

## CIRCULAR DATED 14 DECEMBER 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 EGM in person.** Instead, 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, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Please refer to paragraph 16 of this Circular dated 14 December 2021 which has been uploaded on SGXNet for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at the URL <http://www.vallianzholdings.com/newsroom.html>.



**VALLIANZ HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 199206945E)

### CIRCULAR TO SHAREHOLDERS

in relation to:

**THE PROPOSED DISPOSAL OF SHARES IN RAWABI VALLIANZ OFFSHORE SERVICES COMPANY LIMITED TO RAWABI ENERGY COMPANY FOR US\$80 MILLION, BEING AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION UNDER THE CATALIST RULES**

*Independent Financial Adviser to the Independent Directors  
in respect of the Proposed Disposal*



**W CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201813207E)

#### **IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form : 27 December 2021 at 3.00 p.m.  
Date and time of Extraordinary General Meeting : 29 December 2021 at 3.00 p.m.  
Place of Extraordinary General Meeting : The EGM will be held by way of electronic means

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## DEFINITIONS

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

- “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
- “annual general meeting” or “AGM”** : Annual general meeting of the Company
- “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 Independent Directors of the Company, Mr. Bote de Vries, Mr. Chong Chee Keong Chris and Mr. Poon Siew Loong, as at the Latest Practicable Date
- “Board of Directors”** : The board of Directors of the Company, as at the Latest Practicable Date
- “BRS”** : BRS Singapore Pte. Ltd.
- “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
- “CEO”** ; Chief executive officer
- “Circular”** : This circular to Shareholders dated 14 December 2021
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time

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## DEFINITIONS

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<b>“Company”</b>	:	Vallianz Holdings Limited
<b>“Completion Date”</b>	:	The date which is five (5) business days after the date on which all of the Conditions are satisfied (or waived in accordance with the SPA, to the extent legally permissible)
<b>“Conditions”</b>	:	The conditions precedent for the completion of the Proposed Disposal as described in Section 4.2 of this Circular
<b>“Consideration”</b>	:	US\$80.00 million
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Controlling Shareholder”</b>	:	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
<b>“Cushman &amp; Wakefield”</b>	:	Cushman & Wakefield VHS Pte. Ltd.
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date and <b>“Director”</b> shall be construed accordingly
<b>“EGM”</b>	:	The extraordinary general meeting of the Company, to be held by way of electronic means on 29 December 2021 at 3.00 p.m., notice of which is set out on pages N-1 to N-3 of this Circular
<b>“entity-at-risk” or “EAR”</b>	:	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
<b>“Financial Controller”</b>	:	The financial controller of the Company or its equivalent
<b>“Finance Director”</b>	:	The finance director of the Company
<b>“FY”</b>	:	A financial year ended or ending 31 March, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“1HFY2022”</b>	:	6 months ended 30 September 2021

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## DEFINITIONS

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<b>“IFA” or “Independent Financial Adviser” or “W Capital”</b>	:	The independent financial adviser to the Directors who are deemed independent in respect of the Proposed Disposal, being W Capital Markets Pte. Ltd.
<b>“IFA Letter”</b>	:	The IFA’s letter to the Directors who are deemed independent in respect of the Proposed Disposal, dated 14 December 2021 as appended in Appendix 2 of this Circular
<b>“IKTVA”</b>	:	The In-Kingdom Total Value Add program
<b>“Independent Director”</b>	:	An independent director of the Company
<b>“Independent Shareholders”</b>	:	Shareholders who are deemed independent for the Proposed Disposal
<b>“interested person”</b>	:	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
<b>“interested person transaction” or “IPT”</b>	:	Means a transaction between an entity at risk and an interested person and a “transaction” includes the provision 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
<b>“Latest Practicable Date”</b>	:	7 December 2021, being the latest practicable date prior to the issuance of this Circular
<b>“Long Stop Date”</b>	:	the date which is six (6) months after the date of the SPA, or such other date as may be agreed in writing between the Parties to the SPA
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Minority Shareholders”</b>	:	The minority shareholders of the Company
<b>“Notice of EGM”</b>	:	The notice of the EGM which is set out on pages N-1 to N-4 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“NTL”</b>	:	Net tangible liability
<b>“Ordinary Resolution 1”</b>	:	The ordinary resolution 1 relating to the Proposed Disposal as set out in the Notice of EGM

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## DEFINITIONS

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<b>“Parties”</b>	:	The parties to the SPA namely REC, VIC, RHCL and the Company, and “Party” shall be construed accordingly
<b>“Purchaser”</b>	:	Rawabi Energy Company
<b>“Proposed Disposal”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“Rawabi Group”</b>	:	Rawabi Holding Company Limited and its subsidiaries
<b>“REC”</b>	:	Rawabi Energy Company
<b>“Recommending Directors”</b>	:	Directors who are considered independent for the purposes of the Proposed Disposal, namely Mr Darren Yeo, Mr Ling Yong Wah, Mr Bote De Vries, Mr Chong Chee Keong Chris and Mr Poon Siew Loong
<b>“RHCL”</b>	:	Rawabi Holding Company Limited
<b>“RVOS”</b>	:	Rawabi Vallianz Offshore Services Company Limited
<b>“RVOS Valuation Report”</b>	:	The valuation report dated 7 December 2021 issued by Cushman & Wakefield in relation to the valuation of 40.7% equity interest in the capital of RVOS
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<b>“Sale Shares”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“SAR”</b>	:	Saudi Arabia Riyal, being the lawful currency of the Kingdom of Saudi Arabia
<b>“Securities Accounts”</b>	:	Securities accounts maintained by Depositors with CDP but not including securities sub-accounts maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	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 Shares
<b>“Shareholder’s Advances”</b>	:	The shareholder’s advances from RHCL to the Group
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

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## DEFINITIONS

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<b>“Share Registrar”</b>	:	Tricor Barbinder Share Registration Services
<b>“SHL”</b>	:	Swiber Holdings Limited (Judicial Managers Appointed)
<b>“Sponsor”</b>	:	Provenance Capital Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest in not less than 5.00% of the issued Shares of the Company
<b>“Summary of RVOS Valuation Report”</b>	:	A summary of the RVOS Valuation Report set out in Appendix 3 of this Circular
<b>“Summary of Vessels Valuation Report”</b>	:	A summary of the Vessels Valuation Report set out in Appendix 4 of this Circular
<b>“SPA”</b>	:	The sale and purchase agreement entered into amongst the Company, VIC, REC and RHCL for the disposal by VIC of 90,000 ordinary shares in RVOS dated 17 November 2021
<b>“Treasury Shares”</b>	:	The shares held in treasury by the Company
<b>“US\$” and “cents”</b>	:	United States dollars and cents respectively, being the lawful currency of the United States of America
<b>“Vessels Valuation Report”</b>	:	The valuation report dated 2 December 2021 issued by BRS in relation to the valuation of vessels
<b>“VIC”</b>	:	Vallianz Investment Capital Pte. Ltd.
<b>“Vice Chairman”</b>	:	The most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company
<b>“%” or “per cent.”</b>	:	Per centum or percentage
<b>“2020 SOSA Arrangements”</b>	:	The SOSA share issuances and the set-off and settlement arrangements in connection therewith under the settlement agreements as described in the circular to the Shareholders dated 25 May 2021

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## DEFINITIONS

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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.

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.

Morgan Lewis Stamford LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Circular.



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## LETTER TO SHAREHOLDERS

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### VALLIANZ HOLDINGS LIMITED

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

#### Directors:

Mr Osman Aly Ibrahim Hassanein (Non-Executive and Non-Independent Chairman)  
Mr Darren Yeo (Executive Director and Vice Chairman)  
Mr Ling Yong Wah (Executive Director and CEO)  
Mr Bote De Vries (Lead Non-Executive Independent Director)  
Mr Chong Chee Keong Chris (Non-Executive Independent Director)  
Mr Poon Siew Loong (Non-Executive Independent Director)

#### Registered Office:

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

14 December 2021

**To: The Shareholders of Vallianz Holdings Limited**

Dear Sir / Madam,

## 1. INTRODUCTION

### 1.1 Background on the Proposed Disposal

The Company had, on 17 November 2021, announced that it had, on the same day, entered into the SPA with its wholly-owned subsidiary, VIC as the seller, REC as the purchaser and RHCL as the parent company of REC, for the disposal by VIC of 90,000 ordinary shares in RVOS (the “**Sale Shares**”), constituting 20.93% of the total paid-up issued share capital of RVOS, for the Consideration of US\$80.00 million (the “**Proposed Disposal**”).

### 1.2 EGM

The Proposed Disposal is considered a “major transaction” as well as an IPT pursuant to Chapter 10 and Chapter 9 of the Catalyst Rules respectively. Accordingly, the Proposed Disposal is subject to the approval of the Independent Shareholders and the opinion of the IFA.

The Directors are convening an EGM to be held on 29 December 2021 to seek Independent Shareholders’ approval for the Proposed Disposal.

### 1.3 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 Disposal 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.

## 2. INFORMATION ON RVOS AND THE PURCHASER

### 2.1 Information on RVOS

RVOS is a company incorporated in the Kingdom of Saudi Arabia with a focus on provision of offshore marine support services. As at 30 September 2021, RVOS owns a fleet of 50 vessels to support its operations.

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, RVOS has a paid-up capital of SAR430,000,000, comprising 430,000 shares which are held 255,000 by REC (59.30%) and 175,000 by VIC (40.70%). The paid-up capital of SAR430,000,000 is equivalent to US\$114,667,000 based on the foreign exchange rate of US\$1:SAR3.75 on 16 November 2021, being the day prior to the signing of the SPA.

Following the completion of the Proposed Disposal, RVOS will cease to be an associated company of the Group.

### **2.2 Information on the Purchaser**

REC is a wholly-owned subsidiary of RHCL. RHCL is the major shareholder of the Company, with a shareholding interest of 59.68% as at the Latest Practicable Date.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

### **3.1 Requirement for reinforcement of local content in Saudi Arabia**

There is continuous rigorous implementation of measures by the Saudi Government to reinforce local content as a requirement for companies to do business in the Kingdom of Saudi Arabia. In addition, as previously disclosed by the Company, Saudi Aramco had launched the IKTVA program, which assigns high priority to local value creation and maximises long term economic growth in Saudi Arabia. The IKTVA program has become one of the components used in the evaluation of all contracts to be awarded by Saudi Aramco.

The Board is of the view that the Company would benefit from the Proposed Disposal by allowing the Group to reduce its interest through the partial disposal at a profit to reinforce local content of RVOS, while retaining an investment interest of 19.77% in RVOS.

### **3.2 Interest Savings**

The entire amount of the Consideration for the Proposed Disposal will be used to partially set-off against Shareholder's Advances from RHCL to the Group. These Shareholder's Advances bear an interest rate of 5% per annum pursuant to the RHCL loan agreement as set out in the circular to the Shareholders dated 12 April 2021. The use of the proceeds from the Proposed Disposal to set-off the Shareholder's Advances will result in interest savings for the Company.

