

Vallianz Holdings Limited
Co Reg No. 199206945E

3A, International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzhholdings.com

PROPOSED SUBSCRIPTION OF 196,651,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT S\$0.016 FOR EACH NEW SHARE

1. INTRODUCTION

1.1 The board of directors (the “**Board**” or “**Directors**”) of Vallianz Holdings Limited (the “**Company**,” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company, certain subsidiaries of the Company as named in Appendix 1 to this Announcement (each a “**Vallianz Subsidiary**” and collectively, the “**Vallianz Subsidiaries**”) and certain trade creditors of the Vallianz Subsidiaries as named in Appendix 1 to this Announcement (each a “**Trade Creditor**” and collectively, the “**Trade Creditors**”) have, on 27 June 2018, entered into letters of agreement (the “**Letter Agreements**”) pursuant to which:

- (a) each Trade Creditor has agreed to subscribe for such number of new ordinary shares (the “**Settlement Shares**”) in the capital of the Company at the Issue Price (as defined below) per Settlement Share as set out against their respective names in Appendix 1 to this Announcement, aggregating 196,651,000 Settlement Shares (the “**Proposed Subscription**”);
- (b) such part of the outstanding amount owing by each Vallianz Subsidiary to each Trade Creditor as set out in Appendix 1 to this Announcement (each a “**Trade Payable**”) shall be novated to and assumed by the Company; and
- (c) such part of each Trade Payable as novated shall be settled and set-off by way of application of the Trade Payable towards payment of the aggregate amount payable by each applicable Trade Creditor for the Settlement Shares (the “**Aggregate Issue Price**”) under the Proposed Subscription (the “**Proposed Settlement**”) with the balance of each Trade Payable being settled by the Group in cash,

(collectively, the “**Proposed Subscription and Settlement**”).

1.2 The subscription of the Settlement Shares by the Trade Creditors pursuant to the Proposed Subscription will be fully set-off against the aggregate Trade Payables of S\$3,146,416 pursuant to the Proposed Settlement.

2. TERMS OF THE PROPOSED SUBSCRIPTION AND SETTLEMENT

2.1 The Proposed Subscription

On the Effective Date (as defined below), the Trade Creditors shall subscribe for their respective Settlement Shares at the Issue Price per Settlement Share and the Company shall allot and issue the Settlement Shares to each Trade Creditor.

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2.2 The Proposed Settlement

On the Effective Date (as defined below):

- (a) all liability of the Vallianz Subsidiaries in respect of all Trade Payables shall be novated to and assumed by the Company;
- (b) the Trade Payables shall be applied towards payment of the Aggregate Issue Price by way of a set-off to the extent of the amount of the Aggregate Issue Price, whereupon the Trade Payables shall be deemed to be paid by the Company to the Trade Creditors to the extent of the amount of the Aggregate Issue Price; and
- (c) the balance of the Trade Payables of each Trade Creditor after such set-off shall be paid by the Company to the Trade Creditors in cash.

2.3 Issue Price

The Settlement Shares will be offered to and subscribed by the Subscriber at S\$0.016 per Settlement Share (the “**Issue Price**”). The Issue Price is at a premium of 60.00% above the volume weighted average price of S\$0.010 for trades done on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 June 2018 (being the market day on which the Letter Agreements were signed).

2.4 Effective Date

The Proposed Subscription and Settlement shall be effective from the date falling on the fifth (5th) business day after the Company receives the approval in-principle from the SGX-ST for the listing and quotation of the Settlement Shares on the Catalist board of the SGX-ST (the “**Effective Date**”).

3. **GENERAL MANDATE AND STATUS OF SETTLEMENT SHARES**

- 3.1 The Settlement Shares will be allotted and issued pursuant to the general share issue mandate (“**General Mandate**”) granted by the shareholders of the Company to the Directors at the last annual general meeting of the Company held on 7 July 2017 (the “**AGM**”). As at the date of the AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the “**Previous Share Capital**”) comprised 4,479,061,385 ordinary shares. According to the terms of the General Mandate, the aggregate number of Shares that may be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed such number of Shares representing 50% of the Previous Share Capital, being 2,239,530,692 Shares.

As at the date of this announcement, no Shares have been, or are to be issued under the General Mandate. Accordingly, the allotment and issuance of the Settlement Shares is within the limit of the General Mandate.

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However, since the AGM, the Company has completed the transactions listed in the table below without relying on the General Mandate and the issued share capital of the Company has increased from 4,479,061,385 Shares as at last AGM to 16,519,110,917 Shares as of the date of this Announcement.

Date	Nature of Exercise	Number of Shares issued
05 Dec 2017	Vesting of Performance Share Awards	69,000,000
29 Dec 2017	Rights cum Warrants Issue	4,479,061,385
02 Jan 2018	Vesting of Performance Share Awards	35,666,675
11 Jan 2018	Exercise of Warrants	5,810,307,088
18 Jan 2018	Exercise of Warrants	14,000
22 Jan 2018	Exercise of Warrants	1,646,000,384
	Total	12,040,049,532

The Settlement Shares represent approximately 1.19% of the Company's issued share capital of 16,519,110,917 Shares respectively as at the date of this Announcement, and approximately 1.18% of the enlarged share capital of 16,715,761,917 Shares respectively after the allotment and issuance of the Settlement Shares. The Company currently has no treasury shares.

