Vallianz Holdings Limited
Co Reg No. 199206945E

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PROPOSED SUBSCRIPTION OF 156,261,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT S$0.02 FOR EACH NEW SHARE

1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Vallianz Holdings Limited (the "**Company,**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company, certain subsidiaries of the Company as named in Appendix 1 to this Announcement (each a "**Vallianz Subsidiary**" and collectively, the "**Vallianz Subsidiaries**") and certain trade creditors of the Vallianz Subsidiaries as named in Appendix 1 to this Announcement (each a "**Trade Creditor**" and collectively, the "**Trade Creditors**") have, on 19 June 2017, entered into letters of agreement (the "**Letter Agreements**") pursuant to which:

(a) each Trade Creditor has agreed to subscribe for such number of new ordinary shares (the "**Settlement Shares**") in the capital of the Company at the Issue Price (as defined below) per Settlement Share as set out against their respective names in Appendix 1 to this Announcement, aggregating 156,261,000 Settlement Shares (the "**Proposed Subscription**");

(b) such part of the outstanding amount owing by each Vallianz Subsidiary to each Trade Creditor as set out in Appendix 1 to this Announcement (each a "**Trade Payable**") shall be novated to and assumed by the Company; and

(c) such part of each Trade Payable as novated shall be settled and set-off by way of application of the Trade Payable towards payment of the aggregate amount payable by each applicable Trade Creditor for the Settlement Shares (the "**Aggregate Issue Price**") under the Proposed Subscription (the "**Proposed Settlement**") with the balance of each Trade Payable being settled by the Group in cash,

(collectively, the "**Proposed Subscription and Settlement**").

1.2 The subscription of the Settlement Shares by the Trade Creditors pursuant to the Proposed Subscription will be fully set-off against the aggregate Trade Payables of S$3,125,220 pursuant to the Proposed Settlement.

2. TERMS OF THE PROPOSED SUBSCRIPTION AND SETTLEMENT

2.1 <u>The Proposed Subscription</u>

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

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2.2 The Proposed Settlement

On the Effective Date (as defined below):

(a) all liability of the Vallianz Subsidiaries in respect of all Trade Payables shall be novated to and assumed by the Company;

(b) the Trade Payables shall be applied towards payment of the Aggregate Issue Price by way of a set-off to the extent of the amount of the Aggregate Issue Price, whereupon the Trade Payables shall be deemed to be paid by the Company to the Trade Creditors to the extent of the amount of the Aggregate Issue Price; and

(c) the balance of the Trade Payables of each Trade Creditor after such set-off shall be paid by the Company to the Trade Creditors in cash ("**Balance Cash Settlement**") as set out in Appendix 1.

2.3 Issue Price

The Settlement Shares will be offered to and subscribed by the Subscriber at S$0.02 per Settlement Share (the "**Issue Price**"). The Issue Price is at premium of 16.28% to the volume weighted average price of S$0.0172 for trades done on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 June 2017 (being the market day on which the Letter Agreements were signed).

2.4 Effective Date

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

3. GENERAL MANDATE AND STATUS OF SETTLEMENT SHARES

3.1 The Settlement Shares will be allotted and issued pursuant to the general share issue mandate ("**General Mandate**") granted by the shareholders of the Company to the Directors at the last annual general meeting of the Company held on 7 April 2016 (the "**2016 AGM**"). As at the date of the 2016 AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the "**Previous Share Capital**") comprised 3,540,544,719 ordinary shares ("**Shares**"). According to the terms of the General Mandate, the aggregate number of Shares that may be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed such number of Shares representing 50% of the Previous Share Capital.

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As at the date of this Announcement, 350,000,000 and 380,589,000 Shares have respectively been issued under the General Mandate following (i) the completion of the subscription pursuant to the subscription agreement entered into on 16 January 2017 by the Company and Greatwill Asset Global Limited; and (ii) the subscription and settlement agreements entered into on 21 February 2017 by the Company and certain trade creditors (the "**Completed Subscription**"), as announced in the Company's announcements dated 16 January 2017, 26 January 2017, 3 February 2017, 22 February 2017, 1 March 2017 and 7 March 2017.

Following the Completed Subscription and prior to the Proposed Subscription and Settlement, 1,039,683,359 Shares may still be issued under the General Mandate.

The Settlement Shares to be allotted and issued to all of the Trade Creditors represent approximately 3.61% of the Company's issued share capital of 4,322,800,385 Shares as at the date of this Announcement, and approximately 3.49% of the enlarged share capital of 4,479,061,385 Shares after the allotment and issue of the Settlement Shares. The Company currently has no treasury shares.

3.2 The Settlement Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares existing as at the date of an issue and allotment of the Settlement Shares, save that they will not rank for any dividends, rights, allotments other distributions, the record date in respect of which falls on or prior to such issue and allotment.

3.3 The Catalist sponsor of the Company, Provenance Capital Pte. Ltd., will be making an additional listing application for and on behalf of the Company to the SGX-ST for the listing and quotation of the Settlement Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcement upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Settlement Shares.

