ACQUISITION OF OER HOLDINGS PTE. LTD. – SIGNING OF SUPPLEMENTAL DEED

1. INTRODUCTION

1.1 The board of directors (the "**Board**") of Vallianz Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to refer to the announcement made by the Company on 30 September 2014 (the "**Earlier Announcement**"), in relation to the acquisition of the entire issued and paid-up shares of OER Holdings Pte. Ltd. ("**OER**") by its wholly-owned subsidiary, Vallianz International Pte. Ltd. ("**VIP**") (the "**Acquisition**").

1.2 All capitalised terms used and not defined herein shall have the same meaning ascribed to them in the Earlier Announcement, unless otherwise stated or as the context may otherwise require.

2. AMENDMENTS TO THE SPA

2.1 Further to the Earlier Announcement, the Board wishes to announce that the Company has, on 17 October 2014, entered into a supplemental deed with the Vendors (the "**Supplemental Deed**"), pursuant to which the Company and Vendors (the "**Parties**") have mutually agreed to revise the terms of the SPA as follows:

Amendment to the allotment and issue of the Consideration Shares – EBITDA Target

(a) The allotment and issue of the Consideration Shares for the satisfaction of the Consideration, shall be undertaken in the following two (2) tranches:

(i) the allotment and issue of 125,000,000 Consideration Shares amounting to 50% of the aggregate Consideration Shares ("**Tranche 1 Consideration Shares**") shall be allotted and issued on the Completion Date; and

(ii) subject to any adjustments as provided for in the paragraphs below, the remaining Consideration Shares shall be allotted and issued on a date no later than twenty-one (21) calendar days from the date of the issue of the EBITDA Clearance Memo (as defined below) ("**Tranche 2 Consideration Shares Payment Date**").

(b) The 250,000,000 Consideration Shares less the Tranche 1 Consideration Shares ("**Tranche 2 Consideration Shares**") shall be based on the cumulative EBITDA of the OER Group achieved being not less than USD7.0 million ("**EBITDA Target**") for the period commencing 1 November 2014 and ending 31 December 2015 (both dates inclusive) ("**Effective Period**"). EBITDA means earnings before interest, taxes, depreciation and amortization.

(c) To the extent that the cumulative EBITDA of the Target Group achieved is less than the EBITDA Target for the Effective Period, the Tranche 2 Consideration Shares shall be adjusted as follows ("**Adjusted Tranche 2 Consideration Shares**"):

Adjusted Tranche 2 Consideration Shares	=	125,000,000 – Deducted Consideration Shares

Where the number of Consideration Shares comprised in the "**Deducted Consideration Shares**" is:

$$125{,}000{,}000 \times \frac{\text{(EBITDA Target - cumulative EBITDA)}}{\text{EBITDA Target}}$$

Without limiting the generality of the foregoing, the Deducted Consideration Shares shall be capped at a maximum of 125,000,000.

(d) The cumulative EBITDA of the Target Group shall be determined based on the consolidated EBITDA clearance memo indicating such cumulative EBITDA, to be prepared and issued by the auditors of OER ("**EBITDA Clearance Memo**").

(e) The Tranche 2 Consideration Shares or the Adjusted Tranche 2 Consideration Shares shall be allotted and issued to the Vendor on a date no later than 21 calendar days from the date of issue of the EBITDA Clearance Memo. For the avoidance of doubt, if the cumulative EBITDA of the OER Group is zero (0) or a negative figure, the Company and VIP shall be released from any requirement or obligation to allot and issue Tranche 2 Consideration Shares to the Vendor, and the Vendor agrees that the Consideration shall accordingly be deemed satisfied in full by the allotment and issue of the Tranche 1 Consideration Shares at Completion Date.

(f) Upon the occurrence of any of the following during the Effective Period ("**Cessation Event**"):

(a) VIP ceasing to hold any shareholding interest in OER; or

(b) the Company ceasing to hold any shareholding interest (whether directly or indirectly) in OER,

the Company shall procure that the Tranche 2 Consideration Shares (subject to any adjustments in accordance with paragraphs 1(h) below) shall be allotted and issued to the Vendor no later than the date falling ten (10) calendar days of the occurrence of the Cessation Event, and at all times subject to the successful obtaining of the listing and quotation notice from the SGX-ST for the listing and quotation of the Tranche 2 Consideration Shares on the Catalist. For the avoidance of doubt, if any of the Cessation Events occur on a date falling after the last day of the Effective Period, the EBITDA Target and the adjustments arising thereunder shall continue to be in full force and effect.