Accordingly, the Board is of the view that the Proposed Disposal is in the best interests of the Group.

## **4. PRINCIPAL TERMS OF THE SPA**

### **4.1 Consideration and Set Off against Shareholder's Advances**

The Consideration for the Sale Shares is US\$80.00 million which shall be satisfied in full by REC to partially set-off against the outstanding Shareholder's Advances. The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing seller basis, taking into account the operational and financial performance of RVOS, prevailing market conditions and the RVOS Valuation Report by Cushman & Wakefield, an independent valuer for the Proposed Disposal, in compliance with Catalist Rule 1014(5).

As at the Latest Practicable Date, the outstanding Shareholder's Advances amounted to US\$102.6 million. The Consideration from the Sale Shares would reduce the above Shareholder's Advances to US\$22.6 million.

In addition, in the Company's latest interim results for 1HFY2022, the Company had disclosed that dividend receivable from RVOS of US\$31.5 million would be paid partly in cash and partly

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## LETTER TO SHAREHOLDERS

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via the set-off against Shareholder's Advances, the proportion to be mutually agreed between the Company and RHCL at a later date. As at the Latest Practicable Date, the Company and RHCL have not agreed on the above.

The Shareholder's Advances have been classified as equity in the Company's and Group's statement of financial position, as the Company is of the view that the Group does not have the obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts due to RHCL.

Accordingly, any remaining outstanding Shareholder's Advances, after the set-off of the Consideration from the Sale Shares and the agreed set-off for the payment of the ROVS dividend receivable, will continue to be classified as equity in the Company's and Group's statement of financial position.

### 4.2 Conditions to the SPA

Completion of the Proposed Disposal is subject to the following Conditions having been met by the Completion Date:

- (a) the approval of Shareholders having been obtained at an EGM to be convened in respect of, amongst others: (a) the entry into the SPA; (b) all transactions contemplated in the SPA (and in connection herewith) on the terms set out in the SPA; and (c) the requirements under Chapters 9 and 10 of the Catalist Rules of the SGX-ST in connection with the transactions contemplated in the SPA;
- (b) the Consideration is not less than 90% of the lower range of the valuation of the Sale Shares as derived from the independent valuation of RVOS by Cushman & Wakefield as the independent valuer;
- (c) the opinion of an IFA that the Proposed Disposal, including the set-off of the Shareholder's Advances, are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders;
- (d) the approval of the board of directors of VIC and the Company (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith);
- (e) the approvals of the board of directors and the shareholders of the Purchaser and RHCL (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith); and
- (f) each of the Warranties (as defined in the SPA) remaining true and accurate in all respects as at completion of the Proposed Disposal.

### 4.3 Long Stop Date

If any Condition has not been satisfied (or waived in accordance with the SPA, to the extent legally permissible) by the the Long Stop Date, each Party may agree or disagree to the extension of the Long Stop Date in its sole discretion. If the Parties to the SPA do not agree to an extension of the Long Stop Date, and any Condition has not been satisfied on or before the Long Stop Date, then the SPA shall terminate with immediate effect (other than the Surviving Provisions (as defined in the SPA), which shall remain in full force and effect) and no party to the SPA (or any of their respective Representatives (as defined in the SPA)) shall have any liability or further obligation to any other Party, except in respect of rights and liabilities which have accrued before termination of the SPA.

**4.4 Completion of the Proposed Disposal**

Completion shall take place remotely (or at such other place as the Parties may mutually agree) on the Completion Date.

**4.5 Termination**

If it comes to the notice of a Party(ies) of any breach of the Warranties by the relevant Party(ies) which is not remedied (to the reasonable satisfaction of the non-defaulting Party(ies)) within ten (10) business days of the receipt of a written notice by the defaulting Party(ies) from the non-defaulting Party(ies) notifying of such breach, the non-defaulting Party(ies) may thereafter at any time prior to the Completion Date by notice in writing to the defaulting Party(ies) terminate the SPA.

The SPA shall then terminate with immediate effect (other than the Surviving Provisions, which shall remain in full force and effect) and no Party (or any of their respective Representatives) shall have any liability or further obligation to any other Party, except in respect of rights and liabilities which have accrued before termination of the SPA.

**4.6 Representations and Warranties**

Pursuant to the SPA, the Parties have furnished representations and warranties typical for transactions such as the Proposed Disposal.

**4.7 No Service Agreements**

No additional or new director will be appointed to the board of RVOS pursuant to the Proposed Disposal.

**4.8 Use of Proceeds**

As stated in paragraph 4.1 above, no cash proceeds will be received by the Group from the Proposed Disposal as the Consideration in full shall be set-off against Shareholder's Advances.

**5. FINANCIAL INFORMATION RELATING TO THE SALE SHARES**

**5.1 Key Financial Information on the Sale Shares**

The financial year end of RVOS is 31 December whereas the financial year end of the Company is 31 March. The Company's latest interim results announcement is for 1HFY2022.

Based on RVOS management's unaudited financial information of RVOS for the six (6) months period from 1 April 2021 to 30 September 2021, the NTA attributable to the Sale Shares is US\$20.95 million as at 30 September 2021 and the net loss attributable to the Sale Shares is US\$2.05 million for the 6-month period ended 30 September 2021.

The Company's carrying value of the Sale Shares is US\$63.40 million as at 30 September 2021. Accordingly, the gross gain arising from the Proposed Disposal (Consideration over the carrying value of the Sale Shares) is US\$16.60 million.

**5.2 RVOS Valuation Report**

The Company has appointed Cushman & Wakefield as the independent valuer to carry out an independent valuation of the Company's existing 40.7% equity interest in the capital of RVOS as at 30 September 2021.

Cushman & Wakefield had also considered the market valuation of the fleet of 50 vessels

## LETTER TO SHAREHOLDERS

owned by RVOS as at 30 September 2021 in the Vessels Valuation Report which was carried out by BRS Singapore Pte Ltd., and the Summary of Vessels Valuation Report is set out in Appendix 4 to this Circular.

The RVOS Valuation Report has been issued by Cushman & Wakefield in respect of the independent valuation of the market value of the Group's existing 40.70% equity interest in the capital of RVOS, and the Summary of RVOS Valuation Report is set out in Appendix 3 to this Circular.

Based on the RVOS Valuation Report, the market value of the 40.7% equity interest in the capital of RVOS as at 30 September 2021 is in the region of SAR452.3 million to SAR592.6 million (region of US\$120.6 million to US\$158.0 million based on the foreign exchange rate of US\$1:SAR3.75) and the market value of the Sale Shares (20.93% equity interest) as at 30 September 2021 is in the region of SAR232.6 million and SAR304.8 million (region of US\$62.0 million and US\$81.3 million based on the foreign exchange rate of US\$1:SAR3.75). The valuation is based primarily on the income approach with reference made to market approach and cost approach. Cushman & Wakefield has also taken into consideration the prevailing market conditions as at the valuation date, being 30 September 2021.

The Consideration for the Sale Shares of US\$80 million represents a premium above the mid-point/base market valuation of the Sale Shares of SAR268.7 million (US\$71.6 million).

Shareholders are advised to read and consider the Summary of RVOS Valuation Report issued by Cushman & Wakefield in respect of the 40.70% equity interest of RVOS carefully, in particular the terms of reference, key assumptions and critical factors. The Summary of RVOS Valuation Report is set out in Appendix 3 of this Circular and the full RVOS Valuation Report is available as a document for inspection.

### 6. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION – RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

At the time of the announcement of the Proposed Disposal, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal are as follows:

Rule 1006	Bases of calculation	Relative figure for the Proposed Disposal
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	77% <sup>(1)</sup>
(b)	Net profits/losses attributable to the assets disposed of, compared with the Group's net profits/losses.	21%
(c)	Aggregate value of the consideration received, compared with the Company's market capitalization <sup>(2)</sup> based on the total number of issued Shares excluding treasury shares.	153% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A. <sup>(5)</sup>

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## LETTER TO SHAREHOLDERS

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### Notes:

- (1) Computed based on the net asset value for the Sale Shares of approximately US\$63.40 million and the net asset value of the Group of approximately US\$82.77 million, as at 30 September 2021;
- (2) Based on the market capitalization of the Company of S\$71.00 million, which is computed based on 1,211,620,433 Shares in issue and the volume weighted average share price of S\$0.0586 on 10 November 2021, being the market day preceding the date of the SPA when the Shares were last traded;
- (3) Computed based on the Consideration of US\$80,000,000 (approximately S\$108.56 million);
- (4) Not applicable as no equity securities will be issued by the Company; and
- (5) Not applicable as the Proposed Disposal is not of mineral, oil or gas assets by a mineral, oil and gas company.

Based on the above relative figures, the Proposed Disposal is considered a “major transaction” as defined under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to, amongst others, the approval of the Shareholders at the EGM.

The resolution to seek Independent Shareholders’ approval for the Proposed Disposal as a major transaction is set out in Ordinary Resolution 1 in the Notice of EGM.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group’s NTA per Share and earnings/(loss) per Share 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 Disposal. The objective of presenting the *pro forma* financial effects of the Proposed Disposal as shown below is to illustrate what the historical financial information might have been had the Proposed Disposal been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Disposal been completed at the earlier date.

For the purposes of this Circular, we have prepared the *pro forma* financial effects of the Proposed Disposal based on (i) the audited financial results of the Group for FY2021 as set out in paragraph 7.1 below; and (ii) the unaudited results of the Group for 1HFY2022 as set out in paragraph 7.2 below.

### 7.1 *Pro forma* financial effects based on FY2021

The *pro forma* financial effects prepared based on the audited financial results of the Group for FY2021, and the unaudited financial results of RVOS for the 12 months ended 31 March 2021 (as the financial year end of RVOS is 31 December), are based on the following bases and assumptions:

- (a) NTA/NTL per Share is computed based on the assumption that the Proposed Disposal had been completed on 31 March 2021, being the end of the most recently completed financial year; and
- (b) earnings/(loss) per Share is computed based on the assumption that the Proposed Disposal had been completed on 1 April 2020, being the beginning of the most recently completed financial year.

