



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

**ENTRY INTO REPLACEMENT DEED
FOR THE SETTLEMENT OF THE SERIES A CONVERTIBLE BONDS**

1. INTRODUCTION

The board of directors (the “**Board**”) of Vallianz Holdings Limited (the “**Company**”, with its subsidiaries, collectively, the “**Group**”) refers to: (a) the announcement dated 14 June 2024 in relation to the entry into the deed of settlement (the “**Settlement Deed**”) for the Series A floating rate Convertible Bonds due 2029 with an aggregate principal amount of US\$47,441,515 which are held by DBS (the “**DBS Series A Convertible Bonds**”); (b) the announcement dated 8 August 2024 in relation to the entry into the deed of amendment to the Settlement Deed for the extension of the Long Stop Date; (c) the announcement dated 6 September 2024 in relation to the ongoing discussions with DBS for the entry into a deed of settlement on the replacement arrangements for the Final Settlement Amount for the Settlement of the DBS Series A Convertible Bonds (the “**Replacement Deed**”); and (d) the announcement dated 10 September 2024 in relation to the partial settlement of the Final Settlement Amount and ongoing discussions with DBS for entry into the Replacement Deed (collectively, the “**Previous Announcements**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the meanings ascribed to them in the Previous Announcements.

2. TERMS OF THE REPLACEMENT DEED

The Board would like to update the shareholders of the Company that on 27 September 2024, the Company and DBS (collectively, the “**Parties**”) have entered into the Replacement Deed. The following sets out the key terms of the Replacement Deed which replaces the prior settlement terms of the DBS Series A Convertible Bonds under the Settlement Deed (the “**Replacement Settlement**”):

2.1 Termination of the Settlement Deed

The Parties agree and acknowledge that the Settlement Deed shall, with effect on and from 6 September 2024 be terminated and the Parties’ rights and obligations thereunder shall be terminated forthwith without further act, and each Party irrevocably and unconditionally discharges and releases the other Party from further performance under the Settlement Deed, save with respect to any antecedent rights arising thereunder.

2.2 Replacement Settlement

The Parties have agreed and acknowledged that the Final Settlement Amount is paid or payable (as applicable) in three (3) instalments:

- (a) First Instalment Amount: US\$14,849,481.20, being the sum of (a) 50.0% of the Outstanding Settlement Amount¹; and (b) the interest accruing from 29 March 2024 to 6 September 2024 in respect of the Settled Series A Bonds², which was received by DBS on 11 September 2024 (the “**First Instalment Amount**”).

The payment of the First Instalment Amount to DBS shall be deemed to be full and final settlement of all the Company’s payment and other obligations under the Settled Series A Bonds and the Company shall not be liable to pay DBS any other interest or other outstanding amounts in respect of the Settled Series A Bonds. With effect from 11 September 2024, DBS waives any and all claims, rights and title that it may have in respect of the Settled Series A Bonds.

- (b) Second Instalment Amount: US\$709,005.83, being the interest accruing from 29 March 2024 to (but excluding) 30 September 2024 in respect of the Outstanding Series A Bonds³, to be paid by no later than 30 September 2024 (the “**Second Instalment Amount**”). If the Second Instalment Amount is not paid in accordance with this paragraph 2.2(b), DBS shall be entitled to draw on the irrevocable standby letter of credit provided in favour of DBS for the relevant SBLC Amount⁴ (the “**SBLC**”)⁵ and subject to receipt by DBS of the relevant SBLC Amount from the issuing bank, no further payments (including the Third Instalment Amount) shall be payable by or on behalf of the Company for the full and final settlement of all the Company’s payment and other obligations under the Outstanding Series A Bonds.

