



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

ENTRY INTO DEED OF SETTLEMENT FOR SERIES A CONVERTIBLE BONDS

1. INTRODUCTION

The Board of Directors of Vallianz Holdings Limited (the “**Company**”, with its subsidiaries, collectively, the “**Group**”) is pleased to announce that on 14 June 2024, the Company had entered into a deed of settlement (the “**Settlement Deed**”) with DBS Bank Ltd. (“**DBS**”) to fully settle (the “**Settlement**”) the Series A floating rate Convertible Bonds due 2029 with an aggregate principal amount of US\$47,441,515 (the “**Principal Amount**”) which are held by DBS (the “**DBS Series A Convertible Bonds**”).

2. BACKGROUND

The Company had on 12 August 2021, as part of its debt restructuring exercise (the “**Restructuring Exercise**”), issued, among others, the DBS Series A Convertible Bonds to DBS, which bears interest at the rate equal to the six-month USD LIBOR (which was subsequently changed to the compounded daily rate of the Secured Overnight Financing Rate (SOFR) in view of the abolishment of LIBOR internationally) and are payable semi-annually in arrears on each interest payment date.

As part of the debt restructuring exercise, Rawabi Holding Company Limited (“**RHC**”), a controlling shareholder of the Company, was granted options under a call option and ROFR agreement dated 19 February 2021 (the “**Call Option and ROFR Agreement**”) to, among others, (a) purchase all or part of the outstanding DBS Series A Convertible Bonds at par at any time during the conversion period (the “**RHC Call Option**”); and (b) a right of first refusal in the event of a sale, transfer or conversion of any of the DBS Series A Convertible Bonds by DBS (the “**RHC ROFR**”). As at the date of this announcement, the Company understands that none of the outstanding DBS Series A Convertible Bonds have been purchased by RHC.

Further details on the key terms of the DBS Series A Convertible Bonds are set out in the circular to shareholders dated 7 June 2021¹.

¹ The circular can be accessed at the URL: <https://links.sgx.com/FileOpen/VHL%20-%20Circular%20to%20shareholders%207%20Jun%202021.ashx?App=Announcement&FileID=670485>.

3. TERMS OF THE SETTLEMENT

3.1 Settlement

Subject to the terms of the Settlement Deed and in consideration of the payment of the final settlement amount (the “**Final Settlement Amount**”) by the Company to DBS, DBS agrees to transfer the DBS Series A Convertible Bonds to the Company, and the Company agrees to acquire and accept such transfer of the DBS Series A Convertible Bonds, free from all encumbrances and together with all rights, interest, title, benefits and remedies attaching thereto as at the completion date of the Settlement (the “**Completion Date**”).

3.2 Settlement Amount

The Final Settlement Amount shall be the sum of:

- (a) an initial settlement amount of US\$28,464,909 (which is a 40.0% discount from the Principal Amount); and
- (b) applicable interest (as agreed under the terms of the Settlement Deed) on the Principal Amount accrued during the period commencing on 30 March 2024 and ending on the Completion Date (the “**Interest Amount**”). The Company expects the Interest Amount to range between US\$0.95 million to US\$1.10 million, depending on the Completion Date.

Subject to the receipt of the Final Settlement Amount 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 Settlement Deed up to (and including) the Completion Date.

The payment of the Final Settlement Amount by the Company to DBS shall be deemed to be full and final settlement of all the Company's payment and other obligations under the DBS Series A Convertible Bonds and DBS waives any and all claims, rights and title that it may have in respect of the DBS Series A Convertible Bonds following its receipt of the Final Settlement Amount.

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.

3.3 Conditions of Settlement

Completion of the Settlement is subject to the following conditions (the “**Conditions**”):

- (a) an executed transfer or conversion notice (as provided for under the Call Option and ROFR Agreement) issued by DBS to RHC;
- (b) an executed ROFR notice (as provided for under the Call Option and ROFR Agreement) issued by DBS to RHC;
- (c) RHC not exercising the RHC Call Option or the RHC ROFR in respect of any DBS Series A Convertible Bonds in accordance with the terms of the Call Option and ROFR Agreement, or otherwise waives its RHC Call Option or the RHC ROFR in respect of all DBS Series A Convertible Bonds;

- (d) an executed letter of waiver issued by DBS (in its capacity as financier) to the Company in respect of its consent to waive, among others, compliance with the relevant financial covenant(s) set out in the restructuring agreement entered into for the Restructuring Exercise, in accordance with the terms and conditions therein;
- (e) the receipt by DBS in its capacity as financier of the settlement amount under a deed of settlement for the 4.0 per cent. senior perpetual securities with an aggregate principal amount of US\$22,500,000 issued in 2014 to Swiber Holdings Limited (In Liquidation) by the Company (the “**Perpetual Securities**”)²;
- (f) 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 Settlement Deed from RHC) as may be required for the purposes of and in connection with the transactions contemplated by the Settlement Deed have been obtained or fulfilled and are in full force and effect; and
- (g) all representations, undertakings and warranties made by each party to the Settlement Deed (each, a “**Party**” and together, the “**Parties**”) under the Settlement Deed being complied with and remaining true, accurate and correct from the date of the Settlement 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.

3.4 Long Stop Date and Completion Date

The long stop date of the Settlement Deed is 8 August 2024 (the “**Long Stop Date**”).

The Completion Date shall be as specified by the Company by written notice in accordance with the terms and conditions of the Settlement Deed or such other date as the Parties may mutually agree in writing but in any event shall not be later than the Long Stop Date. In any event, the Completion Date shall be a business day and shall not be:

- (a) on or earlier than 5 July 2024; and
- (b) earlier than:
 - (i) the date on which RHC waives its RHC Call Option or the RHC ROFR in respect of all DBS Series A Convertible Bonds and the requisite notice period under the Call Option and ROFR Agreement in connection with the RHC Call Option or the RHC ROFR; or
 - (ii) the expiry of the requisite notice period under the Call Option and ROFR Agreement in connection with the RHC Call Option or the RHC ROFR in respect of all DBS Series A Convertible Bonds,

(as the case may be).

² For further information in relation to the settlement of the the Perpetual Securities, please refer to the announcement dated 14 June 2024.

3.5 Completion of the Settlement

Upon the completion of the Settlement, the DBS Series A Convertible Bonds shall be irrevocably cancelled by the Company and be void and of no further effect thereafter.

The Company will make further announcements on any material developments regarding the Settlement as and when appropriate, including the financial effects of the Settlement on the Group.

4. RATIONALE

In view of the current high interest rate environment, it is in the Company's interest to fully settle the DBS Series A Convertible Bonds, which would help to save on future interest costs and lower the gearing of the Company and the Group as a whole.

5. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the other Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Settlement, other than in their respective capacities as directors and/or shareholders of the Company.

6. 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. Completion of the Settlement is subject to Conditions and there is no certainty or assurance that the 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

14 June 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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