#### (a) NTA/(NTL) per Share

#### **NTA (including perpetual capital securities)**

## LETTER TO SHAREHOLDERS

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) <sup>(1)</sup>
NTA attributable to owners of the Company (US\$'000)	68,073	8,673 <sup>(2)</sup>	8,673 <sup>(1)</sup>
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
NTA per Share (US cents)	12.17	1.55	0.72

### NTA/(NTL) (excluding perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) <sup>(1)</sup>
NTA/(NTL) attributable to owners of the Company, excluding perpetual capital securities (US\$'000)	45,573 <sup>(3)</sup>	(13,827) <sup>(2)</sup>	(13,827) <sup>(1)</sup>
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
NTA/(NTL) per Share (US cents)	8.15	(2.47)	(1.14)

#### Notes:

- (1) As announced by the Company on 4 October 2021, the Company had, on 4 October 2021, issued 405,546,000, 238,337,379 and 8,382,620 new Shares to RHCL, Swiber Holdings Ltd ("SHL") and Swiber Corporate Services Pte Ltd respectively, pursuant to the completion of the 2020 SOSA Arrangement. Consequently, the Company's issued Shares had increased from 559,354,434 to 1,211,620,433 Shares. The new Shares issued to the respective parties pursuant to the 2020 SOSA Arrangement were set-off against amounts owing to them which were classified as equity in the Company's and Group's statement of financial position, and hence there was no material change to the Group's NTA arising from the 2020 SOSA Arrangement.
- (2) NTA decreased by US\$59.4 million after the Proposed Disposal due to net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances; (ii) increase in NTA by US\$16.60 million being the gain on the Proposed Disposal; and (iii) interest savings of US\$4 million from the reduction of Shareholder's Advances.
- (3) Excluding perpetual capital securities of US\$22.5 million which are held by SHL and are recorded as equity in the Company's and Group's statement of financial position.

### (b) (Loss) per Share

	Before the Proposed Disposal	After the Proposed Disposal (Before SOSA) <sup>(1)</sup>	After the Proposed Disposal (After SOSA)
(Loss) after income tax attributable to owners of the Company (US\$'000)	(23,011)	(2,411) <sup>(5)</sup>	(2,411)
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
(Loss) per Share (US cents)	(4.11)	(0.43)	(0.20)

#### Note:

- (4) Due to the gain on the Proposed Disposal of US\$16.60 million and interest savings of US\$4 million from the reduction of Shareholder's Advances, the loss after income tax of US\$23.01 million will be reduced to a loss after income tax of US\$2.41 million after the Proposed Disposal.

## LETTER TO SHAREHOLDERS

### 7.2 *Pro forma* financial effects based on 1HFY2022

The *pro forma* financial effects prepared based on the Group's unaudited financial results for 1HFY2022, and the unaudited financial results of RVOS for the 6 months ended 30 September 2021, are on the following bases and assumptions:

- (a) NTA per Share is computed based on the assumption that the Proposed Disposal had been completed on 30 September 2021; and
- (b) earnings/(loss) per Share is computed based on the assumption that the Proposed Disposal had been completed on 1 April 2021.

#### (a) NTA per Share

##### NTA (including perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) <sup>(1)</sup>
NTA attributable to owners of the Company (US\$'000)	82,774	23,374 <sup>(2)</sup>	23,374 <sup>(1)</sup>
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
NTA per Share (US cents)	14.80	4.18	1.93

##### NTA (excluding perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) <sup>(1)</sup>
NTA attributable to owners of the Company, excluding perpetual capital securities (US\$'000)	60,274 <sup>(3)</sup>	874 <sup>(2)</sup>	874 <sup>(1)</sup>
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
NTA per Share (US cents)	10.78	0.16	0.07

#### Notes:

- (1) As announced by the Company on 4 October 2021, the Company had, on 4 October 2021, issued 405,546,000, 238,337,379 and 8,382,620 new Shares to RHCL, SHL and Swiber Corporate Services Pte Ltd respectively, pursuant to the completion of the 2020 SOSA Arrangement. Consequently, the Company's issued Shares had increased from 559,354,434 to 1,211,620,433 Shares. The new Shares issued to the respective parties pursuant to the 2020 SOSA Arrangement were set-off against amounts owing to them which were classified as equity in the Company's and Group's statement of financial position, and hence there was no material change to the Group's NTA arising from the 2020 SOSA Arrangement.
- (2) NTA decreased by US\$59.4 million after the Proposed Disposal due to net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances; (ii) increase in NTA by US\$16.60 million being the gain on the Proposed Disposal; (iii) increase in NTA by US\$2.00 million due to interest savings from the reduction of Shareholder's Advances for the half year period; and (iv) increase in NTA by US\$2.00 million due to reduction in share of losses incurred by RVOS during the half year period.
- (3) Excluding perpetual capital securities of US\$22.5 million which are held by SHL and are recorded as equity in the Company's and Group's statement of financial position.



## LETTER TO SHAREHOLDERS

### (b) Earnings/(Loss) per Share

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA)
Earnings/(Loss) after income tax attributable to owners of the Company (US\$'000)	(8,925)	11,675 <sup>(4)</sup>	11,675
Number of Shares	559,354,434	559,354,434	1,211,620,433 <sup>(1)</sup>
Earnings/(Loss) per Share (US cents)	(1.60)	2.09	0.96

**Note:**

- (4) Due to the gain on the Proposed Disposal of US\$16.60 million, interest savings of US\$2.00 million from the reduction in Shareholder's Advances for the half year period and reduction in the share of losses incurred by RVOS of US\$2.00 million during the half year period, the loss after income tax of US\$8.93 million will become a profit after tax of US\$11.68 million after the Proposed Disposal.

### 7.3 Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company as the Proposed Disposal does not involve the allotment and issuance of any new shares in the Company and the Consideration is wholly satisfied by way of set-off against the Shareholder's Advances.

### 8. INTERESTED PERSON TRANSACTION

REC, the purchaser of the Sale Shares, is a wholly-owned subsidiary of RHCL, which in turn holds a direct interest in the Company representing an aggregate of 59.68% and is a Controlling Shareholder of the Company. Both REC and RHCL are deemed as "interested persons" under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an IPT within the meaning of Chapter 9 of the Catalist Rules.

As the value at risk of the Proposed Disposal, being the Consideration, represents 117.5% of the Group's latest audited consolidated NTA as at 31 March 2021, the Company will also be seeking Independent Shareholders' approval for the Proposed Disposal as an IPT pursuant to Ordinary Resolution 1 at the EGM.

Accordingly, Ordinary Resolution 1 is a resolution to seek Independent Shareholders' approval for the Proposed Disposal as a major transaction and as an IPT.

### 9. 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:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Sheikh Abdulaziz Ali AlTurki <sup>(2)</sup>	-	-	723,106,389	59.68
Darren Yeo <sup>(3)</sup>	2,000,000	0.17	297,493	0.02
Ling Yong Wah	1,526,146	0.13	-	-
Bote De Vries	136,666	0.01	-	-

## LETTER TO SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Poon Siew Loong	-	-	-	-
Chong Chee Keong Chris	-	-	-	-
<b>Substantial shareholders</b>				
RHCL	723,106,389	59.68	-	-
SHL	353,439,723	29.17	8,382,620	0.69

**Notes:**

- (1) Based on 1,211,620,433 Shares (excluding treasury shares) as at the Latest Practicable Date. The Company has no outstanding treasury shares;
- (2) By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), Sheikh Abdulaziz Ali AlTurki is deemed to be interested in 723,106,389 Shares held by RHCL. As announced by the Company on 8 December 2021, Sheikh Abdulaziz Ali AlTurki has resigned from his position as a Non-Executive Director and Chairman of the Board of the Company with effect from 8 December 2021, and Mr. Osman Aly Ibrahim Hassanein was appointed as a Non-Executive Director and Chairman of the Board of Directors of the Company with effect from 8 December 2021. For completeness, Mr. Osman Aly Ibrahim Hassanein has no direct or deemed interest in the Shares; and
- (3) By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), Darren Yeo is deemed to be interested in 297,493 Shares held by his wife.

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

### 10. ABSTENTION FROM VOTING

RHCL holds an interest in 723,106,389 Shares, representing 59.68% of the voting Shares of the Company.

In accordance with Rule 919 of the Catalist Rules, RHCL 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 regarding the Proposed Disposal, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of this Ordinary Resolution 1, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

### 11. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Catalist Rules, W Capital was appointed as the IFA to advise the Recommending Directors, on whether the Proposed Disposal, including the set-off of the Shareholder's Advances, is on normal commercial terms and is 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 2 to this Circular. Shareholders are advised to read the IFA Letter carefully.

**“OUR OPINION**

*In arriving at our opinion in relation to the Proposed Disposal, we have considered and evaluated factors which we deem to have significant relevance to our assessment,*

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## LETTER TO SHAREHOLDERS

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particularly the key factors which are described in more details in Paragraph 5 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, *inter alia*, the following:

- (i) The rationale for the Proposed Disposal, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (ii) The analysis of the historical financial performance and financial condition of RVOS, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (iii) Assessment of the fairness of the Consideration for the Proposed Disposal, details of which are set out in Paragraph 5.3 of this IFA Letter;
- (iv) Financial effects of the Proposed Disposal and the set-off of the Shareholder's Advances, details of which are set out in Paragraph 5.4 of this IFA Letter;
- (v) Other relevant consideration, details of which are set out in Paragraph 5.5 of this IFA Letter.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal (including the set-off of the Shareholder's Advances) is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is prepared as required under Rule 921(4)(a) of the Catalist Rules as well as addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed Disposal. The recommendation to be made by the Recommending Directors to the Independent Shareholders shall remain the responsibility of the Recommending 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.

### 12. STATEMENT OF THE AUDIT COMMITTEE

Having considered, *inter alia*, the terms of the SPA, financial effects and rationale of the Proposed Disposal, the RVOS Valuation Report, the Vessels Valuation Report as well as the advice of the IFA in the IFA Letter, the Audit Committee is of the view that the Proposed Disposal, including the set-off of the Shareholder's Advances, as an IPT, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

The Audit Committee further recommends any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser and strongly advises Shareholders to read this Circular in its entirety carefully.

### 13. DIRECTORS' RECOMMENDATIONS

All the Directors, save for Mr Osman Aly Ibrahim Hassanein, are deemed independent for the purposes of Ordinary Resolution 1. Mr Osman Aly Ibrahim Hassanein will abstain from making

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## LETTER TO SHAREHOLDERS

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a recommendation in respect of Ordinary Resolution 1 in light of his concurrent position as the Group President and CEO of the Rawabi Group.

Having considered, *inter alia*, the rationale and circumstances of Ordinary Resolution 1, and the opinion of the IFA, as set out in Appendix 2 to this Circular, the Recommending Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Recommending Directors recommend that the Independent Shareholders vote in favour of Ordinary Resolution 1 to be proposed at the EGM.

### 14. CONSENTS

#### 14.1 IFA

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 2 to this Circular), in the form and context in which they appear in this Circular.

#### 14.2 Independent Valuers

Cushman & Wakefield has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the Summary of RVOS Valuation Report (as set out in Appendix 3 of this Circular), in the form and context in which they appear in this Circular.

BRS has also given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the Summary of Vessels Valuation Report (as set out in Appendix 4 of this Circular), in the form and context in which they appear in this Circular.

### 15. EXTRAORDINARY GENERAL MEETING

The EGM will be held by way of electronic means on 29 December 2021 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, Ordinary Resolution 1 as set out in the Notice of EGM.