- (c) Third Instalment Amount: means US\$14,500,726.98, being the sum of (a) 50.0% of the Outstanding Settlement Amount; and (b) the interest accruing from 30 September 2024 to (but excluding) 9 December 2024 in respect of the Outstanding Series A Bonds, to be paid no later than 9 December 2024, provided that the SBLC has not been drawn by DBS under paragraph 2.2(b) above (the “**Third Instalment Amount**”). If the Third Instalment Amount is not paid in accordance with this paragraph 2.2(c), DBS shall be entitled to draw on the SBLC for the relevant SBLC Amount and subject to receipt by DBS of the relevant SBLC Amount from the issuing bank, no further payments (including the Third Instalment Amount) shall be payable by or on behalf of the Company for the full and final settlement of all the Company’s payment and other obligations under the Outstanding Series A Bonds.

¹ US\$28,464,909.

² Means 50% of the DBS Series A Convertible Bonds, amounting to an aggregate amount of US\$23,720,757.50.

³ Means the DBS Series A Convertible Bonds minus the Settled Series A Bonds, amounting to an aggregate principal amount of US\$23,720,757.50.

⁴ Means (a) in relation to a failure by the Company to pay the Second Instalment Amount in accordance with paragraph 2.2(b) above, US\$14,941,460.33; and (b) in relation to a failure by the Company to pay only the Third Instalment Amount in accordance with paragraph 2.2(c) above, US\$14,500,726.98.

⁵ The SBLC in the amount of US\$14,941,460.33 has been received by DBS on 20 September 2024. For the avoidance of doubt, the entitlement of DBS to draw on the SBLC for the relevant SBLC Amount is not subject to the satisfaction, waiver or deferment of the Conditions (as defined below).

In the event of either the payment of the Second Instalment Amount and Third Instalment Amount to DBS or if DBS draws on the SBLC and is in receipt of the relevant fund(s) as drawn upon, it shall be deemed to be full and final settlement of all the Company's payment and other obligations under the Outstanding Series A Bonds. Subject to the receipt of the Second Instalment Amount and Third Instalment Amount by DBS or the receipt of the relevant funds by DBS if SBLC were to be drawn upon by DBS, the Company shall not be liable to pay DBS any other interest or other outstanding amounts that may accrue on and from the date of the Replacement Deed up to (and including) the Completion Date (as defined below). DBS waives any and all claims, rights and title that it may have in respect of the Outstanding Series A Bonds following its receipt of the Second Instalment Amount and Third Instalment Amount.

The Second Instalment Amount and (subject to the satisfaction, waiver or deferment of the Conditions (or as provided for under the Replacement Deed)) the Third Instalment Amount shall be paid by the Company (or the Company shall procure that such payment of the Second Instalment Amount and Third Instalment Amount be made) to DBS on the relevant dates specified in paragraphs 2.2(b) or 2.2(c) (as applicable), in United States dollars, in immediately available and freely transferable funds.

In event that DBS is entitled to a payment under a provision of the Replacement Deed from either the Company or the issuing bank of the SBLC, and it has been made whole by payment by either of them, in no event shall DBS be entitled to receive a subsequent payment under any other provision of the Replacement Deed or the SBLC. Any payment under the Replacement Deed or the SBLC shall be without duplication.

To fund the Final Settlement Amount, the Company will obtain shareholder's advances from RHC under the existing loan agreement with RHC which was approved by shareholders of the Company at the extraordinary general meeting held on 27 April 2021.

The Replacement Settlement is to allow for the extension of the settlement by the Company of the DBS Series A Convertible Bonds on terms as agreed amongst the Parties, including a 40.0% discount to the principal amount, and payment of the full interest amount due up to the agreed Completion Date, which is similar to the prior settlement arrangements under the Settlement Deed.

