) The NTA per Share of the Group as at 31 March 2021 will decrease from US\$0.12 to US\$0.07 on a pro-forma basis, after the completion of the SOSA Transactions and the Proposed Restructuring but before the full conversion of the Convertible Bonds, mainly due to the enlarged share base arising from the SOSA Transactions and reclassification of part of the balance of the Initial Outstanding Principal/Cost Price Amount as equity. Assuming the completion of the SOSA Transactions and the Proposed Restructuring and after full conversion of the Convertible Bonds, the pro-forma NTA per Share as at 31 March 2021 would have been US\$0.04;
- (ii) The loss per Share of the Group as at 31 March 2021 will decrease from US\$0.04 to US\$0.02 on a pro-forma basis, after the completion of the SOSA Transactions and the Proposed Restructuring but before the full conversion of the Convertible Bonds. Assuming the completion of the SOSA Transactions and the Proposed Restructuring and after full conversion of the Convertible Bonds, the pro-forma loss per Share as at 31 March 2021 would have been US\$0.01, mainly due to the enlarged share base arising from the issuance of the Conversion Shares; and
- (iii) The gearing of the Company (calculated as the ratio of net borrowings over the total equity of the Group) as at 31 March 2021 will improve substantially, on a pro-forma basis, from 3.51 times to 2.10 times (after the completion of the SOSA Transactions and the Proposed Restructuring but before the full conversion of the Convertible Bonds, as US\$50 million of the Existing Borrowings will be reconstituted as Series A Convertible Bonds and Series B Convertible Bonds) and to 0.89 times (after the completion of the SOSA Transactions and the Proposed Restructuring and assuming the full conversion of the Convertible Bonds). It should also be noted that as the Convertible Bonds have a conversion period of 96 months from the Issue Date, the actual impact on gearing will depend on the extent to which the Convertible Bonds are converted during the conversion period.

6. OUR OPINION

In arriving at our opinion in relation to the Proposed IPTs, we have considered and evaluated all factors which we deem to have significant relevance to our assessment, particularly the salient factors which are described in more details in Section 5 of this Letter (which should be read in conjunction with, and in the full context of, the Circular and this Letter), including, *inter alia*, the following:

- (i) **Rationale for the Proposed IPTs** as set out in Section 5.1 of this Letter. In particular, we noted that the Proposed Restructuring, of which the Proposed Holmen Group Novation is a part of, is intended to extend the Group's debt maturity profile by 8 years which will provide sufficient operational and financial flexibility to better enable the Group to ride out the challenging market conditions in the offshore sector, as well as the global economic uncertainty following the COVID-19 pandemic, both of which may persist on a prolonged basis, and to allow the Group to service its debts based on its expected future cash flows;
- (ii) **Historical financial performance and condition of the Group** as set out in Section 5.2 of this Letter. In this regard, we noted, *inter alia*, that (a) the Group has been recording losses for the last three financial years; (b) the Group's gearing ratio has increased significantly from approximately 1.9 times as at 31 March 2019 to approximately 3.6 times as at 31 March 2021; (c) the Group had breached the financial covenants under the Framework Agreement with the Lenders which necessitates the Proposed Restructuring; and (d) the Proposed IPTs are proposed in conjunction with the Proposed Restructuring of the Group's Existing Borrowings and will enhance its equity base and reduce its borrowings upon the conversion of the Convertible Bonds into new Shares of the Company.
- (iii) **Assessment of the terms of the Proposed IPTs** as set out in Section 5.3 of this Letter, having regard to:
 - (a) **Comparison of the Series C Interest Rate with the interest rates of the Group's outstanding financial liabilities.** In this regard, we noted that the Series C Interest Rate which is based on the six-month US\$ LIBOR rate is considered to be favorable to the Group when compared to the interest rates of the Group's outstanding financial liabilities of between 2.1% and 5.0% per annum and the weighted average effective interest rate of approximately 3.0% per annum (especially taking into account that the Series C Convertible Bonds are subordinated and unsecured);
 - (b) **Assessment of the Series C Conversion Price vis-à-vis the historical price performance of the Shares.** In this regard, we noted, *inter alia*, that the Series C Conversion Price:
 - (i) is the same as the Series A Conversion Price and the Series B Conversion Price;
 - (ii) represents a premium of 100.0% to the VWAP for the Shares on 15 February 2021, being the Last Trading Day;
 - (iii) represents a premium of approximately 100.0%, 111.9%, 110.1% and 104.1% over the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Announcement Date respectively; and
 - (iv) represents a premium of approximately 48.4% over the VWAP for the Shares of S\$0.0674 on 2 June 2021, being the Latest Practicable Date.