### 16. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 16.1 No attendance at EGM

To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM in person.

#### 16.2 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; (b) submitting questions in advance of the EGM; and/or (c) voting by proxy at the EGM.

Shareholders should refer to this Circular which has been uploaded on SGXNet for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at the URL <http://www.vallianzholdings.com/newsroom.html>.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the

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## LETTER TO SHAREHOLDERS

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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 Disposal, 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.

### 18. 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 SPA;
- (b) the IFA Letter as set out in Appendix 2 to this Circular;
- (c) the letters of consent referred to in Section 14 of this Circular;
- (d) the RVOS Valuation Report; and
- (e) Vessels Valuation Report.

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

Ling Yong Wah  
Executive Director and CEO

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**APPENDIX 1 – REQUIREMENTS UNDER CHAPTER 9 OF THE CATALIST RULES AND  
DETAILS REGARDING THE ENTITY-AT-RISK AND INTERESTED PERSONS**

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**APPENDIX 1**

**REQUIREMENTS UNDER CHAPTER 9 OF THE CATALIST RULES  
AND DETAILS REGARDING THE ENTITY-AT-RISK AND INTERESTED PERSONS**

**1. 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) Five per cent. (5.00%) of the group's latest audited NTA; or
- (b) Five per cent. (5.00%) 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.



**W CAPITAL MARKETS PTE. LTD.**

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

14 December 2021

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

Dear Sirs,

**THE PROPOSED DISPOSAL OF SHARES IN RAWABI VALLIANZ OFFSHORE SERVICES COMPANY LIMITED TO RAWABI ENERGY COMPANY FOR US\$80 MILLION, BEING AN INTERESTED PERSON TRANSACTION (“IPT”) AND A MAJOR TRANSACTION UNDER THE CATALIST RULES**

*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 14 December 2021 (the “**Circular**”).*

**1. Introduction**

- 1.1 On 17 November 2021, the Company announced that it had entered into the SPA with its wholly-owned subsidiary, VIC as the seller, REC as the purchaser and RHCL as the parent company of REC, for the disposal by VIC of 90,000 ordinary shares in RVOS (the “**Sale Shares**”), constituting 20.93% of the total paid-up issued share capital of RVOS, for the Consideration of US\$80.00 million (the “**Proposed Disposal**”).
- 1.2 REC is a wholly-owned subsidiary of RHCL, which in turn holds a direct interest in the Company representing an aggregate of 59.68% and is a Controlling Shareholder of the Company. Both REC and RHCL are deemed as “interested persons” under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an IPT within the meaning of the Chapter 9 of the Catalist Rules.
- 1.3 As the value at risk of the Proposed Disposal, being the Consideration, represents 117.5% of the Group’s latest audited consolidated NTA as at 31 March 2021, the Company will be seeking Independent Shareholders’ approval for the Proposed Disposal as an IPT at the EGM. In addition, based on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules, the Proposed Disposal is considered a “major transaction” and is subject to, amongst others, the approval of the Shareholders at the EGM.

- 1.4 Pursuant to Chapter 9 of the Catalist Rules, the Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) to express an opinion on whether the Proposed Disposal (including the set-off of the Shareholder’s Advances), being an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its independent shareholders (“**Independent Shareholders**”), as well as advise the Recommending Directors for the purposes of making recommendations to the Independent Shareholders in respect of the Proposed Disposal. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation and opinion on the Proposed Disposal and forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Disposal.

## **2. Terms of reference**

W Capital Markets has been appointed as the IFA to the Recommending Directors in respect of the Proposed Disposal as an IPT. We were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed Disposal, 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 Disposal. Further, we do not warrant the merits of the Proposed Disposal, other than to express an opinion on whether the Proposed Disposal (including the set-off of the Shareholder’s Advances) as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent 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 17 of the Circular.

For the purpose of assessing the terms of the Proposed Disposal as an IPT, 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. We have not made any independent appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries (the “**Group**”) and/or RVOS and we do not express a view on the financial position, future growth prospects and earning potential of the Company after the completion of the Proposed Disposal in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or RVOS. In this respect, we have been furnished with, *inter alia*, a valuation report dated 7 December 2021 (“**RVOS Valuation Report**”) prepared by Cushman & Wakefield VHS Pte Ltd (the “**Independent Valuer**”) in relation to the independent valuation of the Company’s existing 40.7% equity interest in the capital of RVOS as at 30 September 2021 (the “**Valuation Date**”). As we are not experts in the evaluation or appraisal of the assets as set out in the RVOS Valuation Report, we have placed sole reliance on the appraisal in relation to the market value of the Company’s existing 40.7% equity interest in the capital of RVOS as assessed by the Independent Valuer and as set out in the RVOS Valuation Report.



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## APPENDIX 2– IFA LETTER

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Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 7 December 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 Disposal, 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).

We have prepared this Letter pursuant to the requirements under Rule 921(4)(a) of the Catalist Rules as well as for the use of the Recommending Directors in connection with their consideration of the Proposed Disposal as an IPT and their advice to the Shareholders arising thereof. The recommendations made to Shareholders in relation to the Proposed Disposal remains the responsibility of the Recommending Directors.

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

### **3. Information on RVOS and the Purchaser**

#### **3.1 Information on RVOS**

RVOS is a company incorporated in the Kingdom of Saudi Arabia with a focus on provision of offshore marine support services. As at 30 September 2021, RVOS owns a fleet of 50 vessels to support its operations.

As at the Latest Practicable Date, RVOS has a paid-up capital of SAR430,000,000, comprising 430,000 shares which are held 255,000 by REC (59.30%) and 175,000 by VIC (40.70%). The paid-up capital of SAR430,000,000 is equivalent to US\$114,667,000 based on the foreign exchange rate of US\$1:SAR3.75 on 16 November 2021, being the day prior to the signing of the SPA.

Following the completion of the Proposed Disposal, RVOS will cease to be an associated company of the Group.

#### **3.2 Information on the Purchaser**

REC is a wholly-owned subsidiary of RHCL. RHCL is the major shareholder of the Company, with a shareholding interest of 59.68% as at the Latest Practicable Date.

#### **4. Principal terms of the SPA**

The summary of principal terms of the SPA can be found in Section 4 of 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 SPA that we wish to highlight.

##### **4.1 Consideration and set-off of the Shareholder's Advances**

The Consideration for the Sale Shares is US\$80.00 million which shall be satisfied in full by REC to partially set-off against the outstanding Shareholder's Advances, which amounted to US\$102.6 million as at the Latest Practicable Date. The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing seller basis, taking into account the operational and financial performance of RVOS, prevailing market conditions and the RVOS Valuation Report by the Independent Valuer for the Proposed Disposal, in compliance with Catalist Rule 1014(5). The Consideration from the Sale Shares would reduce the Shareholder's Advances to US\$22.6 million.

In addition, in the Company's latest interim results for 1HFY2022, the Company had disclosed that dividend receivable from RVOS of US\$31.5 million would be paid partly in cash and partly via the set-off against Shareholder's Advances, the proportion to be mutually agreed between the Company and RHCL at a later date. As at the Latest Practicable Date, the Company and RHCL have not agreed on the above.

The Shareholder's Advances have been classified as equity in the Company's and Group's statement of financial position, as the Company is of the view that the Group does not have the obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts due to RHCL. After the Disposal, any remaining outstanding Shareholder's Advances will continue to be classified as equity in the Company's and Group's statement of financial position.

##### **4.2 Conditions to the SPA**

Completion of the Proposed Disposal is subject to the following Conditions having been met by the Completion Date:

- (a) the approval of Shareholders having been obtained at an EGM to be convened in respect of, amongst others: (a) the entry into the SPA; (b) all transactions contemplated in the SPA (and in connection herewith) on the terms set out in the SPA; and (c) the requirements under Chapters 9 and 10 of the Catalist Rules of the SGX-ST in connection with the transactions contemplated in the SPA;
- (b) the Consideration is not less than 90% of the lower range of the valuation of the Sale Shares as derived from the independent valuation of RVOS by the Independent Valuer;
- (c) the opinion of an IFA that the Proposed Disposal, including the set-off of the Shareholder's Advances, are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders;
- (d) the approval of the board of directors of VIC and the Company (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith);
- (e) the approvals of the board of directors and the shareholders of the Purchaser and RHCL (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith); and

- (f) each of the Warranties (as defined in the SPA) remaining true and accurate in all respects as at completion of the Proposed Disposal.

## **5. Evaluation of the Proposed Disposal**

In arriving at our opinion on whether the Proposed Disposal (including the set-off of the Shareholder's Advances) is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, we have given due consideration to, *inter alia*, the following:

- (i) Rationale for the Proposed Disposal;
- (ii) Historical financial performance/condition of RVOS;
- (iii) Assessment of the fairness of the Consideration in comparison with:
  - (a) The fair market value of 20.93% equity interest in the capital of RVOS;
  - (b) the valuation statistics of listed companies broadly comparable to RVOS;
- (iv) Financial effects of the Proposed Disposal and the set-off of the Shareholder's Advances; and
- (v) Other relevant considerations in relation to the Proposed Disposal and the set-off of the Shareholder's Advances.

### **5.1 Rationale for the Proposed Disposal**

We have considered the rationale by the Company for the Proposed Disposal which can be found in Section 3 of the Circular and have been extracted and set out in italics below:

#### ***“3.1 Requirement for reinforcement of local Content in Saudi Arabia***

*There is continuous rigorous implementation of measures by the Saudi Government to reinforce local content as a requirement for companies to do business in the Kingdom of Saudi Arabia. In addition, as previously disclosed by the Company, Saudi Aramco had launched the IKTVA program, which assigns high priority to local value creation and maximises long term economic growth in Saudi Arabia. The IKTVA program has become one of the components used in the evaluation of all contracts to be awarded by Saudi Aramco.*

*The Board is of the view that the Company would benefit from the Proposed Disposal by allowing the Group to reduce its interest through the partial disposal at a profit to reinforce local content of RVOS, while retaining an investment interest of 19.77% in RVOS.*

#### ***3.2 Interest Savings***

*The entire amount of the Consideration for the Proposed Disposal will be used to partially set-off against Shareholder's Advances from RHCL to the Group. These Shareholder's Advances bear an interest rate of 5% per annum pursuant to the RHCL loan agreement as set out in the circular to the Shareholders dated 12 April 2021. The use of the proceeds from the Proposed Disposal to set-off the Shareholder's Advances will result in interest savings for the Company.*

*Accordingly, the Board views that the Proposed Disposal is in the best interests of the Group.”*

**5.2 Historical financial performance/condition of RVOS**

Set out below is the summary of the financial information of RVOS for the last three financial years ended 31 December (“FY”) 2018, 2019, 2020 and the nine-month financial period ended 30 September 2021 (“9M2021”) respectively provided by the Company.