- 3.2 The Settlement Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares existing as at the date of the issue and allotment of the Settlement Shares, save that they will not rank for any dividends, rights, allotments other distributions, the record date in respect of which falls on or prior to such issue and allotment.
- 3.3 The Catalist sponsor of the Company, Provenance Capital Pte. Ltd., 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 Settlement Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcement upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Settlement Shares.
- 3.4 As a result of the Proposed Subscription and Settlement, the controlling shareholders of the Company, Rawabi Holding Company Limited and Swiber Holdings Limited, will have their respective shareholdings diluted from 57.67% to 56.99% and 20.90% to 20.66%.

4. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND SETTLEMENT AND USE OF PROCEEDS

- 4.1 The rationale of the Proposed Subscription and Settlement is to settle the Trade Payables whilst conserving cash reserves of the Group.
- 4.2 As set out under Paragraph 2.2(a) of this Announcement, the Aggregate Issue Price of S\$3,146,416.00 payable by the Trade Creditors pursuant to the Proposed Subscription will be fully set-off against the aggregate Trade Payables of S\$3,146,441.11 pursuant to the Proposed Settlement with the balance of S\$25.11 to be payable by the Company to the Trade Creditors in full settlement of the Trade Payables.

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- 4.3 The Directors are of the opinion that, after taking into consideration the Group's present banking facilities and the Proposed Subscription and Settlement, the working capital available to the Group is sufficient to fund its present requirements.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND SETTLEMENT

- 5.1 Assuming that the Proposed Subscription and Settlement has been completed and all of the Settlement Shares have been issued, the existing issued number of Shares will increase by approximately 1.19% from 16,519,110,917 Shares (as at the date of this Announcement) to 16,715,761,917 Shares.
- 5.2 For illustrative purposes only and based on the unaudited consolidated financial statements of the Group for the financial year ended 31 March 2018 ("FY2018") as announced by the Company on 14 May 2018, the financial effects of the Proposed Subscription and Settlement on (i) the net asset value ("NAV") per Share of the Group (assuming that the Proposed Subscription and Settlement had been completed at the end of FY2018); and (ii) the earnings per Share ("EPS") of the Group (assuming that the Proposed Subscription and Settlement had been completed at the beginning of FY2018), are as follows:

	<u>Before the Proposed Subscription and Settlement</u>	<u>After the Proposed Subscription and Settlement</u>
NAV per Share (US cents)	1.47	1.47
Number of Shares excluding treasury shares at the end of FY2018 for calculating NAV per Share ('000)	16,519,111	16,715,762
EPS (US cents)	0.23	0.23
Weighted average number of Shares for calculating EPS ('000)	7,198,527	7,395,178

(Illustrative USD / S\$ exchange rate on the date of this Announcement: 1 USD = S\$1.3620)

- 5.3 The financial effects of the Proposed Subscription and Settlement on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Proposed Subscription and Settlement.

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6. ABOUT THE TRADE CREDITORS

- 6.1 The Trade Creditors are the trade vendors and suppliers of the Company and the Vallianz Subsidiaries, with the Trade Payables having been incurred in respect of trade purchases and orders made in the ordinary course of business. Further information on the Trade Creditors is set out in Appendix 1 to this Announcement.
- 6.2 As at the date of this Announcement, none of the Trade Creditors hold any Shares.
- 6.3 Each of the Trade Creditors has confirmed and represented to the Company that it is not a “person” falling within Rule 812(1) of the Catalist Rules.

7. NO PROSPECTUS, OFFER DOCUMENT OR OFFER INFORMATION STATEMENT TO BE ISSUED

The issue and allotment of the Settlement Shares under the Proposed Subscription will be undertaken in reliance on the exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus, offer document or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Subscription.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or as far as the Directors are aware, the substantial shareholders of the Company, has any interest, direct or indirect, in the Proposed Subscription and Settlement (other than arising from their shareholdings in the Company, if any).

9. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the Letter Agreements are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months commencing from the date of this Announcement.

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10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and Settlement, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company that may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
27 June 2018

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

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

The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899.

Telephone (65) 6227 1580 Email: wongbe@provenancecapital.com

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Appendix 1

No	Trade Creditor	Trade Creditor's Country of Incorporation	Vallianz Subsidiary	Amount of Trade Payable for Proposed Settlement (In SGD)	Number of Settlement Shares
1	Capital Logistics Pte. Ltd.	Singapore	Vallianz Offshore Marine Pte. Ltd.	904,112.00	56,507,000
2	PT ASL Shipyard Indonesia	Indonesia	PTSB Holdings Pte. Ltd.	164,784.00	10,299,000
3	PT Limin Marine & Offshore	Indonesia	PTSB Holdings Pte. Ltd.	546,272.00	34,142,000
4	PT Batamec	Indonesia	Holmen Arctic Pte. Ltd.	270,976.00	16,936,000
			Samson Marine Pte. Ltd.	736,000.00	46,000,000
5	Performance Offshore Limited	Malaysia	Samson Engineering Limited	524,272.00	32,767,000
Aggregate				3,146,416.00	196,651,000