(g) As only 50% of the Consideration Shares will be issued on Completion Date, there is no further requirement for the Moratorium. Accordingly, the Parties have agreed to the removal of the Moratorium.

Anti-dilution adjustments to the Tranche 2 Consideration Shares or Adjusted Tranche 2 Consideration Shares arising from alteration in the share capital of the Company

(h) The Tranche 2 Consideration Shares or the Adjusted Tranche 2 Consideration Shares (as the case may be) shall be further adjusted, in the period commencing from Completion Date to the Tranche 2 Consideration Shares Payment Date or Cessation Event (whichever is the earlier):

(i) in the event of any alteration in the share capital of the Company arising from any consolidation, subdivision, reclassification, capitalisation, or further shares that may be issued pursuant to any placements, conversion of any convertible securities or the exercise of any options, warrants or any other rights after Completion Date, except for any alteration in the share capital of the Company arising from any shares issued pursuant to the Vallianz Employee Share Option Scheme or the Vallianz Performance Share Plan; and

(ii) to the extent any dividends or distributions have been declared before the Tranche 2 Consideration Shares Payment Date or Cessation Event,

and at all times, the Tranche 2 Consideration Shares or the Adjusted Tranche 2 Consideration Shares (as the case may be) shall not exceed 250,000,000 in the capital of the Company. Accordingly, the maximum aggregate number of shares in the capital of the Company to be issued, including the Tranche 1 Consideration Shares, shall be 375,000,000, equivalent to an aggregate consideration payable of approximately USD41.5 million.

The Vendors' shareholding percentage in the Company against the resultant enlarged share capital on the basis of (i) 250,000,000 Consideration Shares issued; and (ii) the maximum 375,000,000 Consideration Shares issued, on the assumption that the original share capital of the Company remains at 3,058,512,122 ordinary shares in the capital of the Company immediately before such allotment and issue, is as follows:

Shareholding Percentage	**Number of Consideration Shares to be allotted and issued**
7.56%	250,000,000
10.9%	375,000,000

Based on the foregoing, the allotment and issue of the maximum number of Consideration Shares arising from the abovementioned adjustments, will not result in the Vendor obtaining 15% or more of the resultant enlarged share capital of the Company.

For the avoidance of doubt, the above-stated adjustments will not affect the Issue Price and accordingly, will not result in a discount of more than 10% to the weighted average price for trades done of the shares of the Company on the SGX-ST for the full Market Day on the date of signing of the SPA

2.2 Notwithstanding the above, the basis for the consideration remains at approximately 5 times the historical EBITDA of the OER Group. The adjustments to the Consideration Shares as stated above is to address any potential adjustments in the market value of the Consideration Shares arising from events that may result in changes to the share capital of the Company, whether such events result in an increase or a decrease in share capital.

3. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

3.1 The revised relative figures computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**") in respect of the Acquisition and based on the latest announced unaudited financial statements of the Group for the six (6) months period ended 30 June 2014 ("**Latest Announced Financial Statements**") are as follows:

Relevant Catalist Rule	**Basis of computation**	**Relative Figures on the basis of maximum aggregate number of shares in the capital of the Company to be issued**	**Relative Figures on the basis of minimum aggregate number of shares in the capital of the Company to be issued**
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable	Not applicable
Rule 1006(b)	Net profits attributable to the acquisition of the OER Group, compared with the Group's net profits	19.5%(1)	19.5%(1)
Rule 1006(c)	The aggregate value of the Consideration to be given, compared to the Company's market capitalization based on the total number of issued shares excluding treasury shares	19.9%(2)	10.8%(4)
Rule 1006(d)	Number of Consideration Shares to be issued by the Company, compared with the number of equity securities previously in issue	12.26%(3)	8.6%(5)
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable	Not applicable

Notes:

(1) For the latest audited profit after tax for the financial year ended 31 December 2013, the net profits attributable to the OER Group is approximately US$4.7 million. Based on the Latest Announced Financial Statements, the net profit of the Group is approximately US$12.06 million;