**Review of operating results of RVOS**

<b>USD’000<sup>(2)</sup></b>	<b>FY2018<sup>(1)</sup></b>	<b>FY2019<sup>(1)</sup></b>	<b>FY2020<sup>(1)</sup></b>	<b>9M2021<sup>(1)</sup></b>
Revenue	178,807	190,716	169,333	136,056
Operating profit	20,697	33,860	31,634	(4,544)

**Notes:**

- (1) Figures are based on the audited financial statements of RVOS for FY2019 and FY2020 and management accounts figures for financial period ended 30 September 2021 provided by the Company.
- (2) Translated to USD at exchange rate of US\$1:SAR3.75

RVOS’s revenue is mainly contributed by charter revenue from its vessels. The increase in revenue from FY2018 to FY2019 was mainly due to higher shipment volume from customers. For FY2020, the decrease in revenue was mainly due to decline in business activities as a result of social restrictions coupled with impact of COVID-19 pandemic. For FY2018 to FY2020, RVOS was profitable although net profits declined on a year-on-year basis. For 9M2021, RVOS reported a net loss as its flagship vessel was sent for drydocking for 8 months.

**Review of financial position of RVOS**

<b>USD’000</b>	<b>30 September 2021</b>
Current assets	215,420
Non-current assets	774,826
<b>Total Assets</b>	<b>990,247</b>
Non-current liabilities	419,218
Current liabilities	470,923
<b>Total Liabilities</b>	<b>890,141</b>
<b>Total Equity</b>	<b>100,106</b>

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

**Major assets and liabilities of RVOS**

As at 30 September 2021, the assets of RVOS totalling approximately US\$990.2 million comprised current assets of approximately US\$215.4 million and non-current assets of approximately US\$774.8 million. Current assets as at 30 September 2021 comprised mainly (i) accounts receivables; (ii) prepayments and other current assets; (iii) retentions; (iv) inventories; and (v) cash and cash equivalents. Non-current assets as at 30 September 2021 comprised mainly (i) fixed assets; (ii) capital advances; (iii) capital work-in-progress; (iv) deferred charges; and (v) right-of-use assets.

As at 30 September 2021, the liabilities of RVOS totaling approximately US\$890.1 million comprised current liabilities of approximately US\$470.9 million and non-current liabilities of approximately US\$419.2 million. Current liabilities as at 30 September 2021 comprised mainly (i) amount due to related parties; (ii) short-term loans and current portion of term loans; (iii) accrued expense and other payables; (iv) accounts payable; and (v) current portion of lease liability. Non-current liabilities as at 30 September 2021 comprised mainly (i) term loans; (ii) deferred tax liability; and (iii) employee’s end of service benefits.

In respect of the above, we note the following:

- (a) The FY2020 PER ratio of RVOS as implied by the Consideration is approximately 40.2 times and the EV/EBITDA as implied by the Consideration is approximately 11.3 times. For the nine months ended 30 September 2021, RVOS is in a net loss position.
- (b) As at 30 September 2021, the NAV of RVOS is approximately US\$100.1 million. We note that the P/NAV ratio of RVOS as implied by the Consideration is approximately 3.8 times.

### **5.3 Assessment of the fairness of the Consideration**

#### **5.3.1 Comparison with the fair market value of 20.93% equity interest in the capital of RVOS**

In connection with the Proposed Disposal, the Company appointed the Independent Valuer to carry out an independent valuation of the Company's existing 40.7% equity interest in the capital of RVOS as at 30 September 2021, in compliance with Catalist Rule 1014(5), pursuant to which the market value of the Sale Shares (being 20.93% equity interest in the capital of RVOS) was derived.

As set out in the RVOS Valuation Report, the Independent Valuer has conducted its valuation on the basis of "Market Value" which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

There are basically 3 generally accepted valuation approaches, namely, Income Approach, Cost Approach and Market Approach. We note that the Independent Valuer has considered these 3 approaches and has adopted Income Approach as their primary approach, with Market Approach and Cost Approach as reference.

The rationale for adopting the Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realized. Given that the business of RVOS's operations had been established for several years, the use of Income Approach as the primary approach is considered to be appropriate.

The Cost Approach is not adopted because it does not directly incorporate information fully about the future economic benefits expected to be derived by RVOS.

Under Market Approach, the Independent Valuer has considered enterprise value to EBITDA ("EV/EBITDA") multiples in the valuation. Based on the Independent Valuer's analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the current earnings of RVOS is not at its normalised stage. Thus, the market multiples under the Market Approach is used as reference.

**Accordingly, the Independent Valuer has relied on Income Approach in assessing the equity value of RVOS, with Market Approach and Cost Approach as reference.**

We note that the Independent Valuer has been provided with financial projections which form the basis of discounted cash flow analysis. Based on the discount cash flow method, the Independent Valuer is of the opinion that that the market value of the Company's existing 40.7% equity interest in the capital of RVOS as at 30 September 2021 is in the range of SAR452.3 million to SAR592.6 million (which is equivalent to a range of approximately US\$120.6 million to US\$158.0 million, with a mid-point value of approximately US\$139.3 million, which implies a valuation range in respect of the Sale Shares of between SAR232.6 million to SAR304.8 million (which is equivalent to a range of approximately US\$62.0 million to US\$81.3 million and a corresponding mid-point value of

## APPENDIX 2– IFA LETTER

approximately US\$71.6 million in respect of the Sale Shares). In this regard, we note that the Consideration of US\$80.0 million for the Sale Shares is (i) within the range of the valuation in respect of the Sale Shares; (ii) represents a premium of 29.0% and 11.7% to the low end and mid-point of the valuation range in respect of the Sale Shares respectively; and (iii) represents a discount of 1.6% to the high end of the valuation range in respect of the Sale Shares, based on the valuation range attributable to the Sale Shares of between US\$62.0 million to US\$81.3 million.

Based on the Market Approach (which is used purely as a reference only in the RVOS Valuation Report), the value of the Company’s existing 40.7% equity interest in the capital of RVOS as at 30 September 2021 is in the range of SAR312.2 million to SAR813.0 million with a mid-point value of SAR562.6 million (which is equivalent to a range of approximately US\$83.3 million to US\$216.8 million with a mid-point value of approximately US\$150.0 million). We note that the Consideration of US\$80.0 million for the Sale Shares represents a premium of 3.7% to the mid-point valuation attributable to the Sale Shares as implied by the mid-point value of SAR562.6 million under the Market Approach as reported in the RVOS Valuation Report.

Based on the Cost Approach (which is used purely as a reference only in the RVOS Valuation Report), the value of the Company’s existing 40.7% equity interest in the capital of RVOS as at 30 September 2021 is in the range of SAR501.2 million to SAR626.5 million with a mid-point value of SAR563.8 million (which is equivalent to a range of approximately US\$133.6 million to US\$167.1 million with a mid-point value of US\$150.4 million). We note that the Consideration of US\$80.0 million for the Sale Shares represents a premium of 3.5% to the mid-point valuation attributable to the Sale Shares as implied by the mid-point value of SAR563.8 million under the Cost Approach as reported in the RVOS Valuation Report.

It should be noted that the independent valuation of the Company’s existing 40.7% equity interest in the capital of RVOS is based on various assumptions and limitations as set out in the RVOS Valuation Report, and Shareholders are advised to read the above in conjunction with the Summary of RVOS Valuation Report in its entirety as set out in Appendix 3 to the Circular.

### **5.3.2 Comparison with the valuation statistics of listed companies broadly comparable to RVOS**

In assessing the fairness of Consideration, we have considered the valuation statistics, as at the Latest Practicable Date, in relation to selected listed companies (“**Selected Comparable Companies**”) that are regarded to be broadly comparable to RVOS (which is in the business of the provision of offshore marine and support 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 RVOS 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	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at LPD (S\$’ million)
Tidewater Inc	New York	Tidewater Inc. provides offshore supply vessels and marine support services to the offshore energy exploration, development, and production industry. The Company tows and anchor-handles mobile drilling rigs and equipment, transports supplies and personnel, and supports pipe laying and other offshore construction activities.	627.6

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<b>Selected Comparable Companies</b>	<b>Stock Exchange</b>	<b>Business description (as extracted from Bloomberg)</b>	<b>Market Capitalisation as at LPD (S\$' million)</b>
SEACOR Marine Holdings Inc	New York	SEACOR Marine Holdings Inc. operates a fleet of offshore marine support vessels. The Company offers crew transportation, platform supply, offshore accommodation, maintenance support, standby safety, and anchor handling and mooring services. SEACOR Marine Holdings serves the offshore oil and gas exploration and production industry.	121.6
Siem Offshore Inc	Oslo	Siem Offshore, Inc. offers services to the offshore oil industry. The Company operates supply vessels.	106.4
Gulf Marine Services PLC	London	Gulf Marine Services PLC provides marine services. The Company owns and operates support barges and vessels for offshore accommodation, well maintenance, project management, construction, and installation activities. Gulf Marine Services serves the oil, gas, and renewable sectors throughout the world.	97.4
Maridive & Oil Services SAE	EGX	Maridive & Oil Services SAE is a marine and oil support services company. The Company's activities include vessel operation, 70offshore marine support, offshore diving activities, salvage operations, offshore oil field maintenance, repair projects, oil spills cleaning services, and geophysical, geotechnical and hydrographic survey services.	89.4
Vallianz Holdings Ltd	Singapore	Vallianz Holdings Limited is a vessel and equipment owning, and leasing company. The Company provides marine support services, primarily marine asset ownership, leasing, and fleet management.	60.6
PT Wintermar Offshore Marine Tbk	Indonesia	PT Wintermar Offshore Marine Tbk offers shipping services. The Company serves the petroleum industry throughout Indonesia and elsewhere in Asia.	66.1
Atlantic Navigation Holdings Singapore Ltd	Singapore	Atlantic Navigation Holdings (Singapore) Ltd. is a shipping company. The Company offers an integrated platform of services including vessel owning, operating, chartering of third party vessels, maintenance workshop and steel fabrication works for the offshore industry. Atlantic primarily operates its fleet in the Middle East and Indian markets.	31.9
CH Offshore Ltd	Singapore	CH Offshore Ltd. (CHO) provides marine support services. The Company offers towing, anchor-handling, dry bulk cargoes, emergency response, rescue, fire-fighting, and field support services. CHO serves customers worldwide.	45.8
DOF ASA	Oslo	DOF ASA owns offshore supply and specialty ships. The Company has a fleet of modern vessels which are leased and used by the petroleum industry in the North Sea. District Offshore has entered into an agreement with DOF Management AS to run and manage the company.	27.3
Havila Shipping ASA	Oslo	Havila Shipping ASA operates a number of vessels, including platform supply vessels, anchor handling tug supply vessels, and rescue and recovery vessels. The Company provides supply services to offshore companies both national and international.	14.2

Source: Bloomberg L.P.