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- (c) **Assessment of the Series C Conversion Price vis-à-vis the NTA of the Group.** In this regard, we noted, *inter alia*, that the Series C Conversion Price represents:
- (i) a discount of approximately 38.9% to the Group's NTA per Share attributable to owners of the Company and capital securities holders as at 31 March 2021; and
 - (ii) a discount of approximately 8.8% to the Group's NTA per Share attributable to owners of the Company as at 31 March 2021.
- (d) **Relative valuation analysis.** In this regard, we noted, *inter alia*, that whilst the Group's gearing ratio is significantly higher than any of the Selected Comparable Companies, the valuation of the Group in terms of P/NTA of (i) 0.61 times (as implied by the Series C Conversion Price and the Group's NTA per Share attributable to owners of the Company and capital securities holders); and (ii) 0.91 times (as implied by the Series C Conversion Price and the Group's NTA per Share attributable to owners of the Company (excluding the capital securities holders)) respectively, as at 31 March 2021, is more favorable as compared to the mean and median P/NTA of the Selected Comparable Companies;
- (e) **Considerations in respect of the Proposed Holmen Group Novation.** In this regard, we noted that HOL is a 75% owned subsidiary of the Company over which it has full control and that SHL which owns the remaining 25% shareholding interest in HOL has been in a state of financial distress since July 2016 and remains under judicial management as at the Latest Practicable Date. The Company regards that the financial support extended to the Holmen Group is necessary in view of (i) the present circumstances and the financial commitment that the Group has already provided to the Holmen Group; (ii) the fact that the Group has effective control over the Holmen Group with its 75% interest and the other 25% shareholder, SHL, is currently under judicial management; and (iii) the Company's position that the operations of the Holmen Group is beneficial to the interests of the Group and it is thus committed to support the Holmen Group; and
- (iv) **Other relevant considerations in relation to the Proposed IPTs** as set out in Section 5.4 of this Letter, which includes: (i) the Group's reliance on shareholder's advances from RHC, (ii) inter-conditionality of the Resolutions proposed at the EGM, (iii) the dilutive impact on shareholdings of other Shareholders upon full conversion of the Convertible Bonds and Additional Convertible Bonds, and (iv) pro-forma financial effects of the Proposed IPTs.

Having regard to the foregoing considerations set out in this Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is prepared as required under Chapter 9 of the Catalist Rules as well as addressed to the Non-Interested Directors for their benefit and for the purpose of their consideration of the Proposed IPTs. The recommendation to be made by the Non-Interested Directors to the Shareholders shall remain the responsibility of the Non-Interested Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of any matter relating to the Proposed IPTs.

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This Letter is governed by and construed in accordance with the Laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours Sincerely
For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Senior Vice President
Corporate Finance

NOTICE OF EXTRAORDINARY GENERAL MEETING

VALLIANZ HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199206945E)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders of Vallianz Holdings Limited (the “**Company**”) to be held by way of electronic means on 22 June 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 7 June 2021 (the “**Circular**”).*

Shareholders should note that Ordinary Resolutions 1 to 5 (the “**Ordinary Resolutions**”) are inter-conditional on each other and the completion of each transaction is conditional upon the completion of the other transactions. This means that if any of these resolutions are not approved, the other resolutions will not be deemed duly passed.