(2) Based on the Consideration of approximately US$41.5 million (on the basis of 375,000,000 Shares x S$0.14), and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company and the weighted average price of such shares transacted on the Catalist Board of the SGX-ST on 17 October 2014 (being the date of the Supplemental Deed on which the shares of the Company were traded). Please note that the Company's market capitalization based on such total number of issued shares on 17 October 2014 is for illustrative purposes only and do not necessarily reflect the actual number of Tranche 2 Consideration Shares or the Adjusted Tranche 2 Consideration Shares (as the case may be) to be allotted and issued at the Tranche 2 Consideration Shares Payment Date or Cessation Event (whichever is the earlier);

(3) Based on the maximum aggregate Consideration Shares of 375,000,000 Shares and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company;

(4) Based on the Consideration of approximately US$27.7 million (on the basis of 250,000,000 Shares x S$0.14), and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company and the weighted average price of such shares transacted on the Catalist Board of the SGX-ST on 30 September 2014 (being the date of the SPA on which the shares of the Company were traded), for illustrative purposes; and

(5) Based on the minimum aggregate Consideration Shares of 250,000,000 and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company.

As the relative figure in Rule 1006(b), Rule 1006(c) and Rule 1006(d) computed on the basis set out in Rule 1006 of the Catalist Rules above exceeds 5% but falls below 75%, the Acquisition constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

4. FINANCIAL EFFECTS OF THE ACQUISITION

4.1 Bases and Assumptions

The pro forma financial effects of the Acquisition on the (i) net profits attributable to the interests in OER to be acquired by VIP; (ii) net tangible assets ("**NTA**") per share of the Company ("**Share**"); and (iii) earnings per Share ("**EPS**") are set out below.

The pro forma financial effects for the Acquisition have been prepared based on the audited financial statements of the Group and OER Group for the financial year ended 31 December 2013, which have been prepared on a going concern basis, and are purely **for illustrative purposes only and do not necessarily reflect (i) the actual future results and financial position of the Group post-Acquisition; and (ii) the actual number of Tranche 2 Consideration Shares or the Adjusted Tranche 2 Consideration Shares (as the case may be) to be allotted and issued at the Tranche 2 Consideration Shares Payment Date or Cessation Event (whichever is the earlier)**.

For the purpose of illustrating the financial effects of the Acquisition, the financial effects of the Acquisition are computed based on the following assumptions:

(a) the financial effects on the Group's NTA attributable to the equity holders of the Company and the NTA per Share are computed assuming that Acquisition was completed on 31 December 2013;

(b) the financial effects on the Group's earnings attributable to the equity holders of the Company and EPS are computed assuming that Acquisition was completed on 1 January 2013; and

(c) notwithstanding the Earlier Announcement, that the EBITDA Target has been achieved and the number of Consideration Shares to be issued, including the Tranche 1 Consideration Shares, is 375,000,000 arising from alteration in the share capital of the Company..

5. Net profits attributable to the interests in OER to be acquired by VIP

The net profits attributable to the interests in OER to be acquired by VIP would be approximately US$4.7 million for the financial year ended 31 December 2013.

6. NTA

(US$'000)	Before the Acquisition	After the Acquisition
NTA attributable to the equity holders of the Company	42,730	48,999
Number of Shares ('000)	1,189,412	1,564,412
NTA per Share (US$ cents)	3.59	3.13

7. Earnings

(US$'000)	Before the Acquisition	After the Acquisition
Profit attributable to Shareholders	7,493	12,205
Number of Shares ('000)	1,189,412	1,564,412
Earnings per Share (US$ cents)	0.63	0.78

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Supplemental Deed, the SPA and the Earlier Announcement are available for inspection during normal business hours at the Company's registered office at 12 International Business Park, Swiber@IBP, #03-02, Singapore 609920 for a period of three (3) months from the date of this Announcement.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Acquisition, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Acquisition as appropriate or when there are further developments on the same.

11. CAUTION IN TRADING

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

Yeo Chee Neng
Chief Executive Officer

20 October 2014

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Bernard Lui.
Telephone number: 6389 3000 Email: bernard.lui@stamfordlaw.com.sg.