

Vallianz Holdings Limited
Co Reg No. 199206945E

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PURCHASE BY RAWABI VALLIANZ OFFSHORE SERVICES COMPANY LTD OF DEBTS OF PT VALLIANZ OFFSHORE MARITIM

1. Introduction

The Board of Directors ("**Board**") of Vallianz Holdings Limited ("**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that Rawabi Vallianz Offshore Services Company Ltd ("**RVOS**") had, on 1 June 2020, agreed with Caterpillar Financial Services Asia Ltd and Caterpillar Financial Australia Ltd (collectively, the "**Lenders**") to acquire from the Lenders the outstanding debts owed by PT Vallianz Offshore Maritim ("**PTVOM**") to the Lenders.

PTVOM, a company incorporated in Indonesia, is a 49%-owned associated company of the Company.

RVOS, a company incorporated in the Kingdom of Saudi Arabia, is a 50% joint-venture of the Company which is jointly owned by Rawabi Holding Company LLC ("**RHC**"), the Company's controlling shareholder, and the Company. Following the assignment by RHC of its 50% economic rights in RVOS to the Group with effect from 1 January 2014, the Group had consolidated the financial results of RVOS as its wholly-owned subsidiary, as the Group has the ability to direct the business activities of RVOS and enjoys all the economic benefits of RVOS.

Both RVOS and PTVOM are in the business of provision of offshore marine support services.

2. Purchase of Debts of PTVOM ("Transaction**")**

The Lenders had previously extended financing facilities to PTVOM ("**Facilities**") which were guaranteed by the Group and secured on 5 vessels of PTVOM.

Pursuant to the Transaction, RVOS will acquire all the outstanding debts owing by PTVOM to the Lenders amounting to approximately US\$30 million as at 31 May 2020 (the "**Outstanding Amount**") for a total consideration of not more than 50% of the Outstanding Amount. Following the Transaction, the corporate guarantee and security in relation to these debts acquired by RVOS will be assigned by the Lenders to RVOS.

The consideration was arrived at on a willing buyer, willing seller basis, taking into consideration the value of the underlying assets. The Transaction is to be funded by financing facilities of RVOS.

The Group intends to explore similar opportunities to acquire suitable assets at attractive prices. Hence, for confidentiality and market competitive reasons, the Company could not and do not wish to disclose the exact consideration paid for the Transaction, as it may prejudice the Group's position in its negotiations on other similar opportunities when they arise.

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3. Rationale of the Transaction

As an associated company of the Group, the Group works closely with PTVOM in the areas of marketing and technical resources. Although PTVOM is a 49%-owned associated company of the Group, in connection with the Facilities, the Group had provided joint and several corporate guarantees to the Lenders for amounts which were equal to 100% of these Facilities. With the Transaction, the Group will cease to provide these corporate guarantees to the Lenders, who are external parties. Instead, the Lenders will assign the Group's corporate guarantees to RVOS.

In addition, the Group will benefit from the security over the 5 vessels which were pledged to the Facilities. Following the Transaction, should the need arise, the Group will have greater flexibility in deploying these 5 vessels in the Middle East and North African regions.

4. Disclosable Transaction

The relative figures as computed on the basis set out in Rule 1006 of the Catalist Rule in respect of the Transaction and based on the latest unaudited financial statements of the Group for the half year ended 30 September 2019 are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006(b)	Net profit attributable to the assets acquired, compared with the Group's net profits	-110% ⁽¹⁾
Rule 1006(c)	Aggregate value of the Consideration given, compared with the Company's market capitalization based on the number of issued Shares excluding treasury shares	62.36% ⁽²⁾
Rule 1006(d)	Number of equity securities to be issued, compared with the number of equity securities	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven or probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

(1) Based on the Group's consolidated net loss for the 6 months period ended 30 September 2019 and the estimated net interest income arising from the Transaction for 6 months; and

(2) On a conservative basis of assuming a maximum consideration for the Transaction at 50% of the Outstanding Amount, and the issued share capital of the Company of 559,354,434 ordinary shares in the capital of the Company and last traded price of such shares transacted on the Catalist Board of the SGX-ST on 29 May 2020 (being the market day preceding the date of the agreement on which the shares of the Company were traded).

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Pursuant to Chapter 10 of the Catalist Rules, read together with Practice Note 10A paragraph 4.4(b), as the absolute relative figure computed on the basis of Rule 1006(b) exceeds 5% of the consolidated net loss of the Group and the relative figure computed on the basis of Rule 1006(c) exceeds 5% but does not exceed 75%, the Transaction constitutes a “disclosable transaction” under Chapter 10 of the Catalist Rules.

5. Financial Effects Of The Transaction

The Transaction is not expected to have a material financial effect of the EPS and NTA of the Group for the current financial year ending 31 March 2021.

6. Interested Person Transaction

RVOS is an “Interested Person” within the meaning of Chapter 9 of the Catalist Rule, as RHC, the controlling shareholder of the Company, holds 50% of the issued and paid-up capital of RVOS.

RVOS is purchasing the debts from the Lenders who are independent third parties. However, following the Transaction, PTVOM, as an entity-at-risk, will be paying interest on the debts to RVOS, an Interested Person. In this regard, the value at risk for the Interested Person Transaction is the interest charged by RVOS.

However, as the Company has 100% economic rights of RVOS and the Group has been consolidating RVOS as a wholly-owned subsidiary, the interest received by RVOS from PTVOM will also be consolidated in full in the Group’s financial statements. Thus, the value at risk to the Group is zero and shareholders’ approval for the Interested Person Transaction is not required.

7. Interest Of The Directors And Controlling Shareholders

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction other than in their respective capacities as directors and/or shareholders of the Company, RVOS and/or PTVOM (as the case may be).

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
2 June 2020

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

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

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