ORDINARY RESOLUTION 1:

THE PROPOSED NOVATION OF US\$30,725,116 BORROWINGS FROM THE HOLMEN GROUP TO THE COMPANY (THE “PROPOSED HOLMEN GROUP NOVATION”)

THAT:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to enter into the Proposed Holmen Group Novation, and all transactions contemplated thereby; and
- (b) the Directors of the Company are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

ORDINARY RESOLUTION 2:

THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF US\$43,766,662 TO DBS, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 581,571,404 NEW SHARES UPON CONVERSION OF THE SERIES A CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SERIES A CONVERTIBLE BONDS, AND THE PROPOSED ISSUANCE OF ADDITIONAL SERIES A CONVERSION SHARES (“THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS”)

THAT:

- (a) approval be and is hereby given for the purposes of Chapter 8 of the Catalist Rules of the SGX-ST, for the proposed issuance of aggregate principal amount of US\$43,766,662 Series A Convertible Bonds by the Company to DBS;
- (b) approval be and is hereby given to create and issue to DBS an aggregate principal amount of US\$43,766,662 Series A Convertible Bonds, such Series A Convertible Bonds to be convertible at the option of DBS into new ordinary shares of the Company (the “**Series A Conversion Shares**”) at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series A Convertible Bonds including to create and issue to DBS additional Series A Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date (the “**Additional Series A Conversion Shares**”);
- (c) approval be and is hereby given to allot and issue:
 - (i) up to 581,571,404 Series A Conversion Shares or such other number as may be required or permitted to be allotted or issued on the conversion of the Series A

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Conversion Bonds, to DBS, on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the issue of the Series A Convertible Bonds, whereby such Series A Conversion Shares shall rank *pari passu* in all respects with the existing Shares; and

- (ii) on the same basis as paragraph (c)(i) above, such Additional Series A Conversion Shares as may be required to be allotted and issued on the conversion of any of the additional Series A Convertible Bonds in accordance with the terms and conditions of the Series A Convertible Bonds; and
- (d) the Directors of the Company are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

ORDINARY RESOLUTION 3:

THE PROPOSED ISSUANCE OF SERIES B CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF US\$6,233,338 TO MAYBANK, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 82,828,595 NEW SHARES UPON CONVERSION OF THE SERIES B CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SERIES B CONVERTIBLE BONDS, AND THE PROPOSED ISSUANCE OF ADDITIONAL SERIES B CONVERSION SHARES (THE “PROPOSED ISSUANCE OF SERIES B CONVERTIBLE BONDS”)

THAT:

- (a) approval be and is hereby given for the purposes of Chapter 8 of the Catalist Rules of the SGX-ST, for the proposed issuance of aggregate principal amount of US\$6,233,338 Series B Convertible Bonds by the Company to Maybank;
- (b) approval be and is hereby given to create and issue to Maybank an aggregate principal amount of US\$6,233,338 Series B Convertible Bonds, such Series B Convertible Bonds to be convertible at the option of Maybank into new ordinary shares of the Company (the “**Series B Conversion Shares**”) at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series B Convertible Bonds including to create and issue to Maybank additional Series B Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date (the “**Additional Series B Conversion Shares**”);
- (c) approval be and is hereby given to allot and issue:
 - (i) up to 82,828,595 Series B Conversion Shares or such other number as may be required or permitted to be allotted or issued on the conversion of the Series B Conversion Bonds, to Maybank, on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the issue of the Series B Convertible Bonds, whereby such Series B Conversion Shares shall rank *pari passu* in all respects with the existing Shares; and
 - (ii) on the same basis as paragraph (c)(i) above, such Additional Series B Conversion Shares as may be required to be allotted and issued on the conversion of any of the additional Series B Convertible Bonds in accordance with the terms and conditions of the Series B Convertible Bonds; and
- (d) the Directors of the Company are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

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ORDINARY RESOLUTION 4:

THE PROPOSED ISSUANCE OF SERIES C CONVERTIBLE BONDS IN AGGREGATE PRINCIPAL AMOUNT OF UP TO US\$125,000,000 TO RHC, THE PROPOSED ISSUANCE AND ALLOTMENT OF UP TO 1,661,000,000 NEW SHARES UPON CONVERSION OF THE SERIES C CONVERTIBLE BONDS AT THE CONVERSION PRICE OF S\$0.10 PER SHARE, SUBJECT TO ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SERIES C CONVERTIBLE BONDS, AND THE PROPOSED ISSUANCE OF ADDITIONAL SERIES C CONVERSION SHARES (THE “PROPOSED ISSUANCE OF SERIES C CONVERTIBLE BONDS”)