2.3 Conditions of the Replacement Settlement

Completion of the Replacement Settlement (the "**Completion**") shall be subject to the following conditions precedent (the "**Conditions**");

- (a) on or prior to the date of the Replacement Deed, an executed transfer or conversion notice (as provided for under the Call Option and ROFR Agreement) relating to the Outstanding Series A Bonds has been issued by DBS to RHC;
- (b) on or prior to the date of the Replacement Deed, an executed ROFR notice (as provided for under the Call Option and ROFR Agreement) relating to the Outstanding Series A Bonds has been issued by DBS to RHC;

- (c) on or prior to the date of the Replacement Deed, an executed letter of waiver has been issued by RHC in respect of its option to purchase or first right of purchase relating to DBS Series A Convertible Bonds;
- (d) the original SBLC has been delivered to DBS pursuant to the terms and conditions of the Replacement Deed;
- (e) all approvals, consents and permits as well as third party approvals, consents and waivers (including the obtaining of any consents, acknowledgements, confirmations or waivers required for or in connection with the transactions contemplated by the Replacement Deed from RHC) as may be required for the purposes of and in connection with the transactions contemplated by the Replacement Deed have been obtained or fulfilled and are in full force and effect; and
- (f) all representations, undertakings and warranties made by each Party under the Replacement Deed being complied with and remaining true, accurate and correct from the date of the Replacement Deed up to (and including) the Completion Date,

provided that each of the above Conditions may be waived or deferred (subject to such conditions as may be required or imposed) in writing by the Parties or by the Party for whose benefit such Condition is for.

2.4 Completion

Subject to the satisfaction, waiver or deferment (subject to such conditions as may be required or imposed) (as the case may be) of the Conditions, Completion shall take place on the earliest of (a) the date on which the relevant SBLC Amount is received by DBS in the event the SBLC is drawn by DBS under paragraphs 2.2(b) or 2.2(c) above (where applicable); (b) 9 December 2024; or (c) such other date as the Parties may mutually agree in writing (the “**Completion Date**”).

2.5 Lapse of the Replacement Deed

If the Completion does not take place on or before 9 December 2024 due to non-fulfilment of the Conditions, the Replacement Deed shall lapse and no Party shall have any claim against any other under the Replacement Deed, save with respect to any antecedent rights arising thereunder.

3. FINANCIAL EFFECTS OF THE SETTLEMENT ON THE GROUP

The Replacement Settlement will result in a gain of approximately US\$15.3 million for the current financial year ending 31 December 2024⁶, mainly being the difference between the aggregate principal amount of the DBS Series A Convertible Bonds and accrued interest up to the date of the Replacement Deed less the Final Settlement Amount.

⁶ As announced on 21 November 2023, there has been a change of the Company’s financial year end from 31 March to 31 December.

Based on the Group's latest audited consolidated financial statements, being that for the financial period ended 31 December 2023 ("FP2023"), for illustrative purposes, the financial effects of the Replacement Settlement on the Group are set out as follows:

(a) Net tangible assets ("NTA") per share of the Group

As the Group does not have any intangible assets, its NTA is the same as its net asset value.

Assuming that the Replacement Settlement had been completed on 31 December 2023, the financial effect on the NTA per share of the Group as at 31 December 2023 is as follows:

	Before the Replacement Settlement	After the Replacement Settlement
NTA attributable to owners of the Company and the holder of Perpetual Securities (US\$'000)	30,479	72,959
Number of ordinary shares issued ('000)	1,211,620	1,211,620
NTA per share (US cents)	2.52	6.02
NTA attributable to owners of the Company (US\$'000)	7,979	50,459
Number of shares issued ('000)	1,211,620	1,211,620
NTA per share (US cents)	0.66	4.16

(b) Earnings per share of the Company ("EPS")

Assuming that the Replacement Settlement had been completed on 1 April 2023, the financial effect on the EPS of the Group for FP2023 is as follows:

	Before the Replacement Settlement	After the Replacement Settlement
Net profit attributable to owners of the Company (US\$'000)	1,726	15,608

	Before the Replacement Settlement	After the Replacement Settlement
Weighted average number of ordinary shares in issue for EPS ('000)	1,211,620	1,211,620
EPS (US cents)	0.14	1.29

4. FURTHER ANNOUNCEMENTS

The Company will make further announcements on any material developments regarding the the Replacement Settlement as and when appropriate.

5. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. The Replacement Settlement is subject to Conditions and there is no certainty or assurance that the Replacement Settlement will proceed to completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Ling Yong Wah
Chief Executive Officer

27 September 2024

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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