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The valuation statistics of the Selected Comparable Companies are set out below:

Selected Comparable Companies	TTM P/E <sup>(1)</sup>	P/NTA <sup>(1)(2)</sup>	EV/TTM EBITDA <sup>(1)</sup>
	(times)	(times)	(times)
Tidewater Inc	n.m. <sup>(3)</sup>	0.6	13.6
SEACOR Marine Holdings Inc	8.8	0.2	n.m. <sup>(5)</sup>
Siem Offshore Inc	1.3	0.2	74.0
Gulf Marine Services PLC	n.m. <sup>(3)</sup>	0.3	9.8
Maridive & Oil Services SAE	n.m. <sup>(3)</sup>	0.3	n.m. <sup>(5)</sup>
Vallianz Holdings Ltd	n.m. <sup>(3)</sup>	0.9	10.1
PT Wintermar Offshore Marine Tbk	n.m. <sup>(3)</sup>	0.3	10.7
Atlantic Navigation Holdings Singapore Ltd	n.m. <sup>(3)</sup>	0.3	13.7
CH Offshore Ltd	n.m. <sup>(3)</sup>	0.4	n.m. <sup>(5)</sup>
DOF ASA	n.m. <sup>(3)</sup>	n.m. <sup>(4)</sup>	7.3
Havila Shipping ASA	n.m. <sup>(3)</sup>	4.7 <sup>(8)</sup>	174.6 <sup>(8)</sup>
<b>High</b>	8.8	0.9	74.0
<b>Low</b>	1.3	0.2	7.3
<b>Mean</b>	5.1	0.4	19.9
<b>Median</b>	5.1	0.3	10.7
<b>RVOS (implied by the Consideration)<sup>(6)</sup></b>	<b>40.2<sup>(6)</sup> / n.m.<sup>(7)</sup></b>	<b>3.8</b>	<b>11.3<sup>(6)</sup> / 21.6<sup>(7)</sup></b>

Source: Bloomberg L.P., annual reports and/or announcements of the respective Selected Comparable Companies and W Capital's computations

**Notes:-**

- (1) Market capitalization, TTM P/E, P/NTA and EV/TTM EBITDA of the Selected Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) The P/NTA ratios of the Selected Comparable Companies were based on their respective NTA values as set out in their latest available published financial statements as at the Latest Practicable Date.
- (3) Not meaningful as the respective Selected Comparable Companies recorded negative net profit.
- (4) Not meaningful as the respective Selected Comparable Companies is in negative net tangible assets position.
- (5) Not meaningful as the respective Selected Comparable Companies recorded negative EBITDA
- (6) The P/E multiple and the EV/EBITDA multiple of RVOS as implied by the Consideration computed based on its FY2020 net profit after tax and EBITDA.
- (7) The EV/EBITDA multiple of RVOS as implied by the Consideration computed based on the annualized EBITDA figure for 9M2021. The P/E multiple based on the annualized net profit figure for 9M2021 is not meaningful as RVOS incurred a net loss for 9M2021.
- (8) Excluded as statistical outliers for the purpose of the computation of mean and median.

Based on the above, we note that:

- (a) The P/E ratio of RVOS as implied by the Consideration and based on the FY2020 net profit of 40.2 times is above the range of the P/E ratios of the Selected Comparable Companies of between 1.3 times and 8.8 times;
- (b) The P/NTA of RVOS as implied by the Consideration of 3.8 times is above the range of the P/NTA ratios of such Selected Comparable Companies (excluding outliers) of between 0.2 times and 0.9 times; and
- (c) The EV/EBITDA ratio of RVOS as implied by the Consideration and based on the FY2020 EBITDA of 11.3 times is within the range of the EV/EBITDA ratio of the Selected Comparable



Companies (excluding outliers) of between 7.3 times and 74.0 times, above the median but below the mean EV/EBITDA ratios of the Selected Comparable Companies of 10.7 times and 19.9 times respectively; and

- (d) The EV/EBITDA ratio of RVOS as implied by the Consideration and based on the annualized 9M2021 EBITDA of 21.6 times is within the range of the EV/EBITDA ratio of the Selected Comparable Companies of between 7.3 times and 74.0 times and above the median and mean EV/EBITDA ratios of the Selected Comparable Companies of 10.7 times and 19.9 times respectively.

#### **5.4 Financial effects of the Proposed Disposal and the set-off of the Shareholder's Advances**

The *pro forma* financial effects of the Proposed Disposal, including the set-off of the Shareholder's Advances, on the Group's NTA per Share in the capital of the Company and earnings/(loss) per Share ("**EPS**") of the Group are set out in Section 7 of the Circular and have been prepared based on the various assumptions as set out therein. The financial effects are for illustrative purposes only and is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Disposal been completed at the earlier date.

##### **5.4.1 Pro forma financial effects based on FY2021**

In summary, we note that the Proposed Disposal will result in a significant decrease in the NTA per share attributable to owners of the Company excluding perpetual capital securities, from US\$0.0815 per Share to NTA per Share of US\$(0.0247), due to the net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances which have been classified as equity in the Group's statement of financial position; (ii) increase in NTA by US\$16.60 million, being the gain on the Proposed Disposal; and (iii) interest savings of US\$4 million from the reduction of Shareholder's Advances. The Loss per share will improve after the Proposed Disposal due to the gain on the Proposed Disposal of US\$16.60 million and interest savings of US\$4.00 million from the reduction of Shareholder's Advances.

##### **5.4.2 Pro forma financial effects based on 1HFY2022**

In summary, we note that the Proposed Disposal will result in a significant decrease in the NTA per share attributable to owners of the Company excluding perpetual capital securities, from US\$0.1078 per Share to NTA per Share of US\$0.0016, due to the net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances which have been classified as equity in the Group's statement of financial position; (ii) increase in NTA by US\$16.60 million, being the gain on the Proposed Disposal; (iii) increase in NTA by US\$2.00 million due to interest savings from the reduction of Shareholder's Advances for the half-year period; and (iv) increase in NTA by US\$2.00 million due to reduction in share of losses incurred by RVOS during the half-year period. The Loss per share will improve to a profitable position after the Proposed Disposal due to the gain on the Proposed Disposal of US\$16.60 million, interest savings of US\$2.00 million from the reduction of Shareholder's Advances for the half year period and reduction in the share of losses incurred by RVOS of US\$2.00 million during the half year period.

Notwithstanding the above observation of the impact in the reduction of the *pro forma* NTA per Share, we are of the view that the set-off of the Shareholder's Advance is not prejudicial to the interest of the Company and its Minority Shareholders taking into account the following considerations:-

- (i) The reduction in the NTA of the Group attributable to owners of the Company arising from the Proposed Disposal is mainly as a result of the set-off of the Consideration against Shareholder's Advances owing to RHCL which have been classified as equity in the Group's statement of financial position and does not result in any cash outflows from the Group and has no impact on the Group's cash position. The set-off will reduce the Shareholder's Advances owing to RHCL to US\$22.6 million (based on the outstanding Shareholder's Advances as

at the Latest Practicable Date of US\$102.6 million);

- (ii) The use of the proceeds from the Proposed Disposal to set-off the Shareholder's Advances will result in interest savings for the Company and accordingly, the Board is of the view that the Proposed Disposal is in the best interests of the Group; and
- (iii) As noted from the Independent Auditor's Report in relation to the audited financial statements of the Group for the financial year ended 31 March 2021, the Group had obtained a Letter of Financial Support from its ultimate holding company to meet its repayment obligations as and when they fall due.

## **5.5 Other relevant considerations in relation to the Proposed Disposal and the set-off of the Shareholder's Advances**

### **5.5.1 Gain arising from the Proposed Disposal**

The Company's carrying value of the Sale Shares is US\$63.40 million as at 30 September 2021 and the gain arising from the Proposed Disposal (Consideration over the carrying value of the Sale Shares) is US\$16.60 million.

### **5.5.2 Interest savings from the set-off of the Shareholder's Advances**

As mentioned under Section 3.2 of the Circular, the entire amount of the Consideration for the Proposed Disposal will be used to partially set-off against Shareholder's Advances from RHCL to the Group. These Shareholder's Advances bear an interest rate of 5% per annum pursuant to the RHCL loan agreement as set out in the circular to the Shareholders dated 12 April 2021.

Accordingly, as illustrated by the pro forma financial effects, the Group will be enjoying interest savings of around US\$4 million per annum as a result of the set-off of the Consideration against the outstanding Shareholder's Advances owing to RHCL and will reduce the Shareholder's Advances owing to RHCL to US\$22.6 million (based on the outstanding Shareholder's Advances as at the Latest Practicable Date of US\$102.6 million).

### **5.5.3 No alternative offers from third parties**

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any other formal offer or proposal from any third party to acquire the Sale Shares from the Company.

### **5.5.4 Abstention from voting**

As set out in Section 10 of the Circular, RHCL 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 regarding the Proposed Disposal, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of this Ordinary Resolution 1, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

## **6. OUR OPINION**

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

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## APPENDIX 2– IFA LETTER

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- (i) The rationale for the Proposed Disposal, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (ii) The analysis of the historical financial performance and financial condition of RVOS, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (iii) Assessment of the fairness of the Consideration for the Proposed Disposal, details of which are set out in Paragraph 5.3 of this IFA Letter;
- (iv) Financial effects of the Proposed Disposal and the set-off of the Shareholder's Advances, details of which are set out in Paragraph 5.4 of this IFA Letter;
- (v) Other relevant considerations, details of which are set out in Paragraph 5.5 of this IFA Letter.

**Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal (including the set-off of the Shareholder's Advances), is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.**

Our opinion is prepared as required under Rule 921(4)(a) of the Catalist Rules as well as addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed Disposal. The recommendation to be made by the Recommending Directors to the Independent Shareholders shall remain the responsibility of the Recommending 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 Disposal.