THAT:

- (a) approval be and is hereby given for the purposes of Chapter 8 and Chapter 9 of the Catalist Rules of the SGX-ST, for the proposed issuance of aggregate principal amount of US\$125,000,000 Series C Convertible Bonds by the Company to RHC;
- (b) approval be and is hereby given to create and issue to RHC an aggregate principal amount of US\$125,000,000 Series C Convertible Bonds, such Series C Convertible Bonds to be convertible at the option of RHC into new ordinary shares of the Company (the “**Series C Conversion Shares**”) at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series C Convertible Bonds including to create and issue to RHC additional Series C Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date (the “**Additional Series C Conversion Shares**”);
- (c) approval be and is hereby given to allot and issue:
 - (i) up to 1,661,000,000 Series C Conversion Shares or such other number as may be required or permitted to be allotted or issued on the conversion of the Series C Conversion Bonds, to RHC, on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the issue of the Series C Convertible Bonds, whereby such Series C Conversion Shares shall rank *pari passu* in all respects with the existing Shares; and
 - (ii) on the same basis as paragraph (c)(i) above, such Additional Series C Conversion Shares as may be required to be allotted and issued on the conversion of any of the additional Series C Convertible Bonds in accordance with the terms and conditions of the Series C Convertible Bonds; and
- (d) the Directors of the Company are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

ORDINARY RESOLUTION 5:

THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO DBS ARISING FROM THE PROPOSED ISSUANCE OF SERIES A CONVERTIBLE BONDS (THE “PROPOSED TRANSFER OF CONTROLLING INTEREST”)

THAT:

- (a) approval be and is hereby given for the purposes of Rule 803 of the Catalist Rules of the SGX-ST, for the Group to transfer the Controlling Interest to DBS pursuant to the Proposed Issuance of Series A Convertible Bonds, and all transactions contemplated thereby; and
- (b) the Directors of the Company are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

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BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
7 June 2021

IMPORTANT NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM of the Company will be convened and held by way of electronic means through a “live” webcast (the “**Live EGM Webcast**”). **NO PHYSICAL ATTENDANCE TO THE EGM IS PERMITTED.**
2. The Circular, Notice of EGM and proxy form will be sent to the Shareholders solely by electronic means via publication on the Company’s website at the URL <http://www.vallianzholdings.com/newsroom.html> and SGXNet. Printed copies of these documents will NOT be despatched to Shareholders.
3. **Registration of Shareholders**
 - (i) All Shareholders who wish to watch or listen to Live EGM Webcast proceedings must pre-register online by 2.00 p.m. on 19 June 2021 (the “**Registration Deadline**”) at the URL <https://conveneagm.sg/vallianzegm3> for verification purposes.
 - (ii) Shareholders who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Members and SRS Investors) and wish to follow the proceedings of EGM through the Live EGM Webcast must inform their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) that they have registered for the Live EGM Webcast and provide their respective relevant intermediaries with their registration details.
 - (iii) Following authentication of the shareholders’ status as Shareholders, authenticated Shareholders will receive an email notification, and would be able to access the Live EGM Webcast proceedings using the account credentials created upon completion of registration.
 - (iv) Shareholders who do not receive an email by 2.00 p.m. on 21 June 2021, but who have registered by the Registration Deadline should contact the Company at the email address at sg.is.proxy@sg.tricorglobal.com.
4. **Submission of questions in advance**
 - (i) Please note that Shareholders will not be able to ask questions at the Live EGM Webcast, and therefore it is important for Shareholders to pre-register their participation in order to be able to submit their questions in advance of the EGM.
 - (ii) Shareholders who pre-register to watch or listen to the Live EGM Webcast may also submit questions related to the resolutions to be tabled for approval at the EGM. All questions must be submitted by 2.00 p.m. on 15 June 2021 via (a) the URL <https://conveneagm.sg/vallianzegm3>; (b) post to the Share Registrar’s office at 80 Robinson Road, #11-02, Singapore 068898; or (c) electronic mail to sg.is.proxy@sg.tricorglobal.com.
 - (iii) The Company will address substantial and relevant questions received from the Shareholders relating to the agenda of the EGM prior to the EGM via SGXNet and the Company’s website.
 - (iv) The Company will publish the minutes of the EGM on SGXNet and on the Company’s website within one month from the date of EGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which were addressed prior to the EGM.
5. **Completion of the proxy form**
 - (i) Shareholders will not be able to vote online on the resolutions to be tabled for approval at the EGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the meeting to vote on their behalf.
 - (ii) Shareholders (whether individual or corporate) appointing the Chairman of the meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
 - (iii) The duly completed and signed proxy form appointing the Chairman of the meeting as proxy must be