3.4 As a result of the Proposed Subscription and Settlement, the controlling shareholders of the Company, Swiber Holdings Limited and Rawabi Holding Company Limited, will have their respective shareholdings diluted from 20.9% to 20.2% and 15.5% to 15.0%.

3.5 The Settlement Shares will be eligible for the Rights cum Warrants Issue as announced by the Company on 6 September 2016.

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

4.1 The rationale of the Proposed Subscription and Settlement is to settle the Trade Payables whilst conserving cash reserves of the Group.

4.2 As set out under Paragraph 2.2(a) of this Announcement, the subscription of the Settlement Shares by Trade Creditors pursuant to the Proposed Subscription shall be fully set-off against the aggregate Trade Payables of S$3,125,220 pursuant to the Proposed Settlement, whereupon such aggregate Trade Payables shall be deemed to be paid by the Company to the Trade Creditors to the extent of the amount of S$3,125,220.

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

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND SETTLEMENT

5.1 Assuming that the Proposed Subscription and Settlement has been completed and all of the Settlement Shares have been issued, the existing issued number of Shares will increase by approximately 3.61% from 4,322,800,385 Shares (as at the date of this Announcement) to 4,479,061,385 Shares.

5.2 For illustrative purposes only and based on the unaudited consolidated financial statements of the Group for the financial period of 15 months ended 31 March 2017 ("**FY2017**") as announced by the Company on 22 May 2017, the financial effects of the Proposed Subscription and Settlement on (i) the net asset value ("**NAV**") per Share of the Group (assuming that the Proposed Subscription and Settlement had been completed at the end of FY2017); and (ii) the earnings (loss) per Share ("**EPS**") of the Group (assuming that the Proposed Subscription and Settlement had been completed at the beginning of FY2017), are as follows:

	Before the Proposed Subscription and Settlement	**After the Proposed Subscription and Settlement**
NAV per Share (US cents)	4.17	4.07
Number of Shares excluding treasury shares at the end of FY2017 for calculating NAV per Share ('000)	4,322,800	4,479,061
EPS (US cents)	(4.38)	(4.20)
Weighted average number of Shares for calculating EPS	3,613,478	3,769,738

(Illustrative USD / S$ exchange rate: 1 USD = S$1.3801)

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

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6. ABOUT THE TRADE CREDITORS

6.1 The Trade Creditors are the trade vendors and suppliers of the Company and the Vallianz Subsidiaries, with the Trade Payables having been incurred in respect of trade purchases and orders made in the ordinary course of business. Further information on the Trade Creditors is set out in Appendix 1 to this Announcement.

6.2 As at the date of this Announcement, none of the Trade Creditors hold any Shares.

6.3 Each of the Trade Creditors has confirmed and represented to the Company that it is not a "person" falling within Rule 812(1) of the Catalist Rules.

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

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

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

9. DOCUMENT AVAILABLE FOR INSPECTION

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

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10. DIRECTORS' RESPONSIBILITY STATEMENT

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

11. TRADING CAUTION

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

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
19 June 2017

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

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

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

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Appendix 1

No	Trade Creditor	Trade Creditor's Country of Incorporation	Vallianz Subsidiary	Amount of Trade Payable for Proposed Settlement (In SGD)	Number of Settlement Shares	Balance Cash Settlement (In SGD)
1	Sense Infosys Pte Ltd	Singapore	Vallianz Offshore Marine Pte Ltd	537,186.44	26,859,000	6.44
2	Noah Marine Engineering Pte Ltd	Singapore	Newcruz Shipbuilding & Engineering Pte Ltd	261,579.02	13,078,000	19.02
3	KPM Marine Pte Ltd	Singapore	Newcruz Shipbuilding & Engineering Pte Ltd	207,900.00	10,395,000	-
4	KTL Offshore Pte Ltd	Singapore	Vallianz Offshore Marine Pte Ltd	121,080.00	6,054,000	-
			Holmen Pacific LLC	12,000.00	600,000	-
			Newcruz Shipbuilding & Engineering Pte Ltd	1,106.38	55,000	6.38
5	Shanghai Oteck Marine Technology Co., Ltd	China	Vallianz Shipbuilding & Engineering Pte Ltd	276,020.00	13,801,000	-
6	Sealand Continental Pte. Ltd.	Singapore	Vallianz Offshore Marine Pte Ltd	589,016.24	29,450,000	16.24
			Holmen Arctic Pte Ltd	12,185.15	609,000	5.15
7	Ledys Marine & Services Pte Ltd	Singapore	Newcruz Shipbuilding & Engineering Pte Ltd	677,220.49	33,861,000	0.49
8	Highlander Marine (Asia-Pacific) Pte Ltd	Singapore	Vallianz Offshore Marine Pte Ltd	375,377.00	18,768,000	17.00
			Holmen Arctic Pte Ltd	54,626.50	2,731,000	6.50
			Aggregate	3,125,297.22	156,261,000	77.22