This IFA 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

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**APPENDIX 3 – SUMMARY OF RVOS VALUATION REPORT**

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Valuation of 40.7% equity interest in the capital of  
Target (as defined herein)

Prepared for

Vallianz Holdings Limited

Report Date

7 December 2021

## Executive Summary

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### Valuation of 40.7% equity interest in the capital of Target (as defined herein)

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<b>Date of Valuation:</b>	30 September 2021
<b>Purpose:</b>	Public disclosure purpose
<b>Situation/Background:</b>	<p>Vallianz Holdings Limited (“VHL” or “Company”), together with its subsidiaries and associated companies (“Group”) are established providers of offshore support vessels (“OSVs”) and integrated offshore marine solutions for global energy industry.</p> <p>On 17 November 2021, the Company had entered into a sale and purchase agreement with its wholly-owned subsidiary, Vallianz Investment Capital Pte Ltd (“VIC”) as the seller, Rawabi Energy Company as the buyer and Rawabi Holding Company Limited (“RHCL”) as the parent company of Rawabi Energy Company, for the disposal by VIC of 90,000 ordinary shares in Rawabi Vallianz Offshore Services Company Limited (“RVOS” or “Target”), constituting 20.93% of the total paid-up issued share capital of RVOS (“Proposed Disposal”). As at the Valuation Date, the Company owned 40.7% equity interest in the capital of Target.</p> <p>Incorporated in the Kingdom of Saudi Arabia, the Target is engaged in the provision of offshore marine support services. As at the Valuation Date (as defined herein), the Target’s main activity is the provision of marine vessels along with crew to its customers.</p> <p>As a result of the Proposed Disposal, the Company would like an independent valuation of the Company’s 40.7% equity interest in the capital of the Target to be performed to ascertain its market value. As such, Cushman &amp; Wakefield VHS Pte Ltd (“C&amp;W” or “Valuer”) had been requested to perform the valuation of 40.7 equity interest in the capital of the Target as at 30 September 2021 (“Valuation Date”).</p>
<b>Subject Matter:</b>	40.7% equity interest in the capital of Target
<b>Basis of Valuation:</b>	Market Value
<b>Valuation Approach</b>	Income Approach

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## Valuation of 40.7% equity interest in the capital of Target (as defined herein)

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**Other Details:**

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

The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

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Having regard to the foregoing and the market conditions as at the Valuation Date, we are of the opinion that the Market Value of 40.7% equity interest in the capital of the Target as at Valuation Date, subject to the assumptions stated herein, is in the region of SAR452.3 million to SAR592.6 million.

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[This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.](#)

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## A Valuation Report

**To:** Vallianz Holdings Limited  
**Subject Matter:** 40.7% equity interest in the capital of Target  
**Report Date:** 7 December 2021  
**Valuation Date:** 30 September 2021

### 1. Introduction and Instructions

#### Appointment

In accordance with your instructions, we have assessed and determined the Market Value of 40.7% equity interest in the capital of the Target. We are pleased to submit our summarised valuation report (“Report”), which has been prepared for public disclosure purpose to seek shareholders’ approval pursuant to the Proposed Disposal and should be read in conjunction with the full valuation report dated 7 December 2021 (“Full Report”).

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Full Report.*

### 2. Terms of reference

C&W has been appointed to undertake an independent valuation of 40.7% equity interest in the capital of Target. We were neither a party to the negotiations entered into by the Company and its subsidiaries (“Group”) in relation to the Proposed Disposal nor were we involved in the deliberation leading up to the decision on the part of the management of the Group, Company and/or Target (“Management”) to enter into the Proposed Disposal and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Disposal. We do not warrant the merits of the Proposed Disposal or the acceptability of the risk for the Proposed Disposal.

We have confined our evaluation strictly and solely on the financial of the Target and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Disposal or the strategic merits or the comparison with other deals involving shares of the Group, Company and/or Target. We were not required to comment on or evaluate the methods or procedures used by the Target to manage the change in any risk profile of the Group, Company and/or Target in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Disposal. In addition, we do not express any views or opinion on the merits of the Proposed Disposal, the legality or all other matters pertaining to the Proposed Disposal, documents for the Proposed Disposal (the notice of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party



or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Disposal and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Group, Company and/or Target may be subject to for the Proposed Disposal.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property or vessels) of the Target. As such, we have relied on the disclosures and representations made by the Company on the value of the vessels as at the Valuation Date. In this respect, we have been furnished with, *inter alia*, the Vessels Valuation prepared by BRS Singapore Pte Ltd (“Vessels Valuer”) on the Market Value of vessels as at the Valuation Date. As we are not experts in the evaluation or appraisal of the assets as set out in the Vessels Valuation, we have placed sole reliance on the appraisal in relation to tugs and barges as assessed by the Vessels Valuer. Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia*, includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Group, Company and/or Target (“Shareholder”). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Group, Company and/or Target, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Group, Company and/or Target which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

Accordingly, our Report, Full Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Company, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

### 3. Bases of Valuation

The valuation has been prepared in accordance with International Valuation Standards.

#### Bases

The subject matter has been valued on the basis of Market Value as at the Valuation Date which is defined as follows:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### 4. Assumptions and Reservations

#### Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections of Target from financial period from 1 October 2021 to 31 December 2021 (“FPDec2021”) to financial year ended 31 December (“FY”) 2026. To its best knowledge, Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- The Vessels Valuation appropriately reflects its Market Value as at the Valuation Date.

- There will not be any material changes in the political and/or economic conditions under which the Target operates that may adversely affect the future prospects of the Target.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target.
- The current owners of the Target have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of Target is critical upon the following key value drivers, where applicable:-

- The Target continues to operate as a going concern and is able to meet all its financial obligations.
- The Target's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections.
- The Target has sufficient operational resources to support the projected turnover and profitability.
- The Target continues to maintain costs in accordance with the forecast.

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit, due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on any transaction. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

### **Reservations**

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect of the equity interest in the capital of the Target, market conditions and available data.

## **5. General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market Value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current as at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

We have no present or prospective interest in the Target and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers’ compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Company and/or the Group, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## 6. Valuation Methodology

We have considered the three (3) generally accepted valuation approaches namely Cost Approach, Income Approach and Market Approach and have adopted Income Approach as the primary approach, with Market Approach and Cost Approach as reference.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the business of Target's operations had been established for several years, the use of Income Approach as the primary approach is considered to be appropriate.

The Cost Approach is not adopted because it does not directly incorporate information fully about the future economic benefits expected to be derived by the Target

Under Market Approach, we have considered enterprise value to EBITDA ("EV/EBITDA") multiple in the valuation. Based on our analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the current earnings of the Target is not at its normalised stage. Thus, the market multiples under the Market Approach is used as reference.

Accordingly, we have relied on Income Approach in assessing the equity value of Target, with Market Approach and Cost Approach as reference.

### **Income Approach - Discounted Cash Flow Analysis**

Discounted Cash Flow ("DCF") Method is one application of income approach. We have used free cash flow to firm ("FCFF") to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non operating assets/liabilities. FCFF is defined as follows:

$$FCFF = EBIT (1 - Tax\ rate) + Depreciation\ and\ Amortization - Capital\ Spending - Change\ in\ Working\ Capital$$

In applying the DCF method there are three (3) critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

The assumptions used in the DCF analysis are set out in the following sections.

### Financial projections

We were provided with financial projections from FPDec2021 to FY2026, which form the basis of our DCF analysis. The expected FCFF of the Target from FPDec2021 to FY2026 is as follows:-

<i>SAR000, unless specified otherwise</i>	FPDec2021	FY2022	FY2023	FY2024	FY2025	FY2026	Normalised
EBIT	64,320	156,698	180,962	188,200	193,846	197,723	197,723
Less: Tax payment	(6,200)	(15,106)	(17,445)	(18,143)	(18,687)	(19,061)	(19,061)
Add: Depreciation and amortisation	28,688	252,063	248,237	258,167	265,912	271,230	271,230
Less: Capital expenditure	(100,000)	(200,000)	(300,000)	(250,000)	(250,000)	(175,000)	(271,230)
Less: Net working capital changes	13,792	(118,014)	44,530	40,589	(15,941)	(10,946)	(10,946)
<b>FCFF</b>	<b>600</b>	<b>75,642</b>	<b>156,285</b>	<b>218,814</b>	<b>175,131</b>	<b>263,947</b>	<b>167,717</b>

**Capital expenditure:** Based on discussion with Management, the capital expenditure is expected to range from SAR100.0 million to SAR300.0 million from FPDec2021 to FY2026, which includes the cost required for vessels' dry docking.

**Net working capital changes:** Based on discussion with Management, it is expected that the inventories, trade receivables and trade payables will increase in line with the projected increase in revenue and operating expenses (as the case may be). The underlying net working capital assumptions are set out as follows:-

- Inventories turnover days: 20 to 30 days
- Trade and other receivables turnover days: 270 to 380 days; and
- Trade and other payables turnover days: 110 to 160 days.

### Terminal value

To estimate the terminal value of Target at the end of the projection period in FY2026, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long term growth rate.

$$\text{Terminal value} = \text{CF}_{n+1} / (r - g)$$

<i>Where</i>	$\text{CF}_{n+1}$	=	expected cash flow one year from $n$ -th year
	$r$	=	required rate of return, i.e. discount rate
	$g$	=	growth rate in perpetuity

We have assumed that the earnings of Target would reach a stable perpetual growth rate ranging from 2% to 2.25% after FY2026 based on the expected long-term global GDP growth rate.

#### *Discount rate*

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from Target is the expected future net cash flows discounted by an appropriate discount rate. We have adopted weighted average cost of capital ("WACC") of 6% +/- 0.15%.

#### *Debt and excess cash & cash equivalent*

In order to arrive at the equity value of the Target, debt is subtracted and excess cash and cash equivalent are added to the enterprise value. As at the Valuation Date, the Target has debt of SAR2.1 billion, dividend payable of SAR37.5 million and excess cash & cash equivalents of SAR45.6 million.

#### *Adjustment for private company discount (marketability discount)*

According to the International Glossary of Business Valuation Terms, marketability is defined as the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing interest in privately held companies. We applied a marketability discount of approximately 20% for the purpose of this valuation with reference to the historical empirical studies.

#### *Adjustment for lack of control discount (minority discount)*

According to the International Glossary of Business Valuation Terms, discount for lack of control refers to an amount or percentage deducted from a pro-rata share of the value of 100% of an interest in a business, to reflect the absence of some or all of the powers of control. Based on research surveys indicated by MergerStats, shares with controlling power are worth approximately 25% higher than shares without controlling power in the healthcare industry. As such, it is derived that about 20% of the total value of the Target is allocated to other shareholders without management power. The derivation of minority interest is as follows:-

$$\begin{aligned}\text{Minority Discount} &= 1-1/(1+\text{control premium}) \\ &= 1-1/(1+25\%) \\ &= 20\%\end{aligned}$$

*Market Value of 40.7% equity interest in the capital of Target*

Based on DCF Method, the Market Value of 40.7% equity interest in the capital of the Target as at the Valuation Date ranges from SAR452.3 million to SAR592.6 million.

## 7. Valuation Result

Having regard to the foregoing and the market conditions as at the Valuation Date, we are of the opinion that the Market Value of 40.7% equity interest in the capital of the Target as at Valuation Date, subject to the assumptions stated herein, is in the region of SAR452.3 million to SAR592.6 million, and the Market Value of 20.93% equity interest in the capital of Target as at the Valuation Date, subject to the assumptions stated herein, is in the region of SAR232.6 million to SAR304.8 million.

## 8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

## 9. Disclosure and Publication

You must not disclose the contents of the Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

## 10. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.



## **11. Valuer's Credential**

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

### **Richard Yap**

CFA, CA (Singapore), CVA

Senior Director

## **Appendix A Limiting Conditions**

The Report and/or Full Report is prepared subject to the following terms and conditions: -

- 1) The Report and/or Full Report is:
  - a. restricted to the use by the client to whom this report is addressed;
  - b. for the specific purpose stated therein; and
  - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from the Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.