NOTICE OF EXTRAORDINARY GENERAL MEETING

submitted to the Company by 2.00 p.m. on 20 June 2021 via either the following means:

- (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) electronic mail to sg.is.proxy@sg.tricorglobal.com.
- (iv) For CPFIS Members or SRS investors who wish to exercise their votes by appointing the Chairman of the EGM as their proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days before the EGM (i.e. by 10 June 2021).

The Company shall be entitled to reject the instrument appointing the Chairman of the meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).

- (v) In the case of Shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 2.00 p.m. on 19 June 2021, as certified by The Central Depository (Pte) Limited to the Company.

6. Reminder

Shareholders who wish to attend the Live EGM Webcast are reminded that the EGM is private. Invitations to attend the EGM shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorized to attend the Live EGM Webcast. Recording of the Live EGM Webcast in whatever form is also strictly prohibited.

The Company asks for Shareholders' indulgence as the EGM progresses in the event of any technical disruptions. The Company may be required to change its EGM arrangements at short notice. Shareholders are advised to regularly check the Company's announcements on SGXNet or the Company's website for any changes or updates on the EGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM

VALLIANZ HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199206945E)

PROXY FORM

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM are set out in the Circular dated 7 June 2021.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the EGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 June 2021.

*I/We, _____ (name) _____ (NRIC/Passport/ Company Registration No.) of _____ (Address) being *a member/members of **VALLIANZ HOLDINGS LIMITED** (the “Company”), hereby appoint:

The Chairman of the Meeting

as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting (the “EGM”) of the Company to be held by way of electronic means at 2.00 p.m. on 22 June 2021 and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the EGM, please indicate with a “√” in the space provided under “For” or “Against”. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the EGM, please indicate with a “√” in the space provided under “Abstain”. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote “For” or “Against” or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Ordinary Resolution	For	Against	Abstain
1.	The Proposed Holmen Group Novation			
2.	The Proposed Issuance of Series A Convertible Bonds to DBS			
3.	The Proposed Issuance of Series B Convertible Bonds to Maybank			
4.	The Proposed Issuance of Series C Convertible Bonds to RHC			
5.	The Potential Transfer of Controlling Interest to DBS			

Dated this _____ day of _____ 2021.

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal
of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, shareholders will not be able to attend the EGM in person. Shareholders who wish to have their votes cast at the EGM must appoint the Chairman of the EGM as their proxy to do so.
2. This Proxy Form is not valid for use by shareholders who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPFIS members and/or SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such shareholders (including CPFIS members and SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPFIS members and SRS investors should approach their respective CPF and/or SRS Approved Nominees at least seven (7) working days before the EGM to specify voting instructions.**
3. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the shareholder of the Company.
4. The Chairman of the Meeting, as proxy, need not be a shareholder of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. The instrument appointing proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be submitted to the Company via either the following means:
 - (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) electronic mail to sg.is.proxy@sg.tricorglobal.com;by no later than 2.00 p.m. on 20 June 2021, and in default the instrument of proxy shall not be treated as valid.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy.
8. In the case of a shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 2.00 p.m. on 19 June 2021, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 June 2021.