- 2) Neither the whole nor any part of this Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the Report and/or Full Report that information has been supplied to us by you or another party, this information is believed to be complete, reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in this Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).
- 7) Any plans that are included in this Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any plant and machinery in our valuation.
- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).

- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
- 11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).
- 12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid (where applicable).
- 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
- 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
  - a) any direct loss of profit;
  - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
- 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
- 16) Where you or a third party has caused or contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of such liability.
- 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
- 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
- 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.

- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on our Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon our Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where a Report and/or Full Report is prepared or where we consent to a Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).
- 27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.
- 28) We retain ownership of the intellectual property rights in the Report and/or Full Report and we provide you with an irrevocable, non-transferrable and royalty-free license (with no right to sub-licence) to use the intellectual property for the purpose or purposes stated in the Report and/or Full Report.
- 29)
- a) In connection with performance of this agreement, each party represent and warrant to the other party that they comply with, will comply with, and will not cause the other Party to violate, all applicable laws related to anti-bribery or anti-corruption ("**Anti-Corruption**")

**Laws**”), including, but not limited to, the U.S. Foreign Corrupt Practices Act (15 U.S.C. §§ 78dd-1 et seq.), and the UK Bribery Act of 2010.

b) You represent and warrant that:

- (i) in connection with performance of this agreement, you and your shareholders, directors, officers, or employees comply with, will comply with, and will not cause us to violate applicable laws related to the import and export of goods, technology and services, economic or financial sanctions, trade embargoes, or other restrictions on trade (“**Sanctions & Trade Controls**”), including, but not limited to, sanctions laws and regulations of the United States (as administered and enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) and U.S. Department of State), the U.S. Export Administration Regulations (31 C.F.R. Parts 730-774), the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130), U.S. antiboycott regulations (as administered and enforced by the U.S. Department of Commerce’s Office of Antiboycott Compliance and the U.S. Department of the Treasury’s Internal Revenue Service), and sanctions laws and regulations of the United Kingdom (as administered and enforced by Her Majesty’s Treasury), provided that the representations and warranties contained in this Clause b(i) are given only to the extent that they would not result in a violation of or conflict with Council Regulation (EC) No. 2271/96, as amended (or any law or regulation implementing such Regulation in any member state of the European Union or any equivalent law or regulation in the United Kingdom), the German Foreign Trade Act or any similar, applicable anti-boycott or blocking law or regulation;
- (ii) in connection with performance of this agreement, you and your shareholders, directors, officers, or employees comply with, will comply with, and will not cause us to violate applicable laws related to money laundering, terrorist financing, or related financial recordkeeping and reporting requirements (“**AML Laws**”), including, but not limited to, the Bank Secrecy Act (31 U.S.C. §§ 5311 et seq.), Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956 et seq.), USA PATRIOT Act, EU Money Laundering Directives, UK Prevention of Terrorism Act 2005, UK Serious Organised Crime and Police Act 2005, UK Money Laundering Regulations 2003, UK Proceeds of Crime Act 2002, and UK Anti-Terrorism, Crime and Security Act 2001;
- (iii) neither you nor any of your shareholders, directors, officers, or employees (i) is blocked, debarred, designated, excluded, sanctioned, or denied import or export privileges under applicable Sanctions & Trade Controls and/or AML Laws; (ii) located in, resident in or organized under the laws of a country or territory which is a subject of country-wide or territory-wide Sanctions and Trade Controls at the date of the this Agreement, Crimea, Cuba, Iran, Syria or North Korea); or (iii) owned (with a 20% or greater interest) or controlled by any person identified in (i) (collectively, “**Restricted Persons**”); and
- (iv) in connection with performance of this agreement, you are not engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with Restricted Persons in violation of Applicable Law or provided that, if a person is considered a Restricted Person solely based on its inclusion in a relevant list, but its inclusion on that list is limited to a specific purpose or purposes, that person would be considered a Restricted Person only with respect to that specific purpose or purposes and not any other purpose or purposes.

c) Notice

If, at any time, you become aware that any of the representations set out in Clause b are no longer accurate, you will notify us immediately in writing.

d) Termination

We will have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and will be entitled to receive payment of the fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination in the event that:

- (i) in connection with performance of this agreement, you violate, or causes us to violate, applicable Anti-Bribery Laws and Rules or Sanctions and AML Laws;
- (ii) we believe in good faith that you have acted in a way that may subject us to liability under applicable Anti-Bribery Laws and Rules or Sanctions and AML Laws; or
- (iii) you or any of your direct or indirect shareholders becomes a Restricted Person.

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**APPENDIX 4 – SUMMARY OF VESSELS VALUATION REPORT**

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Singapore, 2 December 2021

**Vallianz Holdings Limited**

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

For the attention of Mr Wang Yuhao / Keegan Chua

**RE: Valuation of 50 Vessels.**

Dear Sirs

For the Company's purposes for its **Business Valuation**: -

Rawabi 1	Rawabi 2	Rawabi 3	Rawabi 4	Rawabi 5
Rawabi 6	Rawabi 7	Rawabi 8	Rawabi 9	Rawabi 10
Rawabi 11	Rawabi 12	Rawabi 14	Rawabi 15	Rawabi 16
Rawabi 17	Rawabi 20	Rawabi 23	Rawabi 26	Rawabi 28
Rawabi 30	Rawabi 31	Rawabi 32	Rawabi 35	Rawabi 36
Rawabi 35	Rawabi 201	Rawabi 202	Rawabi 320	Rawabi 321
Rawabi 322	Rawabi 323	Rawabi 401	Rawabi 402	Rawabi 403
Rawabi 404	Rawabi 405	Rawabi 406	Rawabi 407	Rawabi 408
Rawabi 409	Rawabi 410	Rawabi 411	Rawabi 412	Rawabi 413
Rawabi 414	Rawabi 415	Rawabi 501	Rawabi 502	Rawabi Integrity

**Market Value:** is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

**Forced (Distress) Sale:** it is sale done without the mutual consent from the owners on the sale of the asset. It is usually mandated by the creditors, liquidators, banks or private financing institution on an asset.

This certificate of valuation is not for circulation or publication without our written prior consent and no responsibility can be accepted to any other person

**BRS Singapore Pte Ltd**  
137 Telok Ayer Street #06-01/06/07/08  
Singapore 068602  
Tel : (65) 6603 3230  
Fax : (65) 6536 0822





In our opinion, the total value of the 50 vessels listed above, being in the vicinity of **USD 831,200,000** (United States Dollars Eight Hundred Thirty - One Million and Two Hundred Thousand) as at 30 September 2021.

Please find attached our respective valuation report for the above-mentioned vessels.

### **Methodology**

This valuation takes into account the following points taken into considerations;

- Whether it is a full operational or a laid-up vessel. A laid-up vessel would have a less attract price compared to a vessel in a full operation mode. In additional, all Classification certificates are to be valid for a full operational vessel.
- The vessels are modern equipped with machineries that cater and qualify with the technical requirements of Oil Majors requirements will have a positive consideration in the valuation.
- Reference will be made to the/any recent published transaction or comparable sale of similar vessel when conducting the valuation.
- The demand & supply at the particular place and time for the vessel.
- The prevailing and foreseeable market condition.
- Any financial revenues derived from the charter contract will be evaluated.

The valuation was undertaken by Mr. Clarence Koh, Department Head, for the BRS offshore Division in Singapore. He has more than 15 years of experience involving in the operation and commercial aspect in the OSV industry. He is also a certified Company Security Officer and ISM Internal Auditor.

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137 Telok Ayer Street #06-01/06/07/08  
Singapore 068602  
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This valuation was conducted in consult with Mr. Bertrand Bonneville, Head of Offshore, based in Paris Headquarter. Mr. Bertrand has more than 20 years of experience in the offshore sector and in specialize in new builds of specialize asset and sale and purchase.

Yours sincerely,

For and on behalf for BRS

A handwritten signature in black ink, appearing to be "Bertrand", is written over a small version of the BRS GROUP logo. Below the signature and logo is a horizontal dashed line.

CONFIDENTIAL

This certificate of valuation is not for circulation or publication without our written prior consent and no responsibility can be accepted to any other person

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137 Telok Ayer Street #06-01/06/07/08  
Singapore 068602  
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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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**”) will be held by way of electronic means on 29 December 2021 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

*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 14 December 2021 (the “**Circular**”).*

#### **ORDINARY RESOLUTION 1:**

**THE PROPOSED DISPOSAL OF SHARES IN RAWABI VALLIANZ OFFSHORE SERVICES COMPANY LIMITED TO RAWABI ENERGY COMPANY FOR US\$80 MILLION, BEING AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION UNDER THE CATALIST RULES**

#### **THAT:**

- (a) approval be and is hereby given for the purposes of Chapter 9 and Chapter 10 of the Catalist Rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for the Company and Vallianz Investment Capital Pte. Ltd. (“**VIC**”) to enter into the Proposed Disposal pursuant to the terms and conditions of the sale and purchase agreement entered into amongst the Company, VIC, Rawabi Energy Company and Rawabi Holding Company Limited for the disposal by VIC of 90,000 ordinary shares in RVOS dated 17 November 2021 (“**SPA**”) and all transactions contemplated thereby;
- (b) the execution of the SPA by the Company and VIC be and is hereby confirmed, approved and ratified;
- (c) the Directors be and are hereby authorised to from time to time amend, modify and/or supplement the terms of the Proposed Disposal and/or the SPA as such Directors or any of them may deem appropriate; and
- (d) the Directors 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.

#### **BY ORDER OF THE BOARD**

Ling Yong Wah  
Executive Director and CEO  
14 December 2021

#### **IMPORTANT NOTES:**

1. 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.**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 3.00 p.m. on 26 December 2021 (the "**Registration Deadline**") at the URL <https://conveneagm.sg/vallianzegm4> 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 3.00 p.m. on 28 December 2021, but who have registered by the Registration Deadline should contact the Company at the email address at [sg.is.enquiry@sg.tricorglobal.com](mailto:sg.is.enquiry@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 resolution to be tabled for approval at the EGM. All questions must be submitted by 3.00 p.m. on 22 December 2021 at the URL <https://conveneagm.sg/vallianzegm>.
- (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 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 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 submitted to the Company by 3.00 p.m. on 27 December 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](mailto: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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 20 December 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 3.00 p.m. on 26 December 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 14 December 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 14 December 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 (“**EGM**”) of the Company to be held by way of electronic means at 3.00 p.m. on 29 December 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 Disposal of Shares in Rawabi Vallianz Offshore Services Company Limited			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

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

\_\_\_\_\_  
Signature(s) of Shareholder(s) or Common Seal  
of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. The EGM would be held by electronic means and therefore shareholders will not be able to attend the EGM in person. Shareholders who wishes 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.**

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## PROXY FORM

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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](mailto:sg.is.proxy@sg.tricorglobal.com);by no later than 3.00 p.m. on 27 December 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 3.00 p.m. on 26 December 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 14